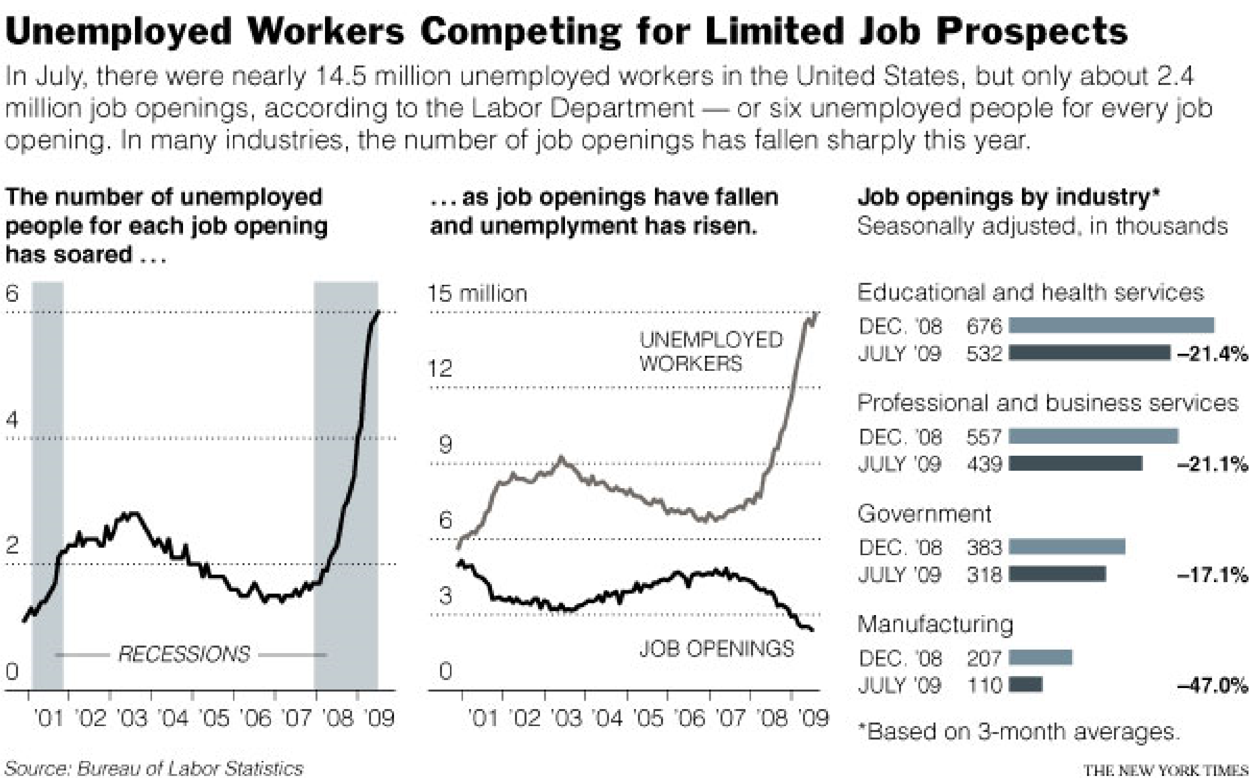
Job Seekers Exceed Openings by Record Ratio

[This is a letter I sent to friends on September 9, 2009, together with the article from the *New York Times* being commented on. –S.H.]

Hi everybody,

The NY Times article appended below also included this very telling chart:



Some further comments about why the unemployment situation will *not* be improving much even if there is a further "recovery":

1) A "recovery" (in bourgeois economics jargon) only means that production (GDP) is picking up somewhat from its recent low point. It doesn't mean that production has actually reached its previous highs, by any means. And, of course, it has little or nothing to do with the economic situation or welfare of the working class.

2) This "recovery" is not only extremely weak, it is bound to be rather short term. The only

reason why this "recovery" is happening at all is the truly massive Keynesian deficits that the Federal government is running (which is the foundation of the "stimulus package"). When those deficits start to ease off even a little bit, the economy will turn down again. (I currently expect this to develop around the middle of next year; turning slowly down again at first, then picking up steam.)

3) There is not (and will not be) enough unity among the bourgeoisie to push through another stimulus package until things really start getting very desperate again. Even then almost all the Congressional Republicans, and maybe some of the Democrats, will likely reject any new stimulus for ideological reasons and in order to further destroy the presidency of Obama. (The bourgeois class solidarity of the Republicans is amazingly weak!) This might even mean that no further major economic stimulus will be possible until the next *Republican* administration!

4) Even if all that were not bad enough, there is a long-term trend for the economy to require ever fewer workers in the first place. Some of the reasons for this are outlined in books such as *The End of Work* (1995), by Jeremy Rifkin, a book well ahead of its time. It took a long time for computers to start to eliminate clerical and other white-collar jobs in a major way, but that process is well underway now. Moreover, the permanent elimination of such jobs happens by far the fastest during recessions. Productivity is continuing to grow during this economic downturn, not only in manufacturing but also in the massive U.S. service sector. Most of these lost jobs will just never be coming back folks.

More and more, the capitalists simply no longer need most of us even to exploit in their workshops. Of course they still need us as consumers! But somehow that doesn't work out well if the consumers have no jobs and no money.

