

US jobless rate climbs to 5.7 percent in March

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The official unemployment rate in the US climbed to 5.7 percent in March, from 5.6 percent the month before. The Bureau of Labor Statistics (BLS) reported that while the economy created 308,000 jobs, the largest one-month jump in four years, 179,000 people entered the labor force last month and 182,000 became unemployed.

US payrolls have expanded by 513,000 since December and by 759,000 since August 2003. However, the jobs total still is down 323,000 from November 2001, when the latest “recovery” officially began, and 2 million below its level at the onset of the recession in March 2001.

The service sector, including retail, added 230,000 jobs in March, the largest growth in that sector since May 2000. Jobs in construction rose by 71,000, while information services employment fell slightly. Manufacturing jobs remained unchanged, the first month since the summer of 2000 that their number did not decline.

Since its peak in 2000, manufacturing employment in the US has dropped by 3 million. Factory jobs, as a share of total employment, have declined from 13.1 percent to 11 percent, a severe decrease over such a short period of time. Announcements of manufacturing plant closings and layoffs continue to be nearly daily occurrences, particularly in the older industrial states of the Northeast and Midwest.

The BLS survey revealed that the proportion of long-term jobless—those out of work for at least six months—increased to 23.9 percent, the highest since July 1983. There was also an increase of nearly 300,000 in the number of “involuntary part-time workers,” i.e., those who would prefer full-time jobs. The BLS measure of underemployment—including the jobless, those who have given up looking for work and the “involuntary part-time” workers—climbed to 9.9 percent, up 0.3 percent from last month.

Since the recession began in March 2001, reports JobWatch.org, “The private sector has lost 2.5 percent of its jobs (2,792,000), US manufacturing has lost 15.9 percent of its jobs (2,704,000), and even when

incorporating the 3.1 percent gain in government jobs (657,000), the labor market on the whole has still lost 1.5 percent (2,135,000) of all jobs. In the prior three business cycles, instead of still being in the hole, the economy had actually generated 2.7 percent more jobs after three years.”

The unemployment figures are themselves misleading because of the large numbers of people who have left the labor force. Leigh Strope of Associated Press noted April 1 that the share of the US population working or seeking a job had fallen to 65.8 percent, the lowest level in 16 years.

JobWatch.org observes that wages and salaries (adjusted for inflation) generated by the private sector have actually *fallen* by 1.7 percent over the past three years, while domestic profits have risen 57.5 percent. This is also unprecedented in recent business cycles. In other recent downturns “total wages and profits grew in tandem, with total wage and salary income up by 3.7 percent over a comparable three-year period and domestic profits up by 12.6 percent.”

Figures in a study of the devastation wrought in Silicon Valley by economists at the UCLA Anderson School of Management are quite staggering. The six counties around San Francisco Bay have lost 400,000 jobs over the past three years. San Jose, the center of the technology industry, has lost 20 percent of its payroll workforce [209,000 jobs], constituting “the single largest loss of jobs by any major metropolitan area since at least World War II.”

The report goes on, “San Francisco has lost another 14 percent [154,000 jobs]. Perhaps more disturbing is that the civilian labor force in the entire Bay Area is now estimated to be 116,000 workers smaller than before. The labor force in the six-county area around the Bay is now 220,000 workers fewer than in Q4 2000, a loss of about 7 percent of the total employment.”

Revised figures for San Francisco indicate that the city suffered a 3.5 percent loss in payroll jobs in 2003, or 21,500 jobs. “The East Bay saw a similar drop in the new numbers, to a loss of 2.3 percent of the payroll jobs.”

Major job losses and layoff announcements in the recent weeks include:

Gateway, the personal computer maker, announced plans April 1 to close down all its 188 retail stores next week and lay off some 2,500 employees. The stores will be closed April 9 and Gateway will sell products directly over the Web and by telephone. The job cuts amount to a nearly 40 percent reduction in Gateway's labor force, leaving it with about 4,000 workers. The firm's fourth quarter earnings in 2003 fell to \$875 million, from \$1.1 billion in the same period in 2002.

Automotive supplier **Johnson Controls** reported March 29 that it will transfer sun visor production from its plants in Holland, Michigan, and Glasgow, Kentucky, to a factory in Mexico, resulting in 885 job cuts. The production will be phased out over the next 18 months. Johnson Controls makes sun visors for vehicles for Ford, General Motors, DaimlerChrysler, Toyota, Honda, Nissan and Mitsubishi. The company presently has 5,000 employees in Holland.

Bankrupt telecommunications firm **MCI** (formerly WorldCom) announced 4,000 job cuts March 26. The company is closing three call centers, affecting more than 7 percent of its workforce, as a cost-cutting move. The centers are in Denver, Phoenix and Niles, Ohio. Jobs are also being eliminated at MCI facilities in Alpharetta, Georgia; Colorado Springs, Colorado; and Springfield, Missouri.

Westchester Medical Center in Valhalla, New York, has cut some 200 jobs as a result of financial problems. *New York Newsday* reports that this has not prevented the hospital from giving Joseph Pisani, recently promoted to the post of senior executive vice president and chief administrative officer, a raise of \$205,000, bringing his salary to \$480,000. The newspaper quotes Leslie Guido, a head nurse whose job was among those cut last month: "They're cutting people's livelihood, and yet they're giving raises at the same time. That makes absolutely no sense at all. I'm speechless."

Sun Microsystems reported plans April 2 to slash 3,300 jobs as part of a cost-cutting program. The cuts represent some 9 percent of the firm's workforce. Sun also announced that it has entered a "broad cooperation agreement" with Microsoft, settling all outstanding litigation with its giant rival. The company is expecting to record a net loss of between \$750 million and \$810 million in the quarter ending March 28.

The **Tennessee Valley Authority**, the federal utility serving 8.3 million consumers in seven states, is

considering cutting 600 to 800 jobs, or 6 percent of its workforce. This would be the largest downsizing at a federal utility in a decade. The TVA has offered early retirement packages to its 13,245 employees. If there are not sufficient "volunteers," the layoff notices will go out April 22.

Numerous cities and municipalities around the US are reporting or threatening layoffs, particularly in California. The city of **Richmond**, for example, in the Bay Area, will lay off 213 workers, shut down branch libraries and close half of the city's recreational centers as a result of \$9.2 million in budget cuts approved by its city council March 30. Ultimately, 38 percent of the city's workforce could lose their jobs.

Cutco Cutlery, a division of Alcas Corp., announced it will lay off 114 workers at its Olean, New York plant. The layoffs, the first since 1987 for Alcas, will take effect April 5. Olean is in western New York state. **American Standard** is laying off more than 200 workers at a plant in Tiffin, Ohio, in the northeast part of that state. The workers learned March 29 that their jobs would disappear within a few months. One hundred fifty workers will remain, making toilet tanks. The products no longer made at the Tiffin facility will be manufactured at other plants "throughout the Americas [there are four American Standard facilities in Mexico], as well as plants in Asia."

As part of a three-year restructuring, **Bombardier**, the train manufacturer, will cut 170 jobs from plants in Barre, Vermont, and Pittsburg, California. **Thomson** has decided to close its television glass plant in Circleville, Ohio, with a job loss of 545 jobs. Thomson is also shutting down a television picture tube facility in Marion, Indiana, cutting 990 jobs. **BellSouth** has announced plans to eliminate 778 jobs in nine states during its second quarter.



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