

Unemployment rises in Washington, DC

By Adam Soroka
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Recent job data released by the Washington, D.C., Mayor's office indicates that the region, until now largely shielded by its proximity to the federal government from the effects of the financial crisis, has also started to feel the impact of the recession.

Unemployment in the nation's capital has steadily risen in the recent past, ticking up from 8.4 to 8.6 percent between December and July. According to data released by the Bureau of Labor Statistics, the federal subsector lost 7,600 jobs between June 2012 and July 2013, constituting the steepest loss of such jobs in any single year in nearly a decade. The recent jobs data belies the claim from city officials and analysts that the US capital is "recession proof."

"Especially because the full effects of...the sequester have not yet materialized, data suggesting that employment in the District of Columbia has begun to decline are particularly worrisome," said Senior Economist Stephen Swaim, the D.C. government's chief financial officer, in a July economic report entitled "Is the DC Economy Stalling?"

According to the report, jobs in the District have begun stalling after years of steady growth, peaking in October of last year with more than 736,000 total positions held in the city. By May of this year, the total amount fell 0.4 percent to 733,800. Though slight, the report states that this fall represents a clear reversal of the past three-and-a-half-year average of 5.9 percent growth. In contrast to public employment, both the financial and professional services sectors gained a total of 16,400 jobs over the same period. However, within the context of the Federal Reserve's program of quantitative easing, this is more a sign of dependency than of genuine growth.

A major component of the 50,600 jobs that have been added to the Washington-Alexandria-Arlington area over the past year has been from the hospitality and retail sectors: 15,200 and 5,800, respectively. These are

mainly low-wage, part-time positions. The D.C. minimum hourly wage, which amounts to \$8.25, is a pittance to workers living in one of the country's most expensive cities. A recent report from the Economic Policy Institute (EPI) found that to raise two children, parents would need a yearly household income of roughly \$88,000.

New jobs in the education and health services industry amounted to 11,000, but both of these sectors are especially vulnerable to the bipartisan austerity measures sweeping across the country. According to Mayor Vincent Gray's budget director, Eric Goulet, city agencies could lose up to \$30 million in federal grants.

As the report states, the initial staggering of the D.C. economy is possibly a mere prelude to the full impact of the federal budget-cutting "sequester" that was signed by both Democrats and Republicans last Winter.

As a result of the mandated spending cuts, the Department of Health would have to drop 472 residents from its substance abuse treatment programs and administer 12,600 fewer tests for HIV and AIDS.

In the area of public education, attempts to claw back savings have culminated in plans by D.C. legislators and Schools Chancellor Kaya Henderson to shutter one in ten public schools along with the firing of hundreds of teachers, administrators and staff.

Inequality in D.C. is among the sharpest worldwide. The top 20 percent of the population makes nearly 29 times the bottom 20 percent. The richest 5 percent earn roughly \$500,000 a year.

The dismal economic situation in the US capital is of a piece with the rest of the country. The federal jobs report for July indicated that the growth of part-time jobs outnumbered full-time jobs by a margin of four to one. Also, while 6 million of the 8.5 million jobs lost during the 2008-2009 recession have been "recovered," this has not accounted for the nearly 6 million people

who have been added to the labor force in that period.

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