

# Labor Faces Decimation, Not Recovery, Under Obama

by Paul Gallagher

Jan. 14—Boeing’s harbinger announcement Jan. 4 that it was shutting down 2,000-plus aircraft jobs in Wichita due to “coming defense cuts,” and the flood of 650,000 Americans applying for unemployment benefits in the first post-holiday week, were the signals that worse is to come for an American labor force already devastated by four years of economic depression. Readers of “economic reports” from the United States in recent months should understand that those reports are shaped by Obama re-election campaign releases, in which “manufacturing is returning,” “defense sales and exports are creating jobs,” and “private-sector job-creation is accelerating.” In reality, the impoverishment of the U.S. labor force is increasing still, even before it gets hit hard by the radiation of Europe’s new economic collapse back into the United States.

The trans-Atlantic economies are locked together in a sharp downward “debt spiral” until they reorganize their banks and the United States leads in implementing a Hamiltonian Federal credit system. Until that time, any illusion of “recovery” here is proven a flat fraud by the condition of the American labor force.

The clearest sign of that condition is that the labor force has been shrinking continuously for more than a decade, under the disastrous Presidents George W. Bush and Barack NerObama—and continues to shrink now—even as the American population has grown by 35 million people.

During the decade-plus from July 2000 to July 2011, so strong was the force of growing mass unemploy-

ment, so non-existent and/or failing were Bush/Obama government actions to create employment, that only 30% of potential new American workers, passing into the 16-65 age group, and becoming employable during that time, actually entered the workforce and remained in it, working and/or looking for work. (This is an incredibly abnormal, terminal-disease indicator; in the previous decade the share of labor force entrants was 80%, not 30%.) From 2000 to 2011, the other 70%, more than 17 million potential newly employed, dropped out of the labor force, or never entered it, and never “officially” looked for work. Some had “normal” reasons—pursuing higher education, for example—but clearly the great majority were simply convinced they could not find employment.

The result was a large and growing mass of “hidden unemployed,” including a disproportionate number of young people, which is *still* growing every month. By 2006, the number of such “hidden unemployed” had equalled the number of officially unemployed, an historically unprecedented dilemma.

As of December 2011, as NerObama crowed about “16 consecutive months of private-sector job growth,” the number of officially unemployed was 13.1 million, and the real total of unemployed was over 25 million—and this does not include those more than 8 million Americans who work part-time because they cannot find full-time jobs.

And the hemorrhaging of Americans out of the workforce has vastly increased during Obama’s Presi-



*Included in the growing mass of “hidden unemployed” is a disproportionate, and still growing number of young people. Shown: a job fair for City University of New York students and alumni in 2009.*

dency, and continues unabated now. When Obama took office in January 2009, the number of Americans of working age not in the workforce was already 81.3 million, or 31% of the maximum potential of the workforce, and that had grown by 1.5 million in the previous year of global financial blowout. But with Obama in office, the number not in the workforce has burgeoned to 87.2 million, more than 36% of the maximum potential workforce. It continues to grow month after month, including by 460,000 in December 2011, the last month for which the Labor Department has published figures.

If the number of Americans actively looking for employment were the same today as it was in 2007, the “official” unemployment rate announced by the Labor Department would be 11%.

The number of Americans employed, full- or part-time, is 1.4 million fewer than when Obama was inaugurated, and still slightly fewer than when George W. Bush was first elected—or ruled to be—President.

The “bottom 30%” of the whole labor force (over 40 million people) has been working only intermittently over the past three years, and generally losing 15% of their income (and more, of their health and retirement benefits) when they become re-employed. About 9 million Americans have been continuously unemployed for over a year!

The actual workforce itself—made up of Americans either employed, or actively seeking work—has shrunk by 300,000 while Obama has been in the Presidency—

that’s only -0.2%—but the workforce has not dropped before, even during the Bush years, even for a single year, since the early 1930s. The American population has grown by 9 million, and the number of potentially employable Americans of working age has grown by 6.5 million, during Obama’s three years—and by 25 million over the past 11 years. It is estimated, for example, that since 2005, some 7 million teenagers have entered the working-age group, and are now in their early- to mid-20s, but have never entered the workforce at all. (Only about 2 million are in college or university.)