Scott

The New York Times

http://www.nytimes.com/2009/09/27/business/economy/27jobs.html?_r=1&th&emc=th

September 27, 2009

U.S. Job Seekers Exceed Openings by Record Ratio

By Peter S. Goodman

Despite signs that the economy has resumed growing, unemployed Americans now confront a job market that is bleaker than ever in the current recession, and employment prospects are still getting worse.

Job seekers now outnumber openings six to one, the worst ratio since the government began tracking open positions in 2000. According to the Labor Department's latest numbers, from July, only 2.4 million full-time permanent jobs were open, with 14.5 million people officially unemployed.

And even though the pace of layoffs is slowing, many companies remain anxious about growth prospects in the months ahead, making them reluctant to add to their payrolls.

"There's too much uncertainty out there," said Thomas A. Kochan, a labor economist at M.I.T.'s Sloan School of Management. "There's not going to be an upsurge in job openings for quite a while, not until employers feel confident the economy is really growing."

The dearth of jobs reflects the caution of many American businesses when no one knows what will emerge to propel the economy. With unemployment at 9.7 percent nationwide, the shortage of paychecks is both a cause and an effect of weak hiring.

In Milwaukee, Debbie Kransky has been without work since February, when she was laid off from a medical billing position — her second job loss in two years. She has exhausted her unemployment benefits, because her last job lasted for only a month.

Indeed, in a perverse quirk of the unemployment system, she would have qualified for continued benefits had she stayed jobless the whole two years, rather than taking a new position this year. But since her latest unemployment claim stemmed from a job that lasted mere weeks, she recently drew her final check of $340.

Ms. Kransky, 51, has run through her life savings of roughly $10,000. Her job search has garnered little besides anxiety.

"I've worked my entire life," said Ms. Kransky, who lives alone in a one-bedroom apartment. "I've got October rent. After that, I don't know. I've never lived month to month my entire life. I'm just so scared, I can't even put it into words."

Last week, Ms. Kransky was invited to an interview for a clerical job with a health insurance company. She drove her Jeep truck downtown and waited in the lobby of an office building for nearly an hour, but no one showed. Despondent, she drove home, down $10 in gasoline.

For years, the economy has been powered by consumers, who borrowed exuberantly against real estate and tapped burgeoning stock portfolios to spend in excess of their incomes. Those sources of easy money have mostly dried up. Consumption is now tempered by saving; optimism has been eclipsed by worry.

Meanwhile, some businesses are in a holding pattern as they await the financial consequences of the health care reforms being debated in Washington.

Even after companies regain an inclination to expand, they will probably not hire aggressively anytime soon. Experts say that so many businesses have pared back working hours for people on their payrolls, while eliminating temporary workers, that many can increase output simply by increasing the workload on existing employees.

"They have tons of room to increase work without hiring a single person," said Heidi Shierholz, an economist at the Economic Policy Institute. "For people who are out of work, we do not see signs of light at the end of the tunnel."

Even typically hard-charging companies are showing caution.

During the technology bubble of the late 1990s and again this decade, Cisco Systems — which makes Internet equipment — expanded rapidly. As the sense takes hold that the recession has passed, Cisco is again envisioning double-digit rates of sales growth, with plans to move aggressively into new markets, like the business of operating large scale computer data servers.

Yet even as Cisco pursues such designs, the company's chief executive, John T. Chambers, said in an interview Friday that he anticipated "slow hiring," given concerns about the vigor of growth ahead. "We'll be doing it selectively," he said.

Two recent surveys of newspaper help-wanted advertisements and of employers' inclinations to add workers were at their lowest levels on record, noted Andrew Tilton, a Goldman Sachs economist.

Job placement companies say their customers are not yet willing to hire large numbers of temporary workers, usually a precursor to hiring full-timers.

"It's going to take quite some time before we see robust job growth," said Tig Gilliam, chief executive of Adecco North America, a major job placement and staffing company.

During the last recession, in 2001, the number of jobless people reached little more than double the number of full-time job openings, according to the Labor Department data. By the beginning of this year, job seekers outnumbered jobs four-to-one, with the ratio growing ever more lopsided in recent months.

Though layoffs have been both severe and prominent, the greatest source of distress is a predilection against hiring by many American businesses. From the beginning of the recession in December 2007 through July of this year, job openings declined 45 percent in the West and the South, 36 percent in the Midwest and 23 percent in the Northeast.

Shrinking job opportunities have assailed virtually every industry this year. Since the end of 2008, job openings have diminished 47 percent in manufacturing, 37 percent in construction and 22 percent in retail. Even in education and health services — faster-growing areas in which many unemployed people have trained for new careers — job openings have dropped 21 percent this year. Despite the passage of a stimulus spending package aimed at shoring up state and local coffers, government job openings have diminished 17 percent this year.

In the suburbs of Chicago, Vicki Redican, 52, has been unemployed for almost two years, since she lost her $75,000-a-year job as a sales and marketing manager at a plastics company. College-educated, Ms. Redican first sought another management job. More recently, she has tried and failed to land a cashier's position at a local grocery store, and a barista slot at a Starbucks coffee shop.

Substitute teaching assignments once helped her pay the bills. "Now, there are so many people substitute teaching that I can no longer get assignments," she said.

"I've learned that I can't look to tomorrow," she said. "Every day, I try to do the best I can. I say to myself, 'I don't control this process.' That's the only way you can look at it. Otherwise, you'd have to go up on the roof and crack your head open."