# US economic indices and layoff announcements point to protracted slump

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A series of worse-than-expected economic reports and job cut announcements this week underscore that, despite official claims of an economic recovery, the prospects for working people in the US are likely to worsen.

Over the past two weeks, a number of major companies have announced layoffs and job cuts for the coming year that together number in the tens of thousands.

The US Labor Department on Thursday released figures on first-time jobless benefit claims for the week ending January 23 that showed only a slight decrease to 470,000 from the 478,000 claims reported the previous week. The consensus among Wall Street economists had been that claims would fall below 450,000.

The four-week average of initial jobless benefit claims rose by 9,500 to 456,250. Analysts say that the four-week figure must go below 425,000 to indicate a net increase in payrolls.

Total continuing claims—the aggregate number of unemployed workers collecting traditional state benefits—fell modestly by 57,000 to 4.6 million for the week ending January 16. It is estimated that more than half of those leaving the state rolls have been added to the ranks of unemployed people receiving special extended benefits, who numbered 5.6 million for the week ending January 9.

This latter figure declined by 300,000. It is not known what portion of this figure reflects people who have exhausted all benefits but remain unemployed and are likely living with little or no cash income.

The poor weekly jobless claims data comes on the heels of a series of mass layoff announcements:

• Telecommunications giant Verizon said on Tuesday it would cut about 13,000 jobs over the course of 2010 as it continues to scale back its landline phone service.

• Last week, Wal-Mart said it would cut 11,000 jobs at its Sam’s Club subsidiary.

• Pharmaceutical giant Johnson & Johnson announced this week it would cut 8,000 jobs over the year.

• UK-based pharmaceutical firm AstraZeneca announced Thursday it would begin to cut 8,000 jobs from its global workforce.

• Macy’s department store chain will cut 1,500 jobs by March 4, a company source said on Thursday. In early January, Macy’s announced five store closings and 307 layoffs.

• Home improvement retailer, Home Depot, said it will soon lay off 1,000 employees. Most of the sackings will take place at its Atlanta headquarters.

• Computer magnate Larry Ellison said this week that as many as 2,000 employees could be made redundant after his firm, Oracle, completes its takeover of Sun Microsystems.

• Last week, western Iowa learned it will see two meatpacking facilities close. Smithfield Foods will close its Sioux City plant, resulting in 1,500 layoffs, and Tyson Foods will shed 500 jobs by closing down its Council Bluffs plant near Omaha, Nebraska.

• Time Warner Cable will eliminate 350 jobs from its national division management arm, headquartered in Denver, according to a Thursday report.

Every day brings news of layoffs, jobs cuts or furloughs by states, towns, cities and counties. On Wednesday, the Los Angeles City Council announced it would lay off at least 1,000 city workers and furlough thousands more to avert bankruptcy, and New York City Mayor Michael Bloomberg warned this week that the city may carry out 18,500 layoffs this year.

Job cuts among public sector workers point to the waning effects of the Obama administration’s economic stimulus package, passed last February. The act did little to stem the wave of private-sector job losses in 2009, but it enabled state governments to postpone some cuts. A mere 100,000 public-sector jobs have been added to the economy since December, 2007, while over 7 million private-sector jobs have been lost.

Also on Thursday, the Commerce Department reported that orders for durable goods increased by 0.3 percent in December, far below economists’ expectations of a 2 percent increase, while durable goods orders for November were revised downward. The decline in durable goods orders for 2009 as a whole, 20.2 percent, was the steepest on records dating back to 1992. Durable goods are “big ticket” consumer items that retain their usefulness over an extended period, such as cars and appliances.

Recent data suggest that US housing values, the major source of wealth for most US families, have yet to hit bottom.

The Commerce Department reported Wednesday that purchases of new homes fell in December by 7.6 percent to 342,000 on an annualized basis, far worse than surveyed economists had anticipated. Overall, 374,000 homes were sold in the US in 2009, the lowest total on records going back to 1963. Last week, the National Association of Realtors reported a 16.7 percent December falloff in the sale of existing homes, the worst showing on records dating back to 1968.