What has happened to all those people?

## Poverty

They have become impoverished, like the American population as a whole. The number of Americans living below the poverty line, typified by a \$22,000 annual income for a family of four, has increased by one-third—12.5 million more poor—just since 2007, and it is now one in every six. The number of people in “deep poverty,” represented by an impossible \$11,000 annually for that family of four, has jumped to 20 million, one in 15 Americans.

Meanwhile, the median income for all American households has crept downward to what is called the “low-income line,” twice the poverty level, typified by \$44,000 annual income for the family of four. This makes the shocking result, announced in early December, that half the U.S. population, and well over half of American children, are classified as either low-income or in poverty!

Some 20% of all U.S. adults currently work in jobs that pay poverty-level wages. And 40% of all jobs pay either low-income or poverty wages.

Among the youngest, the 18-34 age group in the potential labor force, mass unemployment has been even more acute because fear of impoverishment has kept older employees working if they can, rather than retiring, and thus kept young people as “hidden unemployed.” A Labor Department report says that since the 2008 collapse, the number of employed Americans 55 and older has risen by 3.1 million; those 25-54 employed have dropped by 6.5 million; and those 18-25 employed have dropped by 2.4 million. As a result, the Department also reports that approximately 20% of

18-34 year olds are living as dependent adults in the homes of their parents or other relatives.

There are many tens of millions of working poor or low-income Americans because the total real (inflation-adjusted) labor cost per employee, for employers in the United States, has dropped by 13.6% in just the past ten years, with a 5.6% loss of wages and massive loss of health and other benefits. As for households, since December 2007, median real household income has declined by 6.8%. In millions of cases, that loss has made the largest bill—the monthly mortgage or rent—impossible to pay, and once foreclosure or eviction finally occurred, made moving in with relatives or friends—or even homelessness—necessary. The total net worth of American households has lost \$6 trillion since 2007.

A full 15 million households are “underwater” on their mortgages, of which about 5 million are delinquent enough on the mortgages to be at some stage of the foreclosure process. These people cannot move (for a military redeployment or a new job, for example) without losing substantial funds or credit.

It has been widely reported that more than 50 million Americans need food stamps for family nutrition,

and that 54 million now have no health insurance. Less widely reported, but an alarming indicator of impoverishment, is the fact that Americans cut back their doctor and other medical care in 2009-10 and did without—a development which Prince Philip’s genocidal allies in the Obama White House have welcomed as “good news.”

The Centers for Medicare and Medicaid Services (CMS) issued a report Jan. 9, that the total growth in U.S. health-care spending, by other than senior citizens, was just 2.4% in each of 2009 and 2010, suddenly far below the 6-7% annual growth of previous years, and well below the rate of inflation in medical care costs. As for Medicare, its growth slowed to 5% in 2010, and to just 2.3% in 2011. The CMS report did not evade the reason: “Persistently high unemployment, continued loss of private health insurance coverage, and increased cost sharing led people to forego care, or seek less costly alternatives.” Obama health-care policy coordinator Nancy-Ann DeParle called this “good news,” which showed that “health-care cost growth can be kept down.”

### Recovery or Austerity

The idea that severe austerity measures taken against wages, salaries, and public services can lead to “recovery” from the debt spiral into which nations have been pulled by the doomed financial system, is being proven a cruel fraud for all to see across Europe at this moment.

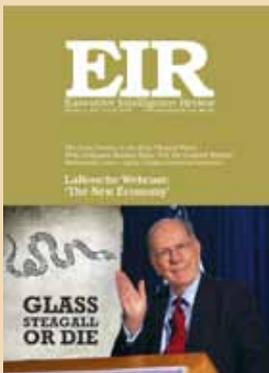
Nonetheless, the Obama White House, and many complicit “major media,” are pushing the idea here, that cutting wages by 25% in the auto industry led to auto jobs “returning” to the United States; and that this is now driving a “recovery” in manufacturing generally.

