US economy sheds 23,000 jobs in July

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The US economy shed 23,000 jobs in July, the Bureau of Labor Statistics (BLS) reported Friday, in a break from the tepid job growth in 2026. The decline in July was accompanied by sharp revisions to the previous two months' report showing both the elimination of jobs and a continued exodus of workers from the labor force altogether.

The decline was driven by a 53,000-job loss, concentrated overwhelmingly in "local government education," the name the BLS uses for all public education jobs organized at the local level, meaning K-12 schools and community colleges. Fifty thousand of the job losses were in teaching or other school support staff positions.

The start of the new municipal fiscal year on July 1, 2026, triggered immediate staff reductions across major urban school districts facing severe budget deficits following the expiration of federal pandemic relief funds. Chicago Public Schools issued formal layoff notices in July to over 160 central office staff while cutting hundreds of vacant school-level positions to address a $732 million budget shortfall. Similar municipal budget cuts took effect across major metropolitan districts in Pennsylvania, Ohio and Florida, where thousands of seasonal support staff, tutors and non-tenured classroom aides were officially non-renewed entering the summer.

The private sector added only 30,000 jobs in July. This means that the economy could not provide work to the normal 100,000–150,000 monthly new entrants into the labor force.

The revisions announced to previous months' records reveal that this trend has in fact been ongoing for several months. The BLS revised May's report down by 66,000 jobs, from 129,000 to just 63,000 new jobs for the month. June was also revised down, from 57,000 to just 20,000 new jobs added.

This means that the already weak job growth reported for late spring and early summer was actually substantially weaker than the public was initially told.

This pattern of revealing much weaker economic performance months after the fact has become common for the Trump administration. Last September, the government revised its 2024 jobs figures down by nearly 1 million. The preliminary benchmark revision for 2026 is due to be published on August 28 and is expected to reveal even more widespread losses.

Attempting to spin the news of the dismal report, the White House was quick to report that the unemployment rate had ticked down to 4.1 percent from 4.2 percent. But as has been the case month after month, the decline in the jobless rate did not reflect an improving labor market.

The slight drop in the unemployment rate was not due to a rise in jobs, but because more than a quarter-million people have given up looking for a job entirely. This was reflected in the labor force participation rate, which fell to 61.4 percent, down 0.7 percentage points since January. The employment-population ratio—the share of the eligible adult population currently holding a job—fell to just 58.9 percent.

The official unemployment rate, as always, conceals the true scale of the jobs catastrophe. The number of people employed part-time for economic reasons—those whose hours have been cut or who cannot find full-time work—stood at 4.8 million. Of the people who had exited the labor force, 5.9 million reported that they wanted a job but could not find work because of a lack of openings. Of these, 1.8 million had searched for work in the past year but not in the previous four weeks, and 476,000 were classified as discouraged workers who had given up looking entirely.

The number of people on temporary layoff jumped by 153,000 to 921,000—a sharp increase that signals employers are firing workers at an accelerating pace. The long-term unemployed, those jobless for 27 weeks or more, stood at 1.8 million, accounting for 25.5 percent of all unemployed people.

Retail trade lost 19,000 jobs, with the heaviest losses in warehouse clubs, supercenters and general merchandise retailers. Financial activities lost 14,000 jobs and are now down 121,000 since its peak in May 2025. Leisure and hospitality, which shed 61,000 jobs in June, showed little change in July—meaning that the World Cup hiring binge predicted by economists never materialized or was so temporary that it never impacted jobs reporting numbers.

Rising fuel costs due to the war on Iran was cited as a major factor for the retail layoffs. Staff at commercial stores have been slashed as rising costs have caused workers to cease any spending outside of absolute necessities.

Health care was among the few industries that continued to add jobs, but at a slowing pace—22,000 in July, compared with a 12-month average of 36,000. A report in the *New York Times* noted that hospitals did eliminate several hundred positions, possibly the first sign that Medicaid cuts are beginning to register. Child care services dropped 6,000 jobs.

Construction was another of the few industries that saw improvement, with 22,000 jobs added. The jobs were overwhelmingly in non-residential specialty trade contractors, a result of the data center boom that has demanded a need for electricians and carpenters. Manufacturing also added 5,000 jobs but remains down overall since Trump's so-called "Liberation Day" tariffs were imposed last year.

