September US jobs data shows stagnant employment and lagging wages, as AI-driven layoffs deepen

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The US labor market added just 29,000 jobs in September, while payroll figures for the previous two months were revised down by 60,000. The numbers point to a prolonged stagnation in hiring even as the Trump White House is predictably portraying the report as evidence of economic strength.

The Bureau of Labor Statistics (BLS) reported Friday that "both nonfarm payroll employment (+29,000) and the unemployment rate (4.2 percent) changed little in September." The headline job gain was well below the already low 45,000 average monthly increase over the previous 12 months and follows a downward revision that turned July's previously reported gain of 21,000 into a loss of 10,000 jobs. August employment growth was also revised down, from 162,000 to 133,000.

The new report is significant because it confirms that the jobs market has remained stagnant for months. The unemployment rate has remained between 4.1 percent and 4.3 percent since March 2026, but this fact conceals a broader deterioration in the conditions facing workers. The number of unemployed workers stood at 7.1 million, while 1.9 million had been without a job for at least 27 weeks. Long-term unemployed workers made up 27.1 percent of all unemployed people.

Moreover, the official unemployment figure excludes millions of workers pushed outside the labor force or trapped in insecure employment. The BLS counted 4.5 million people working part-time for economic reasons, meaning they wanted full-time work but had their hours cut or could not find a full-time position. Another 5.8 million people outside the labor force said they currently wanted a job, including 1.5 million categorized as marginally attached to the labor force.

The BLS stated that employment "changed little" across all major industries. Healthcare added 17,000 jobs, less than half its 12-month monthly average of 33,000, while construction added 11,000 and manufacturing added 9,000. Even these modest increases were partly offset by a loss of 9,000 jobs in nursing and residential care facilities. Financial activities shed 7,000 jobs in September and have lost 129,000 jobs since May 2025, including 90,000 jobs in insurance carriers and related activities.

These figures show that the extremely limited growth that remains is concentrated in a narrow group of sectors, while the overall labor market is unable to generate sufficient employment for a growing population. The employment-population ratio was unchanged at 59.2 percent, while the labor-force participation rate remained at 61.8 percent, both showing little net change since January.

Wall Street economists are saying the jobs market is "cooling" and consider this positive because it reduces the pressure on the Federal Reserve to increase interest rates. Their concerns have nothing to do with the erosion of workers' living standards but whether weaker hiring will help sustain elevated equity and asset values.

US stocks surged on Friday because the report showed fewer jobs were created than Wall Street had expected. The Dow Jones Industrial Average rose 0.5 percent, the S&P 500 gained 0.7 percent, and the Nasdaq Composite surged 1.2 percent after touching an intraday record high during the session.

The jobs report documents conditions consistent with a broader economic downturn, although economists say it is not evidence of a recession. Negligible job creation, downward revisions to past payroll estimates, mounting long-term unemployment, reduced hiring outside a few sectors and persistent labor-market underutilization are all significant indicators of weakening underlying economic trends.

The financial system is also confronting pressures far beyond the monthly payroll figures. High interest rates, debt-servicing costs, volatile bond markets and vast government borrowing requirements have created a fragile environment in which a sharper contraction in employment could quickly

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interact with wider financial instability. The contradiction is that the ruling class demands interest-rate reductions and renewed liquidity while continuing to impose the costs of inflation, layoffs and public spending cuts on the working class.

Treasury yields initially fell on the jobs report but then rose again. The 10-year Treasury moved to 5.28 percent while the 30-year yield hovered near 5.63 percent.

The White House responded to the September data unsurprisingly by claiming it proved the effectiveness of President Donald Trump's economic policies. White House spokesperson Taylor Rogers stated that the addition of 9,000 manufacturing jobs and 12,300 construction jobs serve as "proof that President Trump's reindustrialization agenda is working." Speaking to Fox News, National Economic Council Director Kevin Hassett echoed the enthusiasm of Wall Street, stating, "We're very, very happy with the numbers this week, and I think the markets are, too."

The official effort to spin stagnation and declining real wages as prosperity is exposed by the experience of workers confronted by rising household costs, shrinking job security and declining access to full-time employment. A stable unemployment rate does not mean stable living conditions when millions are excluded from the official jobless count or compelled to accept part-time and precarious work.

Average hourly earnings for all private-sector workers rose by only 5 cents in September, or 0.1 percent, reaching $37.81. Over the preceding 12 months, average hourly earnings rose 3.0 percent. Production and nonsupervisory workers, who make up the bulk of the working class, saw an increase of 7 cents an hour, or 0.2 percent, to $32.60.

For millions of workers, nominal wage gains are being absorbed by these costs. The reported earnings measure also says nothing about workers losing hours, shifting to lower-paid employment or being pushed out of the workforce entirely.

The jobs report comes amid a sweeping corporate turn toward artificial intelligence as an instrument for eliminating jobs, intensifying labor and expanding profit margins. The effects are concentrated most visibly in technology, software, information services, finance, insurance, customer support, media, logistics, retail administration and other service sector occupations involving routine processing of information or communications.

Financial activities have already been one of the clearest areas of deterioration, losing 129,000 jobs since May 2025. The loss of 90,000 insurance jobs during that period is especially significant, given the industry's aggressive adoption of automation, algorithmic underwriting, claims processing and AI-enabled customer service systems. The BLS report calls September's 7,000-job financial-sector loss "little changed" which reflects the normalization of a large cumulative job destruction.

Corporate executives increasingly present layoffs as proof of managerial efficiency. They celebrate the replacement of workers by generative AI systems, automated call centers, algorithmic workflow software and smaller workforces expected to produce more output. Under capitalist ownership, the productivity gains made possible by AI are appropriated by investors and executives while workers face unemployment, speedup and the threat of falling wages.

This process is international. Israel Innovation Authority CEO Dror Bin has described technology sector layoffs as a necessary form of "creative destruction," an expression that treats the loss of workers' livelihoods as an acceptable byproduct of corporate restructuring. The same outlook prevails in Silicon Valley, on Wall Street and among technology executives internationally: AI is valued not because it can reduce necessary labor and improve workers' quality of life, but because it can reduce payrolls and increase profitability.

Workers in every country confront the same basic policy: Corporations use automation and AI to increase their control over production, shed jobs and demand greater output from those who remain employed. The answer cannot be national competition for investment or appeals to the executives imposing the cuts. The development of AI makes clear the need for democratic control by the working class over technology, production and the immense social resources that workers themselves create.

September's jobs figures show a labor market already incapable of providing secure employment to millions. The continued expansion of AI-driven restructuring threatens to deepen that crisis, unless workers organize independently against the subordination of social need to corporate profit.

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