

US jobless rate jumped to 6 percent in April

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The official unemployment rate in the US jumped to 6 percent in April, from 5.8 percent in March, according to the monthly survey of the Bureau of Labor Statistics (BLS) issued May 2. The figure represents a four-month high. The US economy lost jobs for the third month in a row, with 48,000 fewer people employed in April.

Manufacturing employment suffered its worst loss in 15 months. Factory payrolls dropped by 95,000 last month, more than twice the average loss of the prior 12 months. Significant losses took place in motor vehicles, fabricated metals and electronic equipment.

Airline workers took a huge hit in April, with 18,000 jobs lost. The industry has lost an average of 11,000 jobs a month since the beginning of 2003 and has cut 177,000 jobs since January 2001. Other travel-related service industries experienced large losses. Employment in hotels and lodging places and amusement and recreation services declined by 125,000 from January to April.

The unemployment rate among African-Americans now stands at 10.9 percent; among teenagers, 18 percent; and among black teenagers, 33.1 percent.

The BLS reports that the total number of unemployed is 8.8 million, up 341,000 from March. Nearly 2 million of those had been out of work for at least 27 weeks in April. The number of long-term unemployed is growing at a rapid rate, up more than 36 percent from a year ago.

An additional 4.8 million people in the US were working part-time in April even though they would have preferred full-time jobs. In addition, there are some 4.4 million “discouraged workers”, i.e., those who have given up looking for work. Some 1.2 million in this category actually searched for a job during the previous 12 months. (The number of officially “discouraged” is up 44 percent from a year ago.) The total “real” unemployed or underemployed, therefore,

adds up to some 18 million people, or nearly 12 percent of the labor force.

A recent *New York Times* article (“Jobless and Hopeless, Many Quit the Labor Force”) noted that the portion of Americans in the labor force either working or actively seeking work has fallen over the past two years by 0.9 percent to 66.2 percent, “the largest drop in almost 40 years.” The article pointed out that more “than 74.5 million adults were considered outside of the labor force last month, up more than 4 million since March 2001.” Because of the massive numbers of people outside the labor force, the official unemployment rate “does not give you the same kind of information it did in the 1970s or 1960s,” according to Robert H. Topel, professor of economics at the University of Chicago.

The number of teenagers and black men leaving the labor force has been particularly sharp. For the first time since the 1960s the proportion of women in the labor force has declined over an extended period.

While recessions have traditionally resulted in the temporary growth of long-term unemployment, the current economic situation shows marked differences, bound up with structural changes in the nature of the American economy. In the four recessions prior to 1990 the number of those losing their jobs permanently was more or less equal to those losing them temporarily. In the initial phase of the most recent recession, however, the share of permanent layoffs had risen to 87 percent. Temporary layoffs have become virtually a thing of the past.

A post-Iraq war “bounce” has not materialized. According to an *Associated Press* story, “The ouster of Saddam Hussein’s regime in Iraq boosted Americans’ confidence, sending many unemployed people back out to look for work. But their searches yielded little results because the economy wasn’t healthy enough to create jobs.” The *AP* cited the comments of Ken Mayland,

president of ClearView Economics in Cleveland: “There’s just no denying that these are an awful set of job figures for April.”

Robert DiClemente, chief US economist at Salomon Smith Barney, told the *New York Times*, “We have started out the second quarter in a hole. I would like to think this tells us more where we have been than where we are going. But we continue to get a combination of a hiring freeze and continued job losses. There is not enough going on to stop the bleeding.”

Recent significant layoffs included the **US government’s** cutting of 6,000 airport screening jobs. According to Transportation Security Administration (TSA) Director James Loy, “TSA is entering a new stage in its maturation.” Despite all the hue and cry about combating terrorism, Republicans in Congress were opposed to the mass hiring of airport screeners from the outset, placing a cap of 45,000 full-time screeners.

Pfizer, the pharmaceutical giant, announced 2,000 job cuts April 20, in an effort to cut costs following its \$57 billion acquisition of Pharmacia. Pfizer is closing five research sites and reorganizing other operations. The company has not yet revealed how many of Pharmacia’s 43,000 employees will lose their jobs.

On April 18 **Boeing**, the world’s largest commercial aircraft manufacturer, sent out layoff notices to 1,000 employees at its Puget Sound, Washington aircraft factories. Boeing has slashed 32,000 jobs since September 11, 2001, with another 7,000 expected by the end of the year. The company expects to deliver only 280 new jets this year, as opposed to 527 in 2001.

Tyson Foods, based in Springdale, Arkansas, reported April 21 that it would lay off more than 600 workers as it phases out a Maryland poultry complex.

As noted above, the hemorrhaging in the airlines industry continues.

American Airlines, based in Fort Worth, Texas, has initiated plans to slash their workforce by 7,000, under terms of the new concessionary contracts recently ratified by the airline’s employees. Thousands of mechanics, “junior” flight attendants and fleet service clerks have received layoff notices or will receive them in the next few weeks. **US Airways** is planning to lay off 890 flight attendants in May and June as a result of slowing business. **Atlantic Coast Airlines**, a Washington, DC-based regional carrier, announced 330

job cuts April 16. The airline has also reduced the base pay of most salaried employees by as much as 10 percent. **American West** reported April 14 that it was cutting about 20 percent of its executive level workforce, or 250 jobs.



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