Decline in US factory jobs

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The US Labor Department's employment report for February adds to the warning signs about the impact of the Asian financial crisis on the US economy. The report showed the first decline in manufacturing jobs since the spread of the crisis from Thailand to Indonesia, Malaysia and other Southeast Asian countries last October. Manufacturing and mining payrolls both fell 2,000 in the month, while retail payrolls rose only 15,000

The seasonally adjusted unemployment rate declined from 4.7 percent in January and December to 4.6 percent, the same as November. This figure, however, is quite deceptive, as it masks the impact of the Asian events.

While manufacturers reported slower sales and increased inventories, in large part because of cutbacks in Asia, there was a jump in employment in such industries as construction—up 41,000 jobs—which benefited from the extremely warm weather throughout much of the country.

The seasonally adjusted "increase" did not represent an actual rise in the number of workers employed in construction, but rather a smaller decline than normally occurs in February when snow halts outdoor work in many Northern states.

The largest single increase in new jobs came from temporary agencies, with 52,000 workers hired, one-sixth of the national total. Another 17,000 were hired at finance companies, which are doing a booming business extending debt consolidation and mortgage refinancing loans, hardly an indication of underlying strength in the economy.

The Labor Department noted sharp disparities between manufacturing and other sectors of the economy in its report on total hours worked, which rose overall by 0.1 hours per week, but declined in manufacturing by the same amount. Factory overtime fell 0.2 hours per week.

President Clinton rushed before cameras in the Rose Garden to hail the employment report as a milestone, while the media quoted business economists describing current conditions as "worker heaven."

The real significance of such statements is that seven million unemployed is considered "full employment" as far as the profit system is concerned. Those who are jobless today, and the millions of welfare recipients being forced into the job market, essentially are being told that they can expect nothing better than the low-paying or part-time jobs now available.

Meanwhile the job-slashing by major corporate employers continues, especially in the financial services area, where the combination of mergers and the impact of the Asian crisis is cutting a swathe in the work force.

First Union Corp. announced that it will eliminate 7,480 jobs, about 39 percent of the total at CoreStates Financial, as a result of the acquisition of the Philadelphia bank. Some 172 First Union and CoreStates branches will be closed as a result of the biggest bank merger in US history.

J.P. Morgan & Co., the fourth largest US bank, is cutting 840 workers, or 5 percent of its worldwide total. The banks fourth quarter profits fell 35 percent, in large part because of the Asian turmoil. The Japanese-based Fuji bank will close 38 branches and lay off 850 workers, while First Data Corp., a New Jersey-based financial and data processing company, will cut 500 jobs.

Three big manufacturing companies announced job cuts this week: Philip Morris is cutting 1,900 jobs, 11 percent of its tobacco-related work force in the United States, mainly at plants in Richmond and Louisville, Kentucky. General Electric will cut 1,200 workers at its Power Systems subsidiary by closing a plant in Fitchburg, Massachusetts and cutting some operations at its huge Schenectady, New York complex. Toy

maker Hasbro will close a factory in Vermont with the loss of 100 jobs.