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American Workers: Hanging on by the Skin of Their Teeth

by MIKE WHITNEY

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After five years of Obama's economic recovery, the American people are as gloomy as ever. According to a Bloomberg National Poll that was released this week, fewer people "are optimistic about the job market" or "the housing market" or "anticipate improvement in the economy's strength over the next year." Also, only 38 percent think that President Obama is doing enough "to make people feel more economically secure." Worst of all, Bloomberg pollsters found that 68 percent of interviewees thought the country was "headed in the wrong direction".

So why is everyone so miserable? Are things really that bad or have we turned into a nation of crybabies?

The reason people are so pessimistic is because the economy is still in the doldrums and no one's doing anything about it. That's it in a nutshell. Survey after survey have shown that what people really care about is jobs, but no one in Washington is listening. In fact, jobs aren't even on

Obama's radar. Just look at his record. He's worse than any president in modern times. Take a look at this graph.

More than 600,000 good-paying public sector jobs have been slashed during Obama's tenure as president. That's worse than Bush, worse than Clinton, worse than Reagan, worse than anyone, except maybe Hoover. Is that Obama's goal, to one-up Herbert Hoover?

Obama has done everything he could to make the lives of working people as wretched as possible. Do you remember the Card Check sellout or the Wisconsin "flyover" when Governor Scott Walker was eviscerating collective bargaining rights for public sector unions and Obama blew kisses from Airforce One on his way to a campaign speech in Minnesota? Nice touch, Barry. Or what about the "Job's Czar" fiasco, when Obama appointed GE's outsourcing mandarin Jeffrey Immelt to the new position just in time for GE to lay off another 950 workers at their locomotive plant in Pennsylvania. That's tells you what Obama really thinks about labor.

What Obama cares about is trimming the deficits and keeping Wall Street happy. That's it. But the people who elected him don't want him to cut the deficits, because cutting the deficits prolongs the slump and costs jobs. What they want is more stimulus, so people can find work, feed their families, and have some basic security. That's what they want, but they're not going to get it from Obama because he doesn't work for them. He works for the stuffed shirts who flank him on the golf course at Martha's Vineyard or the big shots who chow down with him at his \$100,000-per-plate campaign jamborees. That's his real constituency. Everyone else can take a flying fu** for all he cares.

Then there's the Fed. Most people don't think the Fed's goofy programs work at all. They think it's all a big ruse. They think Bernanke is just printing money and giving it to his criminal friends on Wall Street (which he is, of course.) Have you seen this in the *New York Times*:

"Only one in three Americans has confidence in the Federal Reserve's ability to promote economic growth, while little more than a third think the Fed is spinning its wheels, according to a New York Times/CBS News poll....

The Fed has been trying for five years to speed the nation's recovery from the Great Recession by reducing borrowing costs to the lowest levels on record....

Most Americans, it would appear, remain either unaware or unpersuaded." ("Majority of Americans Doubt Benefits of Fed Stimulus", New York Times)

“Unpersuaded”? Are you kidding me? Most Americans think they’re getting fleeced; unpersuaded has nothing to do with it. They’re not taken in by the QE-mumbo jumbo. They may not grasp the finer-points, but they get the gist of it, which is that the Fed has run up a big \$3 trillion bill every penny of which has gone to chiseling shysters on Wall Street. They get that! Everyone gets that! Sure, if you want to get into the weeds about POMO or the byzantine aspects of the asset-purchase program, you might detect a bit of confusion, but –I assure you–the average Joe knows what’s going on. He knows all this quantitative jabberwocky is pure bunkum and that he’s getting schtooped bigtime. You don’t need a sheepskin from Princeton to know when you’ve been had.

And that’s why everyone is so pessimistic, because they know that the Fed, the administration and the media are all lying to them 24-7. That’s why—as Bloomberg discovered—”Americans are losing faith in the nation’s economic recovery.” Because they don’t see any recovery. As far as they’re concerned, the economy is still in recession. After all, they’re still underwater on their mortgages, Grandpa Jack just took a job at a fast-food joint to pay for his wife’s heart medication, and junior is camped out in the basement until he can get a handle on his \$45,000 heap of college loans. So where’s the recovery?