But look at this small employment “recovery”—the “16 consecutive months of private-sector job creation”—on which Obama preens himself, as one Republican said, “like a rooster claiming credit for the dawn.” While police, firefighters, and teachers continue to be laid off (280,000 jobs eliminated at all levels of government in 2011), who has been getting rehired?

In comparison with employment levels in January 2007, bankers and other “financial services” employees are back (at the end of 2011) to 94% (7.633 million out of 8.166 million jobs). Within financial services, the area of securities, commodity contracts, and investments was back to 97% of 2007 employment (807,600 out of 834,700).

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On  
**Glass-Steagall**  
and  
**NAWAPA:**

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“The greatest project that mankind has ever undertaken on this planet, as an economic project, now stands before us, as the opportunity which can be set into motion by the United States now launching the NAWAPA project, with the preliminary step of reorganizing the banking system through Glass-Steagall, and then moving on from there.”

“Put Glass-Steagall through now, and I know how to deliver a victory to you.”

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Boeing photo

*Boeing announced Jan. 4 that it was shuttering its huge Wichita plant, adding over 2,000 workers to the jobless rolls, despite the fact that it had just been awarded one of the largest defense contracts in history. Here, workers at the plant install the main-deck cargo door on the company's first 737-700C aircraft.*

So the Wall Street and related fellows whose out-of-control speculation drove the economy into financial blowout and collapse, are back on that job, and being richly rewarded for it. By contrast, heavy and civil engineering—for construction projects, rails, roads, new power and transmission facilities, etc.—is at just 84% of 2007 employment (843,800 out of 1.009 million). Aerospace employment (including NASA) is at only 83% (1.01 million out of 1.2 million), and heavily dependent on the Defense Department budget. In the pit of depression, construction employment is just 70% of the 2007 level, down 2.3 million jobs (5.436 million out of 7.718 million); and finally, manufacturing is at only 84% (11.812 million out of 14.009 million).

With the *average* length of unemployment now nine months, the experience and skills of the workforce are being degraded in precisely areas like these, as the unemployed have to try to “catch on” at lower skilled, lower wage, and service employment.

Some service areas, such as health-care employment, and “leisure and hospitality,” have reached or exceeded their 2007 levels. But there is no rebuilding of an economy there.

### **‘Defense Exports’ Chimera**

So Obama, making campaign speeches while fundraising around the country, has been promising that for-

eign arms sales, like the recently announced \$27 billion sale of jet fighters to arm Saudi Arabia against Iran, will drive an export-led “jobs recovery.”

The International Aerospace and Machinery Workers (IAM) in Wichita can refute that. The problem is that the major defense contracting companies are still creatures of the post-crash monetary system. As Fed Chairman Ben Bernanke admitted to an August 2011 Congressional hearing, these companies are furiously hoarding cash against the expected next phase of financial blowout, while keeping workforces and wages at the minimum necessary to carry out their government contracts.

Boeing, which has been striving to escape the Machinists union, made that clear with their Jan. 4 Wichita

announcement. Boeing had just been awarded one of the largest defense aircraft contracts in history—to replace all the Air Force’s refueling tankers—and had promised to create 6-7,000 new jobs in Wichita as a result. Instead, at the mere discussion by the Obama Administration of coming defense budget reductions, Boeing suddenly shut down its Wichita plant and *eliminated* 2,000-plus jobs there. This will further decimate the workforce in an urban area which has gone in three years from a severe shortage of skilled labor, with jobs going begging, to mass unemployment.

Many other defense contractors will behave the same way with the 2013 “sequester” of defense budget funds (i.e., automatic cuts) on the horizon. About a million highly skilled workers’ jobs are implicitly on this firing line.

The Nobel Peace Prize President can’t make a “jobs recovery” out of his insane plans to arm Asia for war against China and Russia, and the Mideast for war against Iran.

A recovery of the U.S workforce will have to start with getting Obama out of control of the White House, and launching a system of credit for large-scale development, water, power, rail transport, and space exploration programs. And this, in collaboration with the very nations against which Obama wants military, even thermonuclear, confrontation.