Kodak axing up to 15,000

Bush touts pittance for worker training as job cuts mount

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Two events Wednesday captured the dichotomy between official propaganda about the US economic recovery and the reality confronting American workers. President George W. Bush appeared at campaign-style rallies at community colleges in Ohio and Arizona, touting his minuscule $250 million job retraining initiative. And Kodak Corp. announced the elimination of 20 percent of its workforce, an estimated 12,000 to 15,000 jobs.

The Bush rallies were staged at Owens Community College outside Toledo, Ohio, and at Mesa Community College near Phoenix, Arizona, to follow up Tuesday night's State of the Union speech. The president paraded in front of banners celebrating the job training proposal, to which the administration has given the grandiose title "Jobs for the 21st Century."

Bush claimed that the goal of the program was to insure "no worker left behind because we haven't created a flexible system in order to get skills." He was silent on the fact that his administration has slashed nearly $1 billion from Labor Department job-training programs for adults over the past three years, a sum four times the amount of the proposed increase.

Moreover, Bush and the Republican-controlled Congress allowed extended unemployment benefits for jobless workers to expire last month. This program provided nearly $1 billion a month for the unemployed until it lapsed the week of Christmas.

The new Bush program would not create a single job, but would funnel funds to community colleges to retrain unemployed workers. White House aides said the new program would differ from those it had previously cut because community colleges would be required to work with local employers to determine which skills were needed in the workplace.

The pathetic size of this program compared to the social need is obvious. In Toledo alone, private employers have eliminated 6,600 jobs since Bush took office, part of the 496,000 jobs eliminated in Ohio as a whole, and 2.3 million destroyed nationwide.

The announcement by Kodak, in Rochester, New York, was the largest corporate job cut unveiled in the new year. The company said that 12,000 to 15,000 jobs would be eliminated worldwide, as part of the downsizing of its traditional photo business and the shift to digital photography. Last year, sales of digital cameras in the US exceeded sales of film-based cameras for the first time.

The company will take charges of $1.3 billion to $1.7 billion through 2006, it said, with about half of that for severance payments to the workers who lose their jobs. The cutback will include ending sales of 35mm film cameras in both the US and Europe.

The Kodak announcement follows a number of reports that point to the deepening attacks on jobs and living standards that are taking place even as the administration and the media proclaim that an economic recovery is under way:

* The Labor Department reported January 15 that the number of jobless workers collecting unemployment benefits rose by 17,000 to 3.1 million.

* The average duration of unemployment rose to 19.6 weeks in December, up from an average of 18.5 weeks during the whole of 2003.

* The rate of "labor underutilization"—combining the unemployed, those who have given up seeking work for lack of prospects and those working part-time involuntarily—rose to 9.9 percent in December 2003, the

same level as a year before.

* In October, the last month for which figures were available, there were 2.8 unemployed people for every job opening, up from 2.51 in 2002 and 2.25 in 2001.

* The unemployment rate for managers and professionals was 3 percent, the same as a year ago, but the unemployment rate for lower-paid service workers rose from 6.4 percent in 2001 to 6.6 percent in 2002 to 7.0 percent in 2003. For production workers the figure was even higher, at 7.2 percent.

While the long-term unemployed face the most difficult conditions, even those laid-off workers who have found new jobs are hurting. A report by the Economic Policy Institute (EPI), a research group backed by the AFL-CIO, found that in 48 of the 50 states, workers were shifting from higher-paying industries to lower-paying. In California, for example, expanding industries had an average wage of $34,742—40 percent lower than the average wage in shrinking industries, which stood at $57,800.

The EPI study analyzed data from November 2001 to November 2003. The nationwide average was a 21 percent decline in average wages, comparing industries that gained jobs to those that lost them. The result is that workers are being doubly squeezed: there are fewer jobs overall, and those jobs available pay less.

Among the hardest hit states were Delaware (43 percent drop in wages), Colorado (35 percent), New Hampshire (35 percent) and West Virginia (33 percent). The two states that saw jobs shift from lower-paying industries to higher-paying ones were Nebraska and Nevada.

The figures for California illustrate the trend. During the two-year period, the state lost 127,000 jobs in manufacturing and 55,000 in information technology—among the best-paying sectors. It gained 48,000 in leisure and hospitality, 32,000 in retail and 65,000 in health and education, which includes day-care workers and hospital orderlies.

Such figures have sparked warnings that Bush's economic recovery is unsustainable. Stephen S. Roach, chief economist for Morgan Stanley, told the *New York Times* last week: "We had a spectacular second half of '03 in GDP because of tax cuts, the last-gasp spending of the refinance cycle and price cuts on motor vehicles. But we haven't had job growth and income generation. Consumers can't continue to carry the ball with their incomes lagging."

Roach said that two years into a recovery the US economy should have created 7.5 million more jobs than have actually materialized. "The days of an old-fashioned hiring-led recovery are over," he said. "And we have to face that, in terms of understanding the potential for our economy to keep growing as many in our financial markets are now blindly assuming will be the case."

The *Washington Post*, in a gloomy review of the economic prospects January 16, noted the deepening social polarization in America.

"Nationally, the two-tiered economic gains appear to be playing out on a grand scale. Holiday sales at Neiman Marcus department stores were up nearly 13 percent over the holidays compared with the previous year. Tiffany's sales jumped 16 percent, as the affluent rewarded themselves for their upturn. Dana Telsey, chief retail analyst at Bear, Stearns & Co., calls it 'self-gifting.'

"Yet Wal-Mart, which serves a less glamorous clientele, posted gains of only 3.9 percent, barely meeting analysts' expectations."

The newspaper noted that, according to Alan Hevesi, New York state comptroller, bonuses for Wall Street executives and stock traders are expected to hit a staggering $10.7 billion for 2003, thanks to the 25 percent run-up in the stock market. But average hourly wages for all workers rose by only 1.7 percent, or 26 cents. Also in 2003, past-due credit card accounts hit an all-time high of 4.09 percent of all accounts, and personal bankruptcy filings rose 7.4 percent to a record 1.66 million people.