Nobody needs Bloomberg to point out how grim things are for the ordinary people. They see it firsthand every damn day.

Did you catch the news on Wal-Mart this week? It’s another story that helps explain why everyone’s so down-in-the-mouth. Here’s what happened: Wal-Mart’s stock tanked shortly after they announced that their “inventory growth ...had outstripped sales gains in the second quarter.... Merchandise has been piling up because consumers have been spending less freely than Wal-Mart projected....” (Bloomberg)

Okay, so the video games and Barbie dolls are piling up to the rafters because part-time wage slaves who typically shop at Wal-Mart are too broke to buy anything but the basic necessities. Is that what we’re hearing?

Indeed. “We are managing our inventory appropriately,” David Tovar, a Wal-Mart spokesman, said today in a telephone interview. “We feel good about our inventory position.”

Sure, you do, Dave. Here’s more from Bloomberg:

“US. chains are already bracing for a tough holiday season, when sales are projected to rise 2.4 percent, the smallest gain since 2009, according to ShopperTrak, a Chicago-based firm. Wal-Mart cut its annual profit forecast after same-store sales fell 0.3 percent in the second quarter. ...

Wal-Mart’s order pullback is affecting suppliers in various categories, including general merchandise and apparel, said the supplier, who has worked with Wal-Mart for almost two decades and asked not to be named to protect his relationship with the company. He said he couldn’t recall the retailer ever planning ordering reductions two quarters in advance.” (“Wal-Mart Cutting Orders as Unsold Merchandise Piles Up”, Bloomberg

So we’re back to 2009?

Looks like it. When the nation’s biggest retailer starts trimming its sails, it ripples through the whole industry. It means softer demand, shorter hours, and more layoffs. Get ready for a lean Christmas.

The Walmart story just shows that people are at the end of their rope. For the most part, these are the working poor, the people the Democratic Party threw overboard a couple decades ago when they decided to hop in bed with Wall Street. Now their hardscrabble existence is becoming unbearable; they can’t even scrape together enough cash to shop the discount stores. That means we’re about one step from becoming a nation of dumpster divers. Don’t believe it? Then check out this clip from CNN Money:

“Roughly three-quarters of Americans are living paycheck-to-paycheck, with little to no emergency savings, according to a survey released by Bankrate.com Monday. Fewer than one in four Americans have enough money in their savings account to cover at least six months of expenses, enough to help cushion the blow of a job loss, medical emergency or some other unexpected event, according to the survey of 1,000 adults. Meanwhile, 50% of those surveyed have less than a three-month cushion and 27% had no savings at all..

Last week, online lender CashNetUSA said 22% of the 1,000 people it recently surveyed had less than \$100 in savings to cover an emergency, while 46% had less than \$800. After paying debts and taking care of housing, car and child care-related expenses, the respondents said there just isn’t enough money left over for saving more.” (“76% of Americans are living paycheck-to-paycheck“, CNN Money)

Savings? What's that? Do you really think people can save money on \$30,000 or \$40,000 a year feeding a family of four?

Dream on. Even an unexpected trip to the vet with pet Fido is enough to push the family budget into the red for months to come. Savings? Don't make me laugh.

The truth is, most people are hanging on by the skin of their teeth. They can't make ends meet on their crappy wages and they're too broke to quit. There's no way out. It's obvious in all the data. And it's hurting the economy, too, because spending drives growth, but you can't spend when you're busted. Economist Stephen Roach made a good point in a recent article at Project Syndicate. He said, "In the 22 quarters since early 2008, real personal-consumption expenditure, which accounts for about 70% of US GDP, has grown at an average annual rate of just 1.1%, easily the weakest period of consumer demand in the post-World War II era." (It's also a "massive slowdown from the pre-crisis pace of 3.6% annual real consumption growth from 1996 to 2007." ("Occupy QE", Stephen S. Roach, Project Syndicate)

So the economy is getting hammered because consumption is down. And working people are getting hammered because jobs are scarce and wages are flat. But we live in the richest country in the world, right?

Right. So what's wrong with this picture?