Technology employment, as measured by occupational subsectors spread across several industry categories, is now down 3.8 percent from its 2022 peak—a decline that the chief economist at Glassdoor notes is larger than the one suffered during the 2008 recession. In June alone, AI was cited as the reason for 14,029 job-cut announcements, and it has been the leading reported cause of layoffs for four consecutive months.

Without the slightest opposition from the trade union bureaucracy, corporate America is accelerating its jobs bloodbath. Some of the job cuts reported in recent weeks include:

In a regulatory filing on August 4, **Procter & Gamble**, the Cincinnati-based consumer products giant, revealed it had shed 5,000 jobs this year as part of its restructuring plan, reducing its global payroll to 104,000—the lowest since 2021. In June 2025, the manufacturer of Tide detergent and Pampers diapers announced a two-year plan to cut 7,000 office jobs worldwide.

Daimler Truck North America announced last month that it is closing its Freightliner and Western Star production lines on Swan Island in Portland, Oregon this fall and moving that work to factories in North and South Carolina. The move that will eliminate 375 will end Freightliner production in Portland, which began with the company's founding in 1942.

Fifth Third Bank is preparing another round of mass layoffs in metro Detroit following its acquisition of Comerica Bank. According to a filing with the state of Michigan, 234 workers will be laid off at Comerica's former Auburn Hills Operations Center, bringing the total to 700 job cuts.

In June, *Automotive News* reported that **General Motors** was installing dozens of new collaborative robots, or "cobots," on assembly lines at Factory Zero in Detroit, where more than 1,000 workers were laid off at the beginning of the year. United Auto Workers officials, who did nothing to oppose the job cuts, issued impotent complaints about automation after the report was made public.

The White House response to the jobs data was to attempt to present the abysmal report as keeping with Trump's strategy. Spokesman Kush Desai declared that "the Trump industrial resurgence is on schedule" and cited growth in manufacturing and factory construction jobs, making no mention of the net payroll decline or the major negative revisions.

Kevin Hassett, Director of the National Economic Council, in a Fox Business appearance, attributed the weak numbers to what he called "special factors" like the cuts to public education. He insisted the administration remained "very bullish," while conceding that "if you were to get a sequence of numbers like this," there would be real cause for concern.

The Democrats rushed to use the report to attack Trump while saying nothing of their own role in supporting the policies that produced them. Representative Brendan Boyle of Pennsylvania, the ranking Democrat on the House Budget Committee, declared that "Trump's tariff taxes and disastrous Iran war are raising costs, slowing growth, and hurting the job market." The Democratic Party voted overwhelmingly to fund the war, with members wavering on support for the tariffs when they serve the interests of their own corporate patrons.

On Wall Street, the report was greeted with relief. Stocks rose, Treasury yields fell and the dollar weakened, as investors calculated that the weak numbers reduced the likelihood of further Federal Reserve interest rate increases. The CME FedWatch tool showed the odds of a rate hold at the September meeting jumping to 56 percent. For the financial oligarchy, mass unemployment is a welcome restraint on the wage demands of the working class who must compete for fewer jobs.

Friday's report is just the latest glimpse into the massive scale of inequality in the US. The labor share of income has fallen to the lowest level on record, at 53.8 percent. The year 2025 was the worst for job growth outside an official recession since 2003. Layoffs tripled in January 2026, accelerating to levels not seen since the Great Recession. AI, a powerful and labor saving technology, is being deployed systematically to eliminate jobs, with technology firms leading the way: Oracle cut 21,000 jobs, Meta laid off 8,000, Cloudflare eliminated 20 percent of its workforce, and Block slashed 4,000 positions, nearly half its staff.

The downward revisions to prior months suggest the deterioration is more advanced than the official data acknowledge. The forces driving the crisis—war, the AI-driven restructuring, the relentless pressure on wages, are intensifying and will continue to do so as the war against Iran drags on and expands.

The destruction of jobs will have a devastating impact on the working class. Especially as the Trump administration and state governments have moved to slash what little social safety nets exist for workers. The loss of these jobs will mean that families go hungry or lose their home.

The ruling class of financial oligarchs endlessly gains wealth. As workers are kicked to the curb, the top 10 percent of Americans control around 70 percent of all wealth. Among that, the top 1 percent alone control over 30 percent of all wealth—roughly the same share as the bottom 90 percent of the entire population.

These conditions have created a social powder keg, the growth of class conflict and the political radicalization of workers and young people.