

Manufacturing Jobs

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When tracking developments in the unreal economy one must deal with official data and perceptions. For example, the run of good jobs reports should convey its truthfulness through an increased vitality of the real economy. Instead, the general sense is that the real economy continues to bounce along the bottom, and that the only 'improvement' is that it hasn't sunk further since it reached its nadir in 2009.

This country had 121,875,000 full time jobs in November 2007; as of now, July 2014, we have 118,204,000. That's 3,671,000 fewer full time jobs since the downturn. There was a decline of 523,000 full time jobs in June along with an increase of 840,000 part time jobs (275,000 involuntary part time). A mere glance at the figures tell us that the "great" jobs report isn't even that good.

Apparently many of the recent new part time jobs resulted in lower income workers cutting back on their hours in order to qualify for an Affordable Health Care subsidy, but no doubt most are for the usual reasons -- employer costs are less because of lower wages and fewer benefits. In addition, with a bubble economy, employers want to be in a position to more easily dump workers as soon as a collapse becomes apparent.

The major increase in part time work means many people are holding down two jobs. The unemployment rate is determined by the Household Survey. If one worker has multiple jobs that worker is still classified as one employed person. But the jobs report is derived from the Establishment Survey where each job (employment of a person for at least one hour per week) is counted, thus the 288,000 new jobs in June does not mean that number of people have entered the workforce because in many cases one worker holds 2 or more jobs.

This week other streams of negativity, this time from supposedly stronger sources, entered the glacier-like slide of the entire world economy. The two "strongest" economies in Europe reported unexpected drops in industrial production. The fall was -1.8% in Germany (largest decline in 2 years) following a fall of 0.3% in April. German exports and imports were also down, the -3.4% decline in imports the most since Nov. 2012. Manufacturing output in the UK was down 1.3% in May, largest decline since Jan. 2013. Japanese machine orders (capital goods) fell 19.5%, the most since this metric began in 1987. China's trade balance shrunk. Australia's jobless rate hit an 11 year high.

And then we have Portugal joining the string of bank crises. In that country false accounting data was discovered in the company that has a controlling interest in its largest bank. This is on top of a similar problem with Austria's largest bank, and a run on the 4th largest Bulgarian bank.

The fascinating experiment by capitalism's greatest thinkers to boost the productive economy by lavishing the unproductive sector with limitless liquidity appears to be failing the test. If you want to get a dog to move, do not expect to

achieve that goal by strengthening its tail.

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