

The 'Misfortune 500' Lead U.S. 'Recovery'

by Art Ticknor and Richard Freeman

The U.S. economic recovery has become truly an extraordinary thing, filling the Springtime with such statistical finery of surprising percentage points, shimmering delusions of confidence, and spreading tendencies to improve, that Fed Chairman Alan "Greenspin" can't contain his "frabjous joy." But as one stock analyst's newsletter put it, in his own way, "The economy looks great, but business is terrible." Indeed, when one but looks at the forward-marching ranks of the army of the American recovery, they are filled, shoulder to shoulder, with massed layoffs, grim-faced collapsed stock and pension plans, grizzled bankrupts, vacant-eyed ex-steel plants, new-made junk-bonders, and silently cancelled capital spending plans. These are the ranks of the "Misfortune 500," America's corporate leaders, and the tale they tell is one of economic depression.

The Misfortune 500 are a forlorn bunch, and don't hesitate to ask for sympathy and public bailouts, even while continuing the private money-printing, debt-concealment and other accounting frauds which have exposed the 1990s boom for a thorough illusion. In early May, Worldcom, the second-largest U.S. long-distance communications company with 15,000 layoffs under its belt, became a veritable penny stock and an actual junk-bond-rated company, while its founder, Bernard Ebbers, mournfully resigned as CEO.

General Motors—15,000 layoffs over the past year—sees a future just as grim, and holds objectives just as crazy. To "help meet our goal of earning \$10 a share mid-decade," it plans to cut \$2 billion from its North American material costs, \$1.3 billion from its manufacturing, engineering, and health-care budgets, and \$1 billion from capital spending, executives told securities analysts at a meeting in Detroit on March 19. Engineering staffs will be slashed, in favor of unscientific, and deadly, "benchmarking"; less expensive generic drugs will be promoted; and the number of suppliers will be reduced.

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Some Statistical Finery

Yet at the same time, Cisco Systems, a big vendor to Worldcom which has 8,500 layoffs of its own, electrified the stock market for a day by simply leaving a \$1.9 billion expense out of its so-called pro-forma earnings report and appearing to have made money!

America's layoff leaders, according to a report from the outplacement firm of Challenger, Gray and Christmas, have eliminated 670,000 jobs in just the last four months, January-April—precisely the months of the vaunted 5.8% increase of GDP. The corporate sector's capital investment, as a whole, has fallen each of the last five quarters. Just how U.S. government statistics manage to make the illusion of recovery from this, is partly indicated in the latest unemployment report, for April.

During April, official unemployment rose by a very large 483,000, to 8.594 million workers, the Department of Labor's Bureau of Labor Statistics (BLS) reported on May 3. Both that level, and the official unemployment rate of 6.0%, are at their highest in eight years. The May 3 BLS report showed that manufacturing employment had fallen by 1.742 million payroll jobs in 22 months, and is still falling.

Yet, in reporting on the employment situation in April, every media outlet, from Bloomberg to Reuters, stressed the alleged 43,000 gain in non-farm employment in the "establishment data series for April," as if it gainsaid the big unem-

ployment jump; they failed to report the increase of 483,000 workers on unemployment. This 43,000 "jobs gain" was a fraud as sad as the Misfortune 500 themselves.

In February, the BLS had reported a jobs gain as well, of 66,000—only to revise it downward a month later, to a loss of 2,000 jobs. Its March figures, as well, had originally appeared with a jobs gain, of 58,000—but this too, is now revised down to a loss of 21,000 jobs in March. Thus, already we see a reported "gain" of 124,000 payroll jobs, revealed by later revisions to be a *loss* of 23,000 jobs: an "error" in the rose-colored direction of nearly 150,000 in just two months. Can there be much doubt that April's 43,000 "gain" is destined for revision in May? This pattern of statistical show could be kept up for quite a while under the media's affectionate gaze, were it not that the sad state of the Misfortune 500 keeps erupting to view.

During the 22 months ended in April 2002, our leading "Misfortune 500" have eliminated more than 900,000 jobs, while the economy as a whole has lost more than 2 million, including the 670,000 lost during just the last four months of blooming "recovery." **Table 1** shows some of the ranks of the Misfortune 500 as they march toward their bankruptcy. This is the real color of the U.S. economy, and an overall bankruptcy reorganization of the finance and banking system, to save what is left of the U.S. productive capacity, as Lyndon LaRouche has proposed, is the only thing that will work.

TABLE 1

Job Cuts by the 'Misfortune 500,' Since July 2000

Manufacturing		Telecom/Information Tech		Retail	
General Electric	75,000	Motorola	48,400	Montgomery Ward	28,000
Boeing	38,600	Nortel Networks	48,000	K-mart	22,000
Ford Motor Co.	35,000	Lucent	46,000	Sears	7,300
DaimlerChrysler	28,700	Solectron	20,850	Federated	6,000
Delphi Automotive	17,600	Verizon	17,000	J.C. Penney	5,565
Honeywell	16,000	JDS Uniphase	16,000		
General Motors	15,000	WorldCom	15,250	Financial	
VF Corp.	13,000	Xerox	13,600	Merrill Lynch	23,000
Dana Corp.	11,000	Qwest	11,000	American Express	14,200
Procter & Gamble	9,600	ADC Telecom	9,600	Citigroup	11,150
Mitsubishi	9,500	Compaq Computer	9,000	Aetna	11,000
Goodyear	9,400	Ericsson	9,000	Andersen	7,000
Sara Lee	8,400	Cisco Systems	8,500	Airlines	
Unilever	8,000	Agilent	8,000	UAL Corp.	20,000
Kraft	7,500	Unisys	8,000	AMR Corp.	19,200
DuPont	7,300	SBC Communications	8,000	Delta Air Lines	13,000
Lear Corp.	6,500	Gateway	7,750	Continental	11,000
Alcoa	6,500	Hewlett-Packard	7,700	US Airways	11,000
Whirlpool	6,000	Corning	7,575		
United Technologies	5,000	Philips Electronics	7,000		
3M	5,000	Eastman Kodak	6,500		
Dow Chemical	4,500	Sprint	6,000		
International Paper	4,415	Dell Computer	5,700		
Burlington	4,000	Intel	5,000		
Deere & Co.	2,225	AT&T	5,000		

Sources: CBSMarketWatch, MSNBC, *Forbes*.