Forecast: 13.1 percent to be jobless some time in US next year

By David Walsh
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Data released by the Economic Policy Institute (EPI) on December 19 indicate that 13.1 percent of the workforce, or more than one in eight workers, will be out of a job at some point in 2013.

The EPI calculates that 14.9 percent of the workforce, or some 23 million people, were unemployed at one time or another in 2011. (The 2012 rate has not yet been calculated, of course). This figure for 2011 contrasts sharply with the official annual jobless rate of 8.9 percent, which is simply the average official monthly unemployment rate for the year.

The holiday season jobs situation remains grim in the US for tens of millions, even as the Obama administration and the media blather on about the strength of the American economy.

A more accurate glimpse of social reality in the US was provided by a recent item on the *Bloomberg Businessweek* web site, headlined "Banks See Rich Returns as Staff Suffers," which began: "For employees at the biggest Wall Street banks, 2012 brought a humbling post-crisis reality of job cuts, lower pay and tarnished reputations. For investors, it was a happier story."

The article noted that the Standard & Poor's 500 Financial Index, covering some 81 Wall Street firms, was up 27 percent for 2012, its largest increase since 2003, led by a 104 percent gain by Bank of America Corp. As *Bloomberg Businessweek* pointed out, "Shareholders, impatient for the industry to boost profit, were rewarded as Wall Street firms cut jobs and pay, and exited businesses."

Nine major banks—Deutsche Bank, Barclays, JPMorgan Chase, Bank of America, Citigroup, UBS, Credit Suisse, Goldman Sachs and Morgan Stanley—reported more than 30,000 job cuts between them in the first nine months of this year.

Investors have rewarded the financial firms that most ruthlessly slashed jobs. Citigroup stock jumped 6.3 percent when company officials announced "the New York-based bank would cut 11,000 jobs."

Jobless claims for the week ending December 15 jumped unexpectedly to 361,000, an increase of 17,000 from the previous week's revised figure, signaling, in the words of one commentator, "an unwelcome speed bump in the labor market's recovery."

Talk of a recovery is empty and cynical in face of the actual economic reality. There are currently 22.7 million people officially unemployed or under-employed in the US, or some 14.4 percent of the labor force. This figure is extremely misleading, as the official jobless rate has remained steady or dropped primarily due to people leaving the workforce. The Bureau of Labor Statistics (BLS) excludes millions who have given up looking for work from its jobless category.

Since the beginning of 2007, the civilian workforce participation rate has declined by 2.8 percent (from 66.4 percent to 63.6 percent, the lowest figure in decades), or more than 4 million people. Some 350,000 dropped out of the labor force in November alone. A record 89.2 million people in the US (excluding children, the disabled, etc.) are considered to be "not in the labor force" by the BLS. This compares with 143.2 million who are employed.

The EPI estimates that in November the US labor market had 3.7 million fewer jobs than in December 2007, when the latest recession officially began. Taking into account population growth, "the economy should have *added* 5.2 million jobs since December 2007 just to keep the unemployment rate stable. Counting jobs lost and jobs that should have been added, the U.S. economy has a jobs shortfall of 8.9 million."

Long-term unemployment remains a plague officially for five million in the US, approximately 40 percent of the government's jobless total. Some 2.1 million people out of work for more than six months face the possibility of losing benefits December 29, with another one million threatened over the next three months if Congress fails to extend emergency jobless benefits.