

# Latest jobs report shows labor force participation dropped by 720,000 workers in June

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3 July 2026

The US Bureau of Labor Statistics reported Thursday that nonfarm payrolls rose by just 57,000 in June, far below economists' expectations and accompanied by sharp downward revisions to previous months' figures. Payroll gains for April and May were revised down by a combined 74,000 jobs.

The headline unemployment rate fell from 4.3 to 4.2 percent, a figure seized on by the Trump administration to present the report as a sign of economic strength. But the lower unemployment rate did not reflect a strengthening labor market. It came as 720,000 people left the labor force and household employment fell by 507,000. The labor force participation rate dropped by 0.3 percentage point to 61.5 percent, its lowest level since March 2021, with 720,000 people leaving the labor force. Household employment fell by 507,000.

The official unemployment rate conceals the real scale of joblessness and underemployment. The BLS reported 6.0 million people outside the labor force who nevertheless want a job. Of these, 1.8 million were marginally attached to the labor force, meaning they wanted and were available for work and had searched in the previous year but not in the previous four weeks. The number of discouraged workers stood at 477,000. Another 4.7 million people were working part time for economic reasons because their hours had been cut or they could not find full-time work. The broader U-6 measure of labor underutilization stood at 7.9 percent, nearly twice the official unemployment rate.

The sectoral breakdown underscores the narrow and unstable character of job growth. Leisure and hospitality employment fell by 61,000 in June, reflecting weaker-than-usual seasonal hiring. This is one of the clearest signs in the report of weakening

conditions for low-wage workers. Restaurants and hotels, sectors that normally expand staffing in the summer, accounted for a major share of the losses.

The decline in leisure and hospitality comes amid a mounting squeeze on working-class living standards. Average hourly earnings rose 3.5 percent over the year, while the Consumer Price Index rose 4.2 percent in May. Energy prices rose 23.5 percent over the year, and gasoline prices were up 40.5 percent, driven by the widening impact of the US war with Iran and the disruption of global energy markets.

The attack on immigrant workers is also bound up with the worsening labor market. Foreign-born workers make up a major share of the workforce in service industries, including leisure and hospitality. The BLS monthly employment report does not identify workers' legal status, but its nonseasonally adjusted nativity table shows the foreign-born labor force at 31.9 million in June, down from 32.6 million a year earlier.

The Trump administration's campaign of raids, deportations and intimidation is aimed at terrorizing immigrant workers while intensifying exploitation throughout the working class. It is a mechanism for dividing workers, driving sections of the workforce underground, and strengthening the hand of employers.

Separate layoff data show that AI is playing a central role in the corporate offensive against jobs. Challenger, Gray & Christmas reported that US employers announced 45,849 job cuts in June. Technology led all sectors, with 15,503 announced cuts during the month and 139,156 so far in 2026, an 83 percent increase over the same period last year. Technology now accounts for nearly one-third of all announced job cuts.

AI was cited as the leading reason for job cuts for the

fourth consecutive month. Challenger reported that AI accounted for 14,029 announced cuts in June, or 31 percent of the total. So far this year, AI has been cited in 101,743 job-cut announcements, roughly 23 percent of all announced cuts.

Major corporations are openly using AI to slash headcount while redirecting resources toward profits, stock valuations and infrastructure for further automation. Oracle disclosed that it had cut 21,000 jobs over the past 12 months, about 13 percent of its workforce, citing the adoption and deployment of AI. Meta laid off about 8,000 workers while shifting thousands of employees into AI-focused roles. Cloudflare cut roughly 20 percent of its workforce after reporting record quarterly revenue. Block eliminated 4,000 jobs, nearly half its workforce, with CEO Jack Dorsey declaring earlier this year that most companies would reach the same conclusion and make similar structural changes.

These cuts are not the workings of an impersonal market. They are the product of a deliberate class policy. The financial oligarchy is using every lever available—AI, inflation, war, anti-immigrant repression and the Federal Reserve’s high-interest-rate regime—to impose the cost of capitalism’s crisis on workers.

Financial markets treated the weak hiring figures as good news because they reduced expectations that the Federal Reserve would raise interest rates in the near term. Stocks rose, Treasury yields fell and the dollar weakened after the report, while investors recalculated the likely path of Fed policy.

The Trump administration seized on the positive payroll figure to present the report as a sign of economic strength. Acting Labor Secretary Keith Sonderling claimed the report showed “positive payroll growth” and credited Trump’s policies with creating “certainty” for business. The statement ignored the labor-force exit, the decline in household employment, the collapse in leisure and hospitality hiring, and the continued erosion of wages by inflation.

Artificial intelligence and other advanced technologies could be used to eliminate drudgery, shorten the working day and vastly expand the material and cultural life of humanity. Under capitalism, they are being deployed to eliminate jobs, intensify exploitation and enrich a tiny layer of executives and investors.

The June jobs report is a warning. Beneath the official unemployment rate, millions of workers are being pushed out of the labor force, forced into part-time work, priced down by inflation, terrorized by immigration raids or targeted for replacement through AI-driven restructuring. The defense of jobs and living standards requires the independent organization of the working class against the corporations, the Trump administration and the capitalist system they defend.



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