

Mass layoffs expose myth of US economic recovery

Andre Damon
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The recent announcements of mass layoffs have upended claims that the United States is in the midst of an economic “recovery.” In fact, the US economy remains mired in mass unemployment, with falling real wages and growing poverty a fact of life for millions of people. Small and medium businesses, facing immense pressures to cut costs, are collapsing by the tens of thousands.

The worst of the recently announced job cuts is being carried out by the government itself: the US Postal Service announced last week that it would wipe out 35,000 jobs by the end of September, part of a longer-term plan to eliminate 150,000 jobs.

One well known corporate name after another has joined the procession of bankruptcies and layoffs, eliminating tens of thousands of jobs combined: Sears, Procter & Gamble, American Airlines, Kodak, Fuller Brush Company (which filed for bankruptcy last week), Archer Daniels Midland, IBM.

When last month’s jobs figures were announced, they were greeted by the government and media as a major improvement and a sign of economic recovery. The White House stated on its blog that the report “provides further evidence that the economy is continuing to heal.”

The reality is completely different. In 2011, the US economy created 1.5 million jobs, but the population grew by 2.2 million and a roughly equivalent number of young people entered the work force. The employment-to-population ratio remains at record lows after having dropped by about 5 percentage points between 2008 and 2010.

Unemployment remains at staggering levels. According to official figures, 12.8 million people are unemployed, of whom 5.5 million have been out of work for more than six months and 4 million have been

unemployed for over a year. The number of “underemployed” people—combining the jobless with those working only part-time when they want and need full-time work and those who have stopped looking for work—stands at 24 million.

The continued prevalence of mass unemployment has led to a growth of poverty to levels unseen for decades. The number of US households living on \$2 per day per person has more than doubled since 1996, from 636,000 to some 1.46 million today, according to a brief released by the National Poverty Center on Saturday. The study showed that about 4 million people in the United States are living on less than \$60 per month.

Yet, under these conditions, both parties are intent on cutting assistance to the poor and unemployed still further. This month the Obama administration and the Republicans reached a deal to cut the maximum duration of unemployment benefits from 99 weeks to 73 weeks in the hardest-hit states, and from 93 weeks to 63 weeks in many states.

The bill also includes provisions requiring the unemployed to submit proof that they are looking for work, as well as allowing states to subject applicants to drug tests as part of the application process. Big-business politicians have defended these demeaning and punitive actions by claiming that the “recovery” means that only laziness or drug addiction can explain the failure of the unemployed to find jobs.

But even the small number of jobs that have been created since the crash—about a quarter of those lost—have been added on the basis of significantly reduced wages and benefits.

The Obama administration set the model for this whole process during the restructuring of the auto industry, where the administration demanded an

expansion of super-exploited new-hires making \$14 per hour as a condition for bailing out the Big Three.

This points to the fundamental nature of the economic crisis, which has been utilized by the ruling class to lower wages and slash social spending throughout the economy, with the aim of boosting corporate profits and the incomes of the super-rich.

Nearly three years after the official end of the recession in June 2009, it is becoming increasingly clear that the crisis of 2008 was not merely another recession, but a transition to a “new normal” where high unemployment is a permanent fixture, real wages are perpetually falling, and third world poverty a reality for millions of people in the US.

This is because the present downturn is not merely the operation of the normal business cycle, but a general crisis of world capitalism. It reflects the breakdown of the postwar economic order and the historical decline of American capitalism.

The ruling class has responded to the crisis with single-minded determination to destroy the incomes and living standards of working people.

The working class must respond to the crisis with equal determination. The Socialist Equality Party has entered the 2012 presidential election, running independent candidates Jerry White and Phyllis Scherrer on a program based on the political mobilization of the working class against corporate America. We call for a counteroffensive of working people to defend their social rights against the capitalists on the basis of a socialist program.

The only way to guarantee the basic rights of all people is a drastic reorganization of society to meet social need, not the interests of billionaires. We call on all workers and young people to support the campaign of Jerry White and Phyllis Scherrer.

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