

Figures on US jobs, wages, benefits

## A rising tide of social misery

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Contrary to Obama administration and media claims about the recession “easing,” millions of working people in America are losing their jobs, earnings and health care benefits at an accelerating pace.

While executives at Goldman Sachs, JPMorgan Chase and other financial giants prepare to pay themselves billions of dollars this year in salaries and bonuses, life has continued to become more and more difficult for a broad layer of the population.

The *New York Times* pointed out on Wednesday that in California and a number of other states, “one out of every five people who would like to be working full time is not now doing so.”

The official jobless rate of 9.5 percent excludes both those who have stopped looking for jobs because local conditions are so bleak and those obliged to accept part-time employment.

If these unemployed and underemployed were included, the real jobless rate in the country’s most populous state, California, for example, would be 20.3 percent, according to the *Times*. In Oregon it would be 23.5 percent, in Michigan and Rhode Island, 21.5 percent, and in South Carolina, 20.5 percent. The figure would be just below 20 percent in Tennessee, Nevada and a number of “states that have relied heavily on manufacturing and housing.”

Given that the Bureau of Labor Statistics’ national jobless rate is skewed, for political reasons, to minimize the actual conditions, various analysts step in and attempt to come up with a “real unemployment” number.

The Center for Labor Market Studies at Boston’s Northeastern University places the current jobless rate at 18.2 percent, higher than the official figure on the eve of World War II. John Williams of Shadow Government Statistics puts the “Alternative Unemployment” rate at 20.6 percent. Other analysts calculate an “Effective Unemployment” figure of 18.7 percent. Whatever the precise number, the army of unemployed is large and swelling. A great many lives have already been devastated.

David Rosenberg, chief economist at the investment firm Gluskin Sheff in Toronto and former chief North American economist at Merrill Lynch, argues: “The official ranks of the

unemployed have doubled during this recession to 14 million and if you take into account all forms of labour market slack, the unofficial number is bordering on 30 million, another record.”

The figures on job losses in the current slump are staggering. Since the start of the recession in December 2007 the US economy has lost a total of 6.5 million jobs. In fact, the economy presently has fewer jobs than it did in May 2000. The Economic Policy Institute points out that “the entire growth in jobs over the last nine years has been wiped out,” while the labor force has actually expanded by 12.5 million workers.

According to economist Rosenberg, “We have lost a record 9 million full-time jobs this [business] cycle, more than triple what is normal in the context of a post-WWII recession, with over 2 million pushed onto part-time work.” He notes that three-quarters of those laid off over the past year were let go on a *permanent*, not a temporary basis, and that a record 53 percent of those currently out of work were displaced *for good*.

Rosenberg estimates that more than four million jobs in financial services, residential construction, durable goods manufacturing, wholesale-retail and leisure-hospitality “are not going to come back.” The destruction of millions of better-paying, full-time jobs has enormous implications for the living standards of working families.

Job openings in the US have dropped by 42 percent since the end of 2007, so that in June 2009 there were some six unemployed looking for every job. As a result, the percentage of the jobless out of work for more than six months increased by nearly 70 percent from June 2008 to June 2009 (17.1 to 29 percent).

Since employers, who can afford to pick and choose, are generally taking experience over youth, and workers over 55 are holding on to their jobs for dear life, the official unemployment rate for young people has jumped to 15.2 percent for 20-24 year olds (a 49 percent increase in 12 months!) and 24 percent for 16-19 year olds. For African-Americans 16 to 19, the jobless rate is currently 38 percent.

As serious as they are, the jobless figures are only part of the story. Public and private employers across the country are taking advantage of the recession to cut wages, hours (through “unpaid leave,” “furloughs” and other means) and benefits,

impoverishing many of those still employed.

The average work week fell to 33 hours in June, the lowest since data was collected in 1964, and 48 minutes shorter than when the recession began. The combined decline in jobs and hours in June was the equivalent of a loss of some 800,000 jobs.

*Business Week* notes that “Cuts in pay and hours are rippling throughout the economy in businesses large and small and industries from mining to retail.” A survey commissioned by the *Economist* in June found 5 percent of respondents had already taken a furlough in 2009 and 13 percent had taken a pay cut.

Mortimer Zuckerman in the July 14 *Wall Street Journal* commented: “Full-time workers are being downgraded to part time as businesses slash labor costs to remain above water, and factories are operating at only 65% of capacity.” Average weekly earnings fell to \$611.49 in June, from \$613.34 in May.

The Bureau of Labor Statistics reported Wednesday that real average weekly earnings fell by 1.2 percent from May to June after seasonal adjustment. The drop resulted from a 0.3 percent decrease in average weekly hours and a 0.9 percent increase in the Consumer Price Index, driven by a sharp jump in gasoline prices.

Also on Wednesday, reports showed that industrial production declined in the US, for the eighth straight month. The industrial sector operated at 68 percent of its capacity in June, down from 68.2 percent in May, a new low in the 42 years since the data have been collected.

Meanwhile, eleven of the 17 Federal Reserve governors and regional bank presidents are predicting that unemployment will be 10 percent or higher in the final three months of 2009, and they expect the downturn, according to the *Washington Post*, “to be long-lasting.”

American workers are not only losing jobs and homes, they are also losing health care “at an alarming rate,” says a new report from Families USA. While the latest data from the Census Bureau indicated that 45.7 million Americans lacked health coverage in 2007, “economists believe the situation has only worsened in the intervening months as the economic downturn has taken its toll.” Experts predict an additional 6.9 million people in the US—a 15 percent increase—will lose their health coverage by the end of 2010.

Behind this health care disaster are the combined effects of rising costs, businesses slashing or eliminating coverage, and unemployment.

Noting that the rapid increase in joblessness means that the various states will probably “experience even greater losses ... than can be captured by our Key Findings,” Families USA estimates that between January 2008 and December 2010, 995,200 people in California, for example, will lose health coverage—or 6,380 per week. In Texas, which has the highest percentage of uninsured, some 866,000 residents will lose coverage by the end of next year.

In Florida, more than 3,500 people a week are losing coverage; in New York, nearly 2,500 people; in both Illinois and Georgia some 1,600 people; in New Jersey, 1,200, and in Michigan, a little more than 1,000 people each week.

In the US as a whole, the group estimates that 44,000 people are losing their health care every week.

On July 7 the American Bankers Association reported delinquencies on consumer debt rose to record levels, as customers had difficulty paying for everything from credit cards to automobiles. The percentage of borrowers at least 30 days late paying a balance is the highest since the association began keeping records in 1974.

ABA Chief Economist James Chessen stated bluntly, “The number one driver of delinquencies is job loss. When people lose their jobs, they can’t pay their bills. Delinquencies won’t improve until companies start hiring again.”

Public outrage at the present situation is growing. It is not uncommon to hear the rich, the “filthy” bankers, being denounced in work places and neighborhoods. Many workers—abandoned by the unions to their fate, lied to and cheated by the Democrats—have been stunned by the rapidity of the crisis. The *Economist*, a little nervously, refers to “The quiet Americans,” who are “proving stoical in the face of pay cuts and compulsory unpaid leave.” Later the magazine adds, “for the moment.”

Whatever the initial problems and hesitations of the population, the raging economic crisis will destabilize American political and social life, and radicalize vast numbers of people. It is inevitably creating the conditions for a showdown between working people, the vast majority, and the corporate aristocracy. Building an independent political movement of the working class based on a socialist and internationalist program to offer a progressive way out of the crisis is the most pressing task.



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