As stock market soars

US House fails to extend jobless benefits

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The US House of Representatives on Thursday failed to obtain the two-thirds vote required under a fast-track procedure to extend long-term jobless benefits for an additional three months. The federally funded benefits for people out of work for more than six months expire November 30. Thursday's House vote makes it virtually certain that the benefits will not be extended by that time, cutting off cash assistance for an estimated two million workers by the end of the year.

The current "lame-duck" Congress, in session until the newly elected Congress with a Republican majority in the House and a reduced Democratic majority in the Senate takes office in January, retains large Democratic majorities in both chambers. But the Democrats have all but conceded they will not push through an extension of the benefits before the new Congress takes control.

House leaders said they would hold another vote on the jobless benefits before November 30, this time under normal rules which require only a majority to pass a bill. However, the Senate has not even scheduled a debate on the issue. Twice over the past year long-term benefits were cut off as a result of Republican filibusters in the Senate.

Even as the US Congress was refusing to provide aid to the long-term unemployed—a total of 6.2 million people in October, according to the Labor Department—Wall Street was staging another spectacle of unvarnished greed.

All of the major US indexes soared in response to General Motors' $20 billion initial public stock offering and signs that the European Union and the International Monetary Fund are about to loan Ireland tens of billions of euros to insure the investments of major banks in the country's failing banking system, in return for assurances that the Irish government will impose a new round of savage austerity measures on the working class.

The Dow Jones Industrial Average jumped 173 points, an increase of nearly 1.6 percent. GM priced its initial public offering at $33 and sold some 478 million shares on Wednesday. On Thursday, the first day GM shares were publicly traded since the company's forced bankruptcy last year, the share price closed at $34.19, rising 3.6 percent.

Big banks and investors, including the United Auto Workers union, pocketed billions in the deal, the profits based almost entirely on the destruction of jobs and benefits and the halving of wages for newly hired workers dictated last year by the Obama administration's Wall Street-run Auto Task Force.

President Obama had nothing to say about the failure to extend benefits to the jobless, but he took time out to make a White House statement lauding the GM stock bonanza. "Today, one of the toughest tales of the recession took another big step towards becoming a success story," he declared.

The House vote on the jobless bill was 258 in favor and 154 against, with 21 Republicans joining 237 Democrats in support and 11 Democrats voting "no" along with 143 Republicans. Democratic leaders knew in advance that they would not secure the needed two-thirds vote, but went ahead with the ballot in order to place the onus for the impending cut-off of long-term benefits on the Republicans.

This cynical maneuver was part of an effort by the Obama administration and congressional Democrats to use the desperate plight of long-term jobless workers as a bargaining chip in negotiations with the Republicans over an extension of Bush-era tax cuts for the wealthy. If long-term benefits are extended by the new Congress—a less than likely prospect—it will only be in return for Democratic support for extending tax cuts for individuals earning over $200,000 a year and families making more than $250,000.

The House vote and stock market rally coincided with new data indicating that the US economy continues to stagnate, eliminating any prospect of significant job gains. The Labor Department reported Thursday that initial jobless claims rose last week by 2,000 to 439,000. Any figure above 400,000 points to an economy that is failing to generate jobs at a normal rate.

Fifteen states reported that jobless claims increased by more than 1,000, while only two reported a decline of more than 1,000.

The official US unemployment rate has been above 9 percent for 18 straight months, the longest such stretch since 1983. The refusal of the Obama administration to implement government hiring programs or any significant relief for the millions who are losing their homes to foreclosure and falling into poverty is compounding a widening social disaster.

A grim indicator of growing social distress is the report released Thursday by the Mortgage Bankers Association showing that foreclosures of homes financed by prime fixed-rate mortgages reached a record high in the third quarter of this year. The trade group said prime fixed rate and Federal Housing Administration loans, i.e., those taken out by credit-worthy homebuyers, as opposed to sub-prime borrowers, now account for more than half of foreclosures started in the third quarter, compared to 39 percent a year ago.

This means that the worsening foreclosure crisis is now being driven directly by high unemployment, which is slashing working class incomes and making it impossible for families to keep up their mortgage payments.

"The increase in these plain-vanilla type of loans to the highest numbers ever show us it really is being driven by the economic environment," Michael Fratantoni, the Mortgage Bankers Association's vice president of research and economics, told the press. "It's not going to turn around until we get more significant job growth," he added.

That there is little prospect for a jobs turnaround was underscored by a Commerce Department report Wednesday showing that new home construction fell 11.7 percent in October, the lowest level in 18 months. New construction of single-family homes was 8.2 percent lower than the same period a year ago.

The Federal Reserve Bank of New York issued a similarly grim report Monday on manufacturing activity in the New York region. The Fed's Empire State manufacturing survey fell to a reading of negative 11.1 for November, compared to a positive 15.7 in October. Economists had expected a positive 15 reading. Monday's report was the first negative level since July 2009.

Mass layoffs continue to be announced on nearly a daily basis. Just over the past several days New York City announced the elimination of over 10,000 jobs, the pharmaceutical giant Bayer AG said it will cut 4,500 jobs worldwide by 2012, and the Swiss pharmaceutical group Roche said it will slash 4,800 jobs in 2011 and 2012, the bulk of the layoffs coming in the US.