

US unemployment rate hits 8.1 percent

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The latest US government jobs report, released Friday, reveals an extraordinary level of suffering throughout the country. The tidal wave of layoffs is wiping out jobs that will never return and effecting a permanent restructuring of the economy.

The US unemployment rate reached 8.1 percent in February, jumping half a percentage point to reach the highest level in 25 years. Employers eliminated a net 651,000 jobs last month, according to figures released Friday by the Labor Department.

The total number of unemployed workers reached a staggering 12.5 million, a number that translates into 30 or 40 million people immediately threatened with the loss of health coverage, a plunge into poverty, or outright homelessness. The capitalist system is transforming America into a land of mass misery.

Since 2007, the US has lost more than 4.4 million jobs. More than half of those losses—some 2.6 million—took place in the past four months alone. More jobs were eliminated in the year ending February 28, 2009 than in any other 12-month period in US history since such statistics began to be collected.

The drop in nonfarm payrolls in February marked the fourth month in a row that the US economy lost more than half a million jobs. February 2009 would have represented the largest single monthly job loss since 1949, except that the agency also revised its figure for job losses in December 2008 upwards to 681,000, making that month the record.

Huge job losses were reported in almost all sectors of the US economy: 168,000 in manufacturing, 108,000 in construction, 180,000 in business and professional services. Even temporary agencies cut back sharply, eliminating 78,000 jobs, while retail trade cut 40,000 jobs.

The slump has hit manufacturing and construction the hardest. Of the nearly 2 million net jobs eliminated in

December, January and February, 30 percent were in manufacturing, although that sector accounts for only 12.5 percent of private sector employment. Michigan, whose manufacturing industry has been decimated by the crisis, has the highest unemployment rate of any state, at 11.6 percent.

The unemployment rate among construction workers in February stood at 21.4 percent, nearly doubling over the past 12 months.

At 8.1 percent, the overall unemployment rate was the highest since December 1983. The official unemployment rate includes only people who are actively looking for work. If part-time and "discouraged" workers are added, the unemployment rate is 14.8 percent, up more than 6 percentage points from a year ago.

The number of people forced to work part-time although they wanted full-time work rose by 787,000 to 8.6 million. The number of "discouraged workers," those who would like to work but have not looked for a job for the past two months, reached 2.1 million in February, up by almost half a million since last year. Meanwhile, the number of long-term unemployed, those out of work for a half a year or more, climbed to 2.9 million, the largest number since the Labor Department began keeping such records in 1948.

The jobless rate for minority workers rose to double-digit figures: 13.4 percent for black workers, the highest since June 1993, and 10.9 percent for Hispanics, the highest since April of that year.

College-educated workers are by no means immune from the crisis. The unemployment rate for workers with a bachelor's degree shot up to 4.1 percent, the highest level on record dating back to 1992. The National Association of Colleges and Employers reported that the companies they surveyed plan to hire 22 percent fewer graduates from the class of 2009 than they did for the class of 2008.

Economists at major banks, consulting services, universities and the federal government seemed dumbfounded by the numbers reported Friday. "Gargantuan declines," "horrible," "dreadful," "breathhtaking," "massive hemorrhage," "it's hard to see where the bottom is," "we're staring into the abyss"—were some of the comments made to the press. One economist declared that "at least it wasn't a million-man month," although that could well take place if industrial giants like GM and Chrysler go bankrupt and collapse.

John Silvia, chief economist at Wachovia Bank, emphasized the historical significance of the jobless figures as a measure of US economic decline, telling the *New York Times*: "These jobs aren't coming back. A lot of production either isn't going to happen at all, or it's going to happen somewhere other than the United States. There are going to be fewer stores, fewer factories, fewer financial services operations. Firms are making strategic decisions that they don't want to be in their businesses."

The *New York Times* admitted that there was little prospect of near-term improvement: "The latest grim scorecard of contraction in the American workplace largely destroyed what hopes remained for an economic recovery in the first half of this year, and added to a growing sense that 2009 is probably a lost cause."

Federal Reserve Chairman Ben Bernanke testified before Congress on Tuesday, noting that recent economic indicators "show little sign of improvement" and that "labor market conditions may have worsened further in recent weeks."

Other estimates are more explicit. Goldman Sachs economists predict that the US economy will shrink at an annual rate of 7 percent this quarter, and that the unemployment rate is likely to reach ten percent by the end of the year.

Economists at Deutsche Bank predict that the US economy will contract at a rate of 8 percent this quarter. Deutsche Bank chief economist Joseph LaVorgna said that he "would not be surprised if the economy contracted at close to an annual rate of 10 percent."

Major employers announced new layoffs this week—job cuts not reflected in the February figures. These included IBM, which cut 4,600 jobs, General Dynamics (1,200), Northrop Grumman, and Tyco Electronics.

In the face of what he acknowledged to be an "astounding" number of job cuts in February, President Barack Obama traveled to Columbus, Ohio Friday for a media event to celebrate the "saving" of the jobs of 27 city police recruits because of money funneled to the city under his administration's \$787 billion economic stimulus legislation.

Obama touted the hiring of the Columbus police academy graduating class as a signal accomplishment, although, by one calculation, 1,000 jobs were eliminated nationwide during the hour-long ceremony attended by the president to give diplomas and badges to 27 new cops.

Meanwhile, the administration announced that top officials of its auto industry task force would travel to Detroit Monday to review with GM and Chrysler their plans for restructuring to qualify for government loans—plans that will require the elimination of tens of thousands of auto jobs.

The growth of mass unemployment is directly reflected in the growth of poverty and social distress. According to another government report, the total number of people receiving food stamps rose to a record 31.8 million in February, up by 700,000 in one month.

Home foreclosures continue to spread, as more and more working class homeowners lose their jobs and find themselves unable to meet mortgage payments. One in nine US homeowners with a mortgage was either behind on payments or in foreclosure by the end of 2008, according to an estimate by the Mortgage Bankers Association. This is the highest rate since the organization began keeping records in 1972, and represents an increase of nearly two percentage points since the third quarter of 2008. Some 23 percent of subprime mortgage holders were at least 90 days late on payments.



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