US jobless claims rise, job openings decline

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11 December 2009

Initial US jobless claims in the week ending December 5 rose 17,000 from the previous week, confounding economists who had predicted a decline. The increase in the number of workers filing first-time claims for unemployment benefits brought the total of such claims for the week to a seasonally adjusted 474,000.

In releasing the figures Thursday, the Labor Department reported that the total number of people claiming jobless benefits, both regular state benefits and extended state and federal benefits, topped 10 million.

The report gives the lie to attempts to portray last Friday's unemployment report for November as a harbinger of a rapid recovery from the worst jobs crisis in the US since the Great Depression. The report issued December 4 said the official jobless rate had declined to 10 percent from 10.2 percent in October, and payroll losses for November had declined sharply to 11,000.

The lower net loss of jobs was likely due in large part to temporary hiring for the holiday season. The basic economic tendencies all point to months, if not years, of double-digit unemployment.

The government estimates the number of unemployed at 15.7 million. But this excludes millions more who have either given up looking for work or are involuntarily working on a part-time basis. When these workers are included, the number of unemployed rises to 30 million.

The official jobless rate, moreover, obscures the growth of long-term unemployment. For the first time on record, more than half of those who file an initial claim for benefits exhaust their eligibility before finding work.

As of November, according to the Labor Department, about 5.9 million people—38 percent of those officially classified as unemployed—had been looking for work longer than six months.

In its Thursday report, the Labor Department said that 5,157,000 people filed continuing jobless benefit claims in the week ended November 28. That is 303,000 down from the preceding week's revised figure of 5,460,000. However, the decline largely reflects the growing numbers of laid off workers who are dropping off of state jobless rolls because they have exhausted normal state benefits, which generally last 26 weeks, and are living on extended federal benefits, or because they have exhausted all benefits, state and federal.

Extended federal jobless benefits, which were authorized under the Obama administration's stimulus bill passed last February, expire at the end of this month. The National Employment Law Project held a press conference Monday in Washington and reported that 3 million Americans will exhaust their benefits if the federal program is not extended by Congress.

Jobless workers will also lose an extra $25 in weekly benefits and a 65 percent government subsidy for health care premiums under the COBRA program, which allows laid off workers to temporarily maintain their employer-sponsored health insurance, but at their own expense.

The organization said that in California alone, nearly 600,000 jobless workers could exhaust their benefits by April.

Underscoring the desperate jobs situation, the Labor Department in a separate report issued Tuesday said job opening and hirings both contracted in October. The report said the number of job openings shrank to a seasonally adjusted 2.5 million in October from about 2.6 million the prior month.

The number of hires dropped to 3.9 million, falling below the 4 million mark for the first time since last June. Using the government's official figure of 15.7 million unemployed, the ratio of unemployed to the number of job openings in October was more than six to one. This is the highest differential since the Labor Department began tracking job openings in December 2000, and compares with 1.7 jobless workers per opening in December 2007, when the recession officially began.

In reality, the number of unemployed workers competing for each job opening is substantially higher.

In another report, also released on Tuesday, the Labor Department said that the proportion of workers doing full-time, year-round work fell to 65.6 percent last year from 68.4 percent in 2007, and the number of people who experienced unemployment jumped to 21.2 million from 15.1 million.

The National Federation of Independent Businesses on Tuesday released an index showing that small business optimism fell sharply in November from October. The job-creation component of the index fell by two points to a reading of minus 3 percent.

The social devastation fueled by mass unemployment is reflected in the latest report on home foreclosures, issued Thursday by the foreclosure data specialist RealtyTrac. The report showed that in November, more than 306,000 homeowners filed for foreclosure. While the figure was lower than October’s, it was 18 percent higher versus a year earlier.

Nevada topped the list with one in every 119 homeowners filing for foreclosure. In Hawaii, foreclosures were up 122 percent as compared to November 2008.

The US Conference of Mayors released a report Tuesday on the impact of the crisis, concluding that in the past year urban areas have seen the largest increase in demand for food assistance since 1991, as well as a sharp rise in family homelessness.

The Federal Reserve, in its Flow of Funds report issued Thursday, revised sharply upward its estimate of the loss of household wealth resulting from the financial crisis and recession. The Fed put the loss of wealth between the third quarter of 2007 and the first three months of 2009 at a record $17.3 trillion, compared with its previous estimate of $13 trillion.

Mark Vitner, an economist at Wells Fargo Securities, said of the report, “American households are having to lower their sights as to how much wealth they can hope to accumulate over their lifetimes. This is going to impact consumption habits for years to come.”

These statistics, which provide a pale reflection of the spreading social disaster, place in sharp relief the reactionary, pro-business policies of the Obama administration. On Tuesday, the same day as the mayors’ report and the Labor Department report on declining job openings, Obama delivered what was touted as major address on his administration’s policy to create jobs.

Obama once again made clear that his economic policies were driven by the interests of private business and that nothing would be done to address the jobs crisis that impinged on corporate profits. He reiterated his calls for fiscal austerity and proposed a token allocation of federal funds, in the form of tax credits for companies that hired workers and incentives to banks to lend money to small businesses. He ruled out government public works projects or any other form of direct government funding to put people to work.

He concluded with the provocative claim that “The storms of the past are receding. The skies are brightening. And the horizon is beckoning once more.”

Meanwhile, a Bloomberg National Poll conducted December 3-7 showed that a majority of Americans want the government to create jobs by means of public works programs and two-thirds support taxing the rich to reduce the budget deficit. Less than a fourth back cuts in entitlement programs such as Social Security and Medicare or a new national consumption tax.

The poll showed that support for taxing the wealthy crosses party lines, with more than a half of Republicans supporting the idea and a greater percentage of Democrats and independents in favor.

The opinions of the public, however, have no impact on government policy, which is dictated by the interests of the capitalist class, beginning with the financial elite on Wall Street.