

## Domestic Credit by EIR Staff

### March unemployment among the worst

*A 115,000 fall in goods-producing employment makes a mockery of the "lowest unemployment in six years."*

**I**n only a few months of the fastest periods of economic contraction in U.S. history, did goods-producing employment fall as much as in March 1987.

The Labor Department's announcement in early April that 25,000 more manufacturing jobs disappeared during March, translates into a much larger decline, considering that March is the peak hiring season for most manufacturing industry.

It also does not take into account mass layoffs at General Motors, which will shut down one-fifth of all its plants, idling 18,000 workers.

Since more factory workers are normally hired in March, the 25,000 drop amounts to 70,000 after seasonal adjustment, the Labor Department added.

Including a 45,000 drop in construction employment after seasonal adjustment, total goods-producing employment fell by 115,000 during March—one of the worst months on record.

In the midst of a wave of mass layoffs, affecting both blue-collar and white-collar employment, the Labor Department's claim that unemployment otherwise fell to the lowest level in six years becomes outrageous. To arrive at that absurd claim, the government:

- leaves out of account nearly 10 million workers who cannot find jobs, and therefore are dropped from the workforce;

- counts \$3.25 an hour part-time employment as equal to \$15-20 an hour

factory jobs;

- ignores 12 million welfare victims relegated to the economic scrap heap.

In fact, *Executive Intelligence Review* demonstrated in its Winter 1986 *Quarterly Economic Report*, more than 50 million Americans—one-third of the nation's adult population—is living at or below the poverty line, either because they are unemployed, or because they are earning \$4 an hour or less in so-called service industry jobs.

During March, employment in manufacturing jobs fell 25,000 to a total of 19.2 million. Most of the drop came from motor vehicle and electronics firms, each of which have cut payrolls by 30,000 over the last year. Construction jobs fell a seasonally adjusted 45,000.

April will be even worse, judging from the wave of bad news from manufacturing firms:

- 1) General Motors will lay off 18,000 workers in mid-April, as 6 of GM's 28 plants go down. GM had more than a dozen temporary plant closings in this year's first quarter, but they weren't enough to keep inventory down. The closings will eliminate 20,000 cars from GM's production schedule. GM has a 95-day supply of cars, whereas the industry regards a 60- to 65-day supply as desirable. Seven GM plants are supposed to start up again April 13, but more closings are expected over the next few months. Car sales are predicted to fall at least 10% from last year's level, itself 20%

below the 1979 peak.

- 2) Eastman Kodak Co. said on March 31 that it would fire 100 workers at its Electronic Products factory in Rochester, New York, effective April 3, because of a "reduced need for circuit boards, motors, wire harnesses and other items" made by the unit.

- 3) Dravo Corp. of Pittsburgh expects to post a 30¢ per share loss for the first quarter due to inactivity of its engineering and construction segment.

- 4) Chrysler's \$2 billion merger with American Motors Corp. will lead to cuts in \$100 million in "overhead costs" at AMC central office and throughout its manufacturing areas, resulting in thousands of white-collar layoffs.

- 5) Safeway, the nation's largest grocery chain, will shut down 141 stores in Dallas, laying off 8,500, as part of a nationwide restructuring plan; company officials would not speculate how many would reopen under new ownership.

- 6) After two years of earnings declines, its first since the 1930s depression, International Business Machines, the computer-industry giant, is pushing 10,000 of its 237,000 employees into early retirement, and forcing 15,000 others into other jobs, mostly sales. Wall Street analysts, who have been pushing for outright layoffs to restore IBM's profits, view this as a coy means of accomplishing the same thing.

The supposed growth sectors of employment, namely service-industry and "sunrise industry" electronics jobs, are now disappearing as fast as jobs in smokestack industries.

Employment fell 1.6% in electronics last year, according to the American Electronics Association, the second annual decline.