US suffers largest job loss since February 1991

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The US Bureau of Labor Statistics (BLS) released figures Friday that indicate a seriously deteriorating job market. Following a loss of 53,000 jobs in March, US payroll employment fell by 223,000 in April, the biggest loss since a 259,000 drop in February 1991, at the end of the last recession. The unemployment rate jumped to 4.5 percent, the highest level since October 1998, from 4.3 percent in March. Analysts polled by Reuters news agency had projected a 5,000 job *rise* in April and an increase in the unemployment rate only to 4.4 percent.

The job losses were concentrated, according to the BLS, in manufacturing and “help supply services” (temporary or continuing help on a contract basis). BLS Commissioner Katharine G. Abraham noted that the “nation's factories shed 104,000 jobs” in April, and that the “bulk of the losses occurred in durable goods manufacturing, where there were declines in nearly all of the component industries.” The sharpest declines took place in electrical equipment (a loss of 31,000 jobs), industrial machinery (16,000 jobs) and fabricated metals (13,000). Employment also fell in nondurable goods manufacturing industries, especially textiles, apparel, printing and publishing and rubber products.

The loss of factory jobs, a trend since April 1998, has “accelerated dramatically this year.” In the past four months, Abraham reported, manufacturing has lost an average of 93,000 jobs per month. The average monthly loss in 2000 was only 14,000. The factory workweek (40.7 hours) and factory overtime (3.8 hours) are down substantially from last year. April was the ninth consecutive month the manufacturing sector has lost jobs. Contrary to the pattern of recent years, the service sector failed to take up the slack; jobs in the service-producing sector last month declined by 59,000.

The number of jobs in the “help supply services” category increased throughout most of the 1990s, reflecting the trend toward part-time, temporary and contingent employment. The decline in this category since September 2000 by 11 percent (370,000 jobs) is one of the surest signs of overall economic contraction.

The unemployment rate, 4.5 percent, is now six-tenths of a percent higher than it was in October 2000, an increase of 15 percent. “All the major worker groups—adult men, adult women, teenagers, whites, blacks, and Hispanics—have experienced an increase in joblessness since October,” according to the BLS report.

Also of significance is the fact that the increase of some 870,000 unemployed since last autumn has been concentrated among workers who have lost their jobs and do not expect to be recalled, i.e., these are not primarily temporary or seasonal layoffs. The BLS has also noted an increase in recent months in the number of newly unemployed, the “best measure of the flow of workers into unemployment.”

Confirming the worsening situation for American workers, the outplacement firm Challenger, Gray & Christmas reported May 3 that US companies had laid off a record 165,564 workers in April. The figure is two percent higher than the 162,867 job cuts in March, the previous record. April's total is four times higher than the 32,291 cuts announced in April 2000.

April marked the fifth straight month in which US firms laid off more than 100,000 employees, which is also unprecedented. In the first four months of 2001, 572,370 job cuts have been announced, up sharply from the 179,144 in the January-April period a year ago.

Telecommunications companies reported the greatest number of layoffs in April, 26,464, followed by auto companies. This is the first time since 1998 that the telecommunications sector has been among the top five job-cutting industries. Telecommunications firms have announced more than 91,000 job cuts this year, while automakers have reported laying off some 81,000 workers.

The US Commerce Department reported that business investment on new hardware and software fell 2.1 percent for the second consecutive quarter, after a period from 1991 through late 1999 when no declines were ever recorded. Spending on information technology *declined* 6.4 percent in the first quarter of 2001 after increasing by *an average of 24 percent* each quarter in 1999 and 2000. In April US dot.com firms, after a lull, laid off 17,554 workers.

The harsh figures fly in the face of the bland assurances by certain economists and politicians that the US economy was righting itself after a temporary setback early in the year. The job hemorrhage seems certain to continue, as major corporations and smaller firms alike continue to report layoffs and job cuts of significant proportions.

Dow Chemical announced May 1 that it would eliminate $1.1 billion in costs over the next two years, including 4,500 jobs, as the result of its purchase of Union Carbide in February and the general economic slowdown.

Dow, the largest US chemical producer, has been hit by rising energy and raw materials' costs. Company officials reported that both Dow and Carbide employees would lose their jobs, including about 80 percent of Carbide's administrative jobs, concentrated in the firm's former headquarters in Danbury, Connecticut. Another chemical giant, **DuPont**, announced plans to slash 4,000 jobs in April.

Federal approval of the $41 billion purchase of Honeywell International by **General Electric**, announced May 2, will mean the eventual elimination of a large number of jobs. One analyst suggested that the cuts would amount to “several thousand, or a notable portion of Honeywell's 120,000 people. Over several years they could potentially reach the tens of thousands.” GE, the defense and electrical giant, and Honeywell are the two premier manufacturers of US military helicopter engines.

Newell Rubbermaid, which reported May 3 a 50 percent drop in first-quarter earnings, announced plans to eliminate about 3,000 jobs, or 6 percent of its global workforce. **Genuity**, a Massachusetts Internet services company that has a history extending back to the creation of the Internet, said May 3 that it was cutting 12 percent of the workforce, or 625 jobs, because of slow order volume. **Credit Suisse First Boston** is preparing to lay off up to 200 US investment bankers, about 13 percent of the total. This is the third round of job losses at the investment banking unit of Credit Suisse in less than a year.

Among firms reporting job cuts recently, a list too long to reproduce in its entirety, are **Nextel** (850 jobs), **Loudcloud** (19 percent of its workforce), **Liquid Audio** (40 percent), **Digital Island**, **PCTEL** (20 percent), **Vignette** (200 jobs), **ExciteAtHome** (380 jobs), **Donnelley**, **Comverse** (400 jobs), **Comair** (2,000 jobs), **ANC Rental** (parent of Alamo and National rental car companies, 750 jobs), **Vertical Net**, **Marimba** (20 percent) and **Unilever** (8,000). A number of newspapers and media outlets announced cuts, including the **Kansas City Star**, the **New York Daily News**, the **New York Times** and the **Knight Ridder** chain.