

IS THE U.S. HEADED FOR REVOLUTION ?

In times of peace, a very destabilising force for any political administration is to have a large proportion of the working population of the country unemployed – with little prospects for employment.

And this is, to some extent, that which is taking place in the United States (US), today.

The latest statistics, released by The Department of Labour of the US Government, should, in **TARGET**'s opinion, be considered very worrying to the Bush Administration, which has been trying to talk up the US economy for some time, now, with a great deal of hype and hope.

According to the latest statistics, Initial Claims for Unemployment Insurance benefits topped 422,000 Claims for the week, ended September 6, 2003.

That was a slight increase over the week, ended August 23, 2003, but, in terms of the 4-week moving average – which tends to level off the fluctuations, which occur for one reason or another, from time to time, in any statistical analysis – last week's Claims represented the highest levels since the week, ended July 26, 2003, when the numbers stood at 407,000-odd Claims.

In terms of Continuing Claims for Unemployment Insurance benefits, they have not dropped, at all, for some time, and, as at August 30, 2003, they stood at about 3.67 million Claims, the figure of 3.67 million Claims, being the highest level for at least the past 4 months.

The situation, as far as **TARGET**'s economists are concerned, however, is much worse than the statistics, churned out by The US Labour Department, indicate, *prima facie*.

To begin with, since The Labour Department's figures are an actual count of Americans, who have made claims for cash under the various categories of Unemployment Insurance benefits, due to them, the statistics cannot take into account those unemployed Americans, who have exhausted such benefits.

Also, The Labour Department statistics do not take into account those workers, who are eligible for such benefits, but who, for one reason or another, have yet to make any claims against their entitlements.

Further, there are a great number of American workers, who, for one reason or another, are unemployed, but are not eligible for unemployment insurance.

It is estimated by The Centre of Budget and Policy Priorities of the US Government that about 1.40 million US workers are unemployed, but cannot make application for Unemployment Insurance benefits, having exhausted their entitlements.

One of the most worrying aspects of the jobless situation in the US is that it is a potential '*garden*' for violent unrest among the proletariat.

While the word, '*proletariat*', today, smacks of a communistic dogma, it is, nevertheless, an apt choice of word to describe the lowest class of citizen (etymologically, speaking) in the US, although patriotic Americans often

jump at the usage of this word, claiming that he who employs it is advocating the destruction of the American way of life – which is a nonsense, of course.

Patriotism in the US is running at an exceptionally high level of fervour, today, due to the US public's reaction to the outrageous events of September 11, 2001, et alii, and the nationalistic rhetoric, which President George W. Bush spews out in volumes whenever an opportunity presents itself.

Which took place, just last Sunday, when he addressed *'his'* Americans, explaining to them *'his'* view of the world and how he would put it right, again.

Last Thursday's trading on The New York Stock Exchange, on the second anniversary of the attack on the twin towers at Manhattan and the simultaneous attack on The Pentagon, in Washington D.C., by agents of al Qaeda, attacks, which took the lives of about 3,000-plus innocent people, was an example of nationalist fervour, overpowering economic sense: There was little reason for the increase in the value of the Dow Jones Industrial Average or of the Composite Index of the NASDAQ. (Please see last Monday's **TARGET** Intelligence Report)

However, patriotism can only carry the weight of popular opinion so far, for extreme hunger is the enemy of peaceful co-existence, as in the case in the wild where the lion and the gazelle share the same territory – until hunger taunts the lion to hunt the gazelle as its dinner.

The lion does not love or dislike the gazelle, but it must eat its meat in order to survive.

Likewise, the gazelle does not love or dislike the lion; it never considers this cat as anything other than another of the animal species that share its territory.

The ever-escalating, unemployment situation in the US is unlikely to go away in a hurry – although there will be undulations, from time to time – and such a situation will, in the fullness of time, undercut any advances that the US economy may be said to be making, whether or not it is fact.

Unless, of course, action is taken, as a matter of urgency, to put workers back into factories and bottoms into chairs in corporate America.

Because soup kitchens are not an acceptable alternative for the richest and most-powerful nation that has ever existed.

It is well known that many IT (**I**nformation **T**echnology) companies in the US are outsourcing, internationally, especially to places, such as the Indian Continent and Far East Asia.

The reason for this is only too obvious: It is, as far as management of American IT companies is concerned, economic so to do.

As **TARGET** has mentioned before, statistics, of course, can prove anything, everything or nothing, depending on the sophists, employing them in order to achieve academic or political mileage.

However, it would appear to **TARGET** that unless President George W. Bush can tackle the matter of unemployment in The Land of The Free and The Home of The Brave, he might be hard-pressed to win favour at next year's Presidential Election.

A US Government-sponsored programme, which will promote economic recovery and, where necessary, introduce social reform, will have to be propounded and put into action, in a similar fashion to that which took place in the 1930's when President Franklin D. Roosevelt was sitting in the White House.

It is well accepted that many of the jobs, lost in the US in the past few years, are permanent fixtures, so to speak, because US industry has determined that it can maintain and/or increase production, utilising a relatively smaller workforce, relative to pre-2000 staffing levels, that is, outsourcing certain, labour-intensive IT jobs, internationally, if required.

Further, as necessity is the mother of invention, so further cuts to existing workforce levels are being made, as a matter of necessity, in order to try to maintain a competitive advantage, or at least to stand on an equal footing with rivals, domestically and internationally.

In many cases, US industry is failing to compete with foreign rivals, as was made painfully clear, only last Thursday (Please see last Monday's **TARGET** Intelligence Report) when 3Com Corporation confirmed that it planned to sack another 1,000 of its staff members.

The sackings represented about one third of its entire international workforce.

The company said that it would shut down its remaining manufacturing plant in Ireland. That plant had been making equipment, used by companies to direct traffic on the Internet.

It is telling that this plant had been established in Dublin, Ireland, in the first place, rather than having been established in the US, and this situation, and hundreds of others, similar to it, adds to the flavour, unfortunately, for President George W. Bush of the continuing problems for him with regard to putting men back on the assembly line and bottoms onto chairs in offices, throughout the corporate US.

For many Americans, today, it is a time for retraining, or downgrading employment prospects, eating humble pie along the way.

But how much more retraining can a worker of 45 years be expected to endure and to absorb, following his place on the assembly line, being replaced by robots – assuming that that assembly line still exists, today?

It is well accepted that many of the proletariat are not capable of being retrained for jobs of the 21st Century.

What will this group do now?

Where will they go for honey?

Other Considerations

An aspect of the US economy, not completely appreciated by many, is that about 70 percent of all businesses in the country are those with no-paid employees: Momma-and-Papa Shops, if you like.

The US Government's Census Bureau released statistics, last week, stating, inter alii:

'The number of businesses with no paid employees grew from more than 16.5 million in 2000 to almost 17.0 million in 2001, a rate of growth of 2.7 percent.'

'The rate of increase during the 1999 to 2000 period was 2.3 percent ...'

'Nationally, these small businesses make up more than 70 percent of all business.'

'They may be run by one or more individuals, can ranged from home-based businesses to corner stores or construction contractors, and others are part-time ventures with owners, operating more than one business at a time.'

'Some examples of business growth are beauty salons, up 4.8 percent; child-care providers, 4.4 percent; landscaping services, 4.2 percent; barber shops, 3.6 percent; real estate agents, 2.0 percent; tax preparers, 1.8 percent; and electricians, 1.0 percent.'

'Four economic sectors accounted for almost 60 percent of nonemployer receipts: Real estate and rental and leasing (\$US147.8 billion); construction (\$US112.3 billion); professional, scientific and technical services (\$US91.3 billion); and, retail trade (\$US73.7 billion).'

The above-copied report was compiled on the basis of 14.80 million individual proprietorships, more than one million corporations, and one million partnerships.

The report is telling because necessity is, always, the mother of invention, as has, already, been stated.

The seeds of a passive revolution are being sown in the US, today, and unless action is taken, things will get a lot worse before they get better.

Emigration within the US is growing, with unemployed workers, moving from one state to another in the hope of finding employment.

According to **TARGET**'s studies, as an example of the above, in the state of Arizona, for every 3 emigrants from other states, 2, long-established residents of Arizona leave the territory, looking for employment, elsewhere in the US.

Arizona has a population, approaching 5 million people, with an unemployment rate of about 6.10 percent, as at July 2003.

In June 1998, the unemployment rate in Arizona was about 4 percent, according to The Labour Department.

With a total labour force in this state of about 2.60 million people, today, it means that some 158,600 workers are unable to find employment.

Much of the state's income is derived from tourism, with draws, such as the Grand Canyon, being a major dollar earner.

Yet, the electronics industry and the electrical-equipment industry cannot support its workforce, or maintain a competitive edge over other states, which are in competition to Arizona.

Further, similar products to those, produced in Arizona, but manufactured in other countries, where land and labour resources are more plentiful, and, as a result, cheaper to those of Arizona, have cut a deep swath through the major industries of the state.

The Iraqi situation is draining the US economy at the rate of not less than \$US1 billion per week.

Today's daily killing of US servicemen and servicewomen in Iraq is continuing at a rate, which was never included in the original estimates for the winning of the Iraqi war: It is clear that the US won the war, hands down, but, thus far, it has lost the peace, to be sure.

US President George W. Bush has shown his ignorance, once again, with regard to understanding the religions, cultures and sensitivities of peoples, who are not American and who have little to no knowledge of the American way of life – sadly.

One would have thought that his closest advisers – Richard B. Cheney, Vice President, Colin Luther Powell, Secretary of State, Donald Rumsfeld, Secretary of Defence, and John Ashcroft, Attorney General, to name but 4 of them – would have forewarned of the prospects, which have become only too apparent of late, with Baghdad, having become the murder city of the world, not just of terrorists, killing US servicemen/servicewomen, but of Iraqis, killing Iraqis for material gain, or of Iraqis, killing Iraqis for religious/political reasons.

President George W. Bush, obviously, thought that the Iraqis would kiss the feet of the conquering American Army heroes, as they entered the country, victoriously.

But, today, many Iraqis are indicating that they do not trust the Americans (they, still, recall the 1991 situation when, after a United Nations coalition force, spearheaded by the American Army, fought the first war against the Iraqi Regime of Saddam Hussein, they left the country, and things went back to the old despotic ways, with President Saddam Hussein, still, very much in control – and they want to see them leave – yesterday.

The US Government, also, either misunderstood or under-estimated the problems, fermenting between the predominantly Shi'ite Muslims of Iraq (making up about 70 percent of the total population of the country) and the former, ruling Iraqi Sunni Muslims (representing about 30 percent of the entire population).

It was one of many errors that the US Administration made.

Now, the US Government is stuck in Iraq and Afghanistan and, in both cases, it does not have control of the territories.

In Afghanistan, only Kabul, the Capital City of the country, is somewhat secure, with the rest of the country, looking very much like the Wild West of the US, during the 17th Century through to the 19th Century, when the six-gun determined the law.

(Shades of Judge Roy Bean, self-styled '*The Law West of the Pecos*' (1825-1903), an American frontiersman of Texas, who, in 1881, appointed himself Justice of the Peace and handed down judgments, based on one law book and one six-shooter.)

With the best intentions in the world, the US Government is looking very sad in respect of its Iraqi military occupation.

As a result, tens of billions of US dollars are being spent by the US Government in trying to contain a situation, which is, clearly, getting further and further out of hand, on a daily basis.

Though the massive amounts of money, being expended in trying to contain the situation in Iraq, may assist, initially, in propping up the US economy, with the continuing requirement for more defence spending, among other things, somebody, somewhere down the road, is going to have to pay the piper.

The US is spending much more than it is earning; this was made very apparent, last week, when it was announced that the trade deficit for July was about \$US40.30 billion.

Somewhere down the line, unless checked – which does not appear to be possible, at this juncture – this kind of spending will be translated into inflation.

There is growing resentment that the US Administration is spending record amounts of money on the Iraqi situation – to the detriment of many of the people of the US, some of whom are hungry.

'*What about us?*' is the call, being heard, more and more, these days, from New York to California, from Alaska to Texas.

If there is no resolution to the above nagging problems, other than cosmetic applications, such as a couple of hundred dollars, being paid to certain families out of US Government coffers, then, in the fullness of time, the gloves will, surely, come off.

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