

308,000 jobs lost in US in February

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US employers cut 308,000 jobs in February, the biggest monthly job loss since the aftermath of the September 11 terrorist attacks. The official unemployment rate edged up to 5.8 percent. One financial reporter called the Bureau of Labor Statistics (BLS) report “shockingly gloomy.”

Retail trade and services suffered particularly large losses. Retail trade employment, according to the BLS, fell by 92,000 in February. Employment in eating and drinking places has been on a “downward trend” since July, 2001. Apparel and accessory stores lost 15,000 jobs last month. Services employment fell by 86,000 in February. Business services lost 26,000 jobs and amusement, recreation and hotels another 38,000.

Employment in transportation and public utilities fell by 41,000. Since its peak two years ago, this industry has lost half a million jobs. Construction employment declined by 48,000 and factory jobs, continuing a recent trend, fell by 53,000. The largest manufacturing losses came in industrial machinery and electronics, followed by fabricated metals.

In February, 8.5 million people were officially out of work. This figure does not include millions who have given up looking for jobs because they believe there are none for them, or part-time workers who cannot find full-time jobs. Twenty-two percent, or nearly 2 million, of the 8.5 million had been unemployed for 27 weeks or longer, compared with about 15 percent a year ago.

In response to the jobs report, Mark Gongloff, writing for *CNN/Money*, commented that “the world’s biggest economy skidded to a virtual stop in advance of a war with Iraq.” Gongloff observed that “Friday’s report means the 12-month net change in private payrolls has been negative for 20 straight months, extending the longest stretch of labor-market pain since 1944-46. Private payrolls are now 2.5 million jobs lower than they were in March 2001, when a recession began.”

Friday’s BLS jobs summary was the latest in a series

of grim reports. These underscore the reality that a primary driving force in the assault on Iraq is a growing economic and social crisis for which the Bush administration has no answers. However, the uncertainty and instability produced by the war drive have worsened the crisis.

The international outplacement firm Challenger, Gray & Christmas reported March 4 that planned job cuts by US employers “surged for the second consecutive month in February to 138,177,” the highest figure since November 2002. “After slowing in the spring and summer of 2002, the pace of corporate job-cutting appears to be on the rise again,” the firm notes. Since the recession officially began two years ago, employers have announced 3.4 million layoffs.

John A. Challenger, chief executive officer, commented, “It is probably no coincidence that job cuts jumped 151 percent last October, which is about the time that the war messages from Washington really began in earnest. Since then, job cuts have averaged more than 139,000 per month.”

The employment index of the Institute for Supply Management fell to an “alarming” 42.8 in February from 47.6 the month before, the lowest reading in a year. Commented Ram Bhagavatula, chief economist at Royal Bank of Scotland Financial Markets, “No one is hiring; all the leading indicators of employment are weak.” Business hiring intentions, as measured by Manpower Inc.’s latest quarterly Employment Outlook Survey, fell for the first time in a year.

The influential consumer confidence index kept by the University of Michigan fell to 79.9 in February, its lowest level since September 1992, down from 82.4 in January. Consumer spending supports about two-thirds of the US economy. The expectations index, which measures attitudes about the 12 months ahead, likewise fell, to 69.9 from 72.8. The most recent Conference Board consumer confidence survey revealed that the

percentage of consumers saying jobs were “hard to get” had also risen to a nine-year high.

Compounding the situation, the Congressional Budget Office is expected to predict next week that the Bush administration’s plan to cut taxes and increase military spending will generate more than \$2 trillion in federal deficits over the next decade.

Significant corporate layoffs in recent weeks include:

* **WorldCom** (Clinton, Miss.), the second largest long-distance phone company, in bankruptcy since July 2002—5,000 jobs, on top of last year’s 17,000 layoffs.

* **Agilent Technologies** (Palo Alto, Calif.), a leading maker of test and measurement equipment—4,000 jobs, or 11 percent of its workforce.

* **Dow Chemical** (Midland, Mich.), one of the world’s leading makers of chemicals, plastics and agricultural products—between 3,000 and 4,000 jobs.

* **Micron Technology** (Boise, Idaho), the second largest computer memory chip maker—1,800 jobs, or 10 percent of its workforce.

* **Bank of America** (Charlotte, N.C.), the third largest bank in the US—1,000 technology and back office jobs.

* **Coca-Cola** (Atlanta, Ga.), the beverage giant—1,000 jobs in its North American operations.

* **IBM** (Armonk, N.Y.), the world’s leading provider of computer hardware—1,000 jobs in its global services and software groups in the US.

* **Kmart** (Troy, Mich.), the retailer in bankruptcy since January 2002—1,000 jobs at its headquarters, on top of tens of thousands of layoffs in its stores.



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