Global jobs crisis deepens

US sheds 600,000 jobs in January

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In a clear indication the economic crisis is rapidly heading into a severe global depression, US employers purged 598,000 jobs in January, the most job losses in a single month since 1974. January's firings raised the unemployment rate to 7.6 percent, the highest level since 1992.

Job cuts accelerated even more rapidly in Canada, where 129,000 jobs were eliminated, the highest monthly toll ever, with the unemployment rate spiking to 7.2 percent from 6.6 percent. Given a Canadian population of about one tenth that of the United States, the job losses are equivalent to about 1.3 million US cuts. Canadian economists, who had anticipated a figure of 40,000, were left dumbfounded by the data from Statistics Canada.

The new US Labor Department figures, released Friday, also far surpassed the expectations of economists, who had anticipated 524,000 lost jobs. The figure for December (577,000) was also revised upwards. In the coming period, job losses are expected to soar well above 600,000 a month.

Economists used the following terms to describe the Labor Department figures: "horror show," "alarming," "terrible toll," "endless spiral," "no end in sight," "slow motion train wreck," "horrific," "massive hemorrhage," and "stunning."

In the 12 months since January 2008, the American economy has hemorrhaged 3.5 million jobs, the most in one year since 1939, during the Great Depression. About half of those job cuts came in the past three months alone.

According to the Labor Department, there are now 11.6 million unemployed workers in the US. In addition, there are 7.8 million more who are underemployed, workers who seek full-time employment but are unable to find the hours they need.

If underemployed and marginally attached workers are counted, the US unemployment rate stands at 13.9 percent, according to the Wall Street Journal.

The industrial sector suffered the most, with 207,000 jobs lost, after losing 162,000 in December. This represented the steepest decline since 1982, when US industrial production was intentionally decimated by the high interest rate "shock therapy" of former Federal Reserve Chief Paul Volker, who is now a key economic advisor to President Barack Obama. There are now only 12.6 million US factory workers, the lowest number since 1946.

In Canada, meanwhile, nearly 80 percent of January's job losses were among factory workers, with Ontario particularly hard-hit. This is an indication that the collapse of the US economy is ravaging Canada's export-oriented industries and their suppliers.

In the US, the job losses extended across economic sectors. White collar and managerial workers were eliminated in large numbers, 121,000 in all. Construction companies cut 111,000 jobs; 76,000 temporary worker were fired; 45,000 retail workers lost their jobs; and 28,000 more workers are now unemployed in the "leisure and hospitality" industry.

The unemployed face increasingly long periods

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between jobs, if new jobs are to be found, Labor Department statistics reveal. The average job hunt for unemployed workers has increased to 19.8 weeks, up from 17.5 weeks one year ago.

The wave of job cuts is being undertaken in tandem with a broad assault on the conditions of those workers fortunate enough to keep their jobs. In keeping with the spirit of the Obama administration, employed workers are being asked to make new "sacrifices."

Over the previous months, US employers have launched an unprecedented wave of pay and benefit cuts, hours reductions, and other takeaways. The sacrifices of the employed are also registered in an increase in productivity, which the Labor Department recently revealed has shot up by 3.2 percent in the last quarter of 2008.

The flood of job losses in the US is such that the system of unemployment benefits has been overwhelmed, both financially and physically. After decades of free-market orthodoxy, the social safety system in the US is woefully ill equipped to confront an economic crisis.

The National Conference of State Legislatures recently released a report revealing that seven states have depleted their unemployment insurance funds, and eleven others will likely do so within a year. On Thursday, the Washington Post published an article noting that rising unemployment "is overwhelming claims offices" that are short on staff, facilities, and equipment to meet the needs of desperate workers ("Deluge Is Holding Up Benefits to Unemployed").

The prospects for the coming year are grim. Analysts anticipate that 3 million more jobs will be lost, although even these dire estimates are contingent upon passage of Obama's stimulus package and the administration's assertions on job creation.

"We see job losses accelerating for at least the next several months to the point where that 600,000 mark will soon be a dot in the distance behind us," said economist Guy LeBas of Janney Montgomery Scott LLC. Robert MacIntosh, chief economist with Eaton Vance Management in Boston, said, "it is just another confirmation that we're in a deep and long recession, and the bottom is not even in sight."

The flood of job losses in North America is an expression of a world process. In December, Japan experienced the sharpest increase in unemployment in 41 years. More layoffs are to come, as industrial production declines precipitously. The Japan Manufacturing Outsourcing Association has stated that 400,000 temporary workers will be laid off by March. Many of these live in company dormitories, and will be made homeless in the process.

Earlier this month, China announced a massive growth in unemployment. Some 20 million of the country's 130 million migrant workers are unemployed. Manufacturing jobs for export production have been particularly hard-hit.

In Europe, economists anticipate that the overall unemployment rate will climb to 8.7 percent for the 27 EU countries. French employers purged 217,000 jobs last year, and the unemployment rate is expected to rise to 10.6 percent by the end of next year. In Spain, Europe's fifth-largest economy, the unemployment rate is at 14.4 percent and rising. Industrial output in Spain fell by nearly 20 percent in December.

The International Labor Organization recently released a report that forecast global job losses with a range of 18 to 51 million. In the latter scenario, global unemployment would climb past 7.1 percent.

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