November sales slump in US reflects worsening social crisis

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Despite a frenzied media campaign to spur holiday shopping, major US retail chains reported declines in sales for November. The 16 retailers tracked by Thomson Reuters that reported results on Thursday recorded an overall increase of 1.6 percent at stores open at