Dismal Jobs Report Reflects Economic Decline

By Stephen Lendman
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Years ago, America's economy was a job creation machine. Today it's rusted, wheezing, and sputtering on the way to collapsing.

In June, America added 80,000 jobs. U-3 unemployment remained at 8.2%. Based on 1980 calculations, it tops 22%.

Most jobs created are part-time, low-pay temp ones. The nation's manufacturing base largely exists offshore. So do many high-pay service jobs.

Expectations were missed for the fourth straight month. Typically at this stage of the economic cycle, around a quarter million monthly jobs are created. Moreover, 36 months after an alleged recovery, U-3 unemployment is 3.6% below the pre-recession high.

The household survey adjusted on a comparable basis to the headline payroll one showed 153,000 June job losses. It was the third decline in the past four months. In total, 666,000 jobs are gone.

Average hours worked fell to 0.4% year-over year down from 4.3% in Q 1. It suggests downward GDP forecast revisions anywhere from 1.5% to contraction.

The University of Michigan "favorable (employment) news" index plunged to 27 in June from 34 in April and May. In March it was 38.

It reached a 2012 low. Since 1980, a decline of seven points month-over-month occurred only six times. In contrast, unfavorable employment new rose five points to 28. It hit a yearly high.

The Conference Board's "jobs hard to get" index rose to 41.5 in June. It reflected a five-month high. In May it increased to 40.9 from 38.1 in April. The ISM jobs index fell slightly from 56.9 to 56.6 month-over-month.

Initial jobless claims averaged 387,000 in June. They rose 3% over May. In the past decade, months in which they increased this much saw declining payrolls over 70% of the time.

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By any measure employment is weak. The private payrolls diffusion index measures the degree to which companies expand or contract them. It fell 1.9 points to 57.9. It dropped twice in the last three months. It's the lowest read since last November.

The manufacturing diffusion index declined to 51.2 from 53.7. It hit a 2012 low. Average unemployment duration rose for the second straight month. It's at 39.9 weeks up from 39.7 in May.

Part-time workers are growing at the expense of lost full-time jobs. The protracted trend shows the downsizing of American jobs, their quality, and future prospects.

The service sector diffusion index also fell. It's down from 53.7 in May to 52.1. It's the lowest figure since January 2010. Its forward looking indicators flashed weakness. Backlogs dropped from 53 to 47.5. It's another 2012 low.

New orders fell to 53.5. Vendor performance slipped to 51 from 53. Export numbers declined to 49.5 from 53 in May and 58 in April. It's the second lowest read since August 2010.

Prices plunged for five straight months from 68.4 in February to June's 48.9. It's the lowest level since July 2009. Overall, nominal non-manufacturing stands at a three-year low. Indications suggest considerably more downside.

Combining manufacturing and non-manufacturing indices, the composite dropped to 51.8 from 53.7 in April and May and 56.7 in February. It now stands where it did in January 2010.

The Conference Board's measure of CEO confidence plunged in Q2 to 47 from 63 in Q1. Under 50 reflects negative sentiment. Only three times in the past decade did a decline this great occur. Each time it reflected the economy in recession or about to roll over.

Claiming the recession ended is more illusion than reality. Economic conditions are awful. Half or more of US households are impoverished or borderline.

Expect much worse ahead. Protracted Depression harshness shows no signs of abating.

Economist Jack Rasmus is a Progressive Radio News Hour regular. He explained that winter months job numbers "were grossly overestimated."

They were boosted by highly suspect statistical adjustments. They were more relevant pre-2007 than today.

April, May and June reports were dismal. Putting a brave face on them doesn't wash. They reflect economic decline, not growth. Later downward revisions may show they're worse than now reported.

Recovery is nowhere in sight. Conditions are going from bad to worse. Main Street remains in protracted Depression.

On the Progressive Radio Network, economist Paul Craig Roberts called America a "third world economy." Conditions are worse now than when crisis conditions erupted in fall 2007.

According to Rasmus:

Since the September 2008 banking crash, "the weakest (so-called) recovery on record followed. Over $3 trillion was pumped into the economy. Bankers got over $9 trillion in free money." Some analysts estimate more than double that amount.

Money they got went for speculating and consolidating to greater size. Little went for economic growth. What's reported is illusory. Weak official numbers are softening.

Bipartisan complicity to cut trillions of dollars in domestic spending post-election in addition to scheduled $2.2 trillion effective January 2013 promises to make tough times much harder.

A so-called "grand bargain" includes more corporate handouts, business tax cuts, and continuing the ones Bush instituted for rich elites. Doing so will increase the federal deficit by $4 trillion or more over the next decade.

At the same time, massive cuts in Medicare, Medicaid, Social Security disability, education, and virtually all other social spending are planned. Bipartisan agreement assures it.

Defense and homeland security are safe. So are intelligence and Pentagon black budgets believed to be in the hundreds of billions of dollars annually.

Expect increased corporate handouts. Their interests are prioritized over vital popular needs gone begging.

America is becoming banana republicanized. Disproportionally small numbers have enormous wealth. Ordinary people are exploited. Profits are privatized. Public pain is socialized.

Complicit corporate and political kleptocrats run the country. Gangsterism defines their agenda. Freedom and other democratic values are absent.

Social benefits are disappearing. Austerity replaced them. Code language calls it "grand bargain/fiscal cliff" priorities.

Crackdowns target protesters knowing the ruse and complaining publicly.

Today's America reflects the worst of all possible worlds. Hard times indicate tougher ones coming.

America and other global economies are weakening at an alarming rate. Over 80% show declining industrial activity. Economist David Rosenberg called EU summit results "more bones than meat." Reality replaced initial euphoria.

Analysts and media scoundrels praised the outcome. Deception is the name of their game. New ways to reverse economic decline weren't proposed. Cutting near zero interest rates solves nothing.

Nor does central bank money creation for banks, not economic growth. America's in deep trouble. So is Europe. Recession conditions are worsening. Manufacturing in Germany and France are declining. So is Germany's service sector. Spanish bond yields again hit 7%. Depression conditions are deepening.

A Bank of England statement said:

"(A) weaker outlook for UK output growth means that the margin of economic slack is likely to be greater and more persistent."

In other words, BoE governor Mervy King said Britain's economy is lousy.

On July 6, the [Wall Street Journal] headlined "Jobs Report Revives Fears for Recovery," saying:

Weak job numbers were reported for the third consecutive month. The quarter was the weakest since 2010. Nomura economist Ellen Zentner said soft data reflects a growing sense of uncertainty. What's ahead "could be the beginning of a (significant) downshift in economic activity."

US manufacturing is contracting. Household spending is down. Retail sales declined. The Redbook survey finished June with sales activity way below target year-over-year expectations. Instead of 2.9%, it registered 2.2%. Month-over-month gains were weaker.

Instead of forecast 0.9%, it came in at 0.2%.

University of Michigan and Conference Board auto buying intentions show readings well off earlier year highs. Housing is in protracted Depression. Almost 30% of US homeowners are under water or have no equity in their homes. Recovery remains distant.

Consumer confidence reflects crisis conditions. The Fed, IMF and mainstream economics cut US 2012 growth forecasts. They still reflect overestimates.

Officially recession ended in mid-2009. Unofficially things are much worse now than then and heading south.

Political Washington bears full responsibility. Instead of dealing responsibly with crisis conditions, bipartisan complicity turned hard times into worse ones. Expect voters to be unforgiving in November.

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His new book is titled "How Wall Street Fleeces America: Privatized Banking, Government Collusion and Class War"

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Visit his blog site at sjlendman.blogspot.com and listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network Thursdays at 10AM US Central time and Saturdays and Sundays at noon. All programs are archived for easy listening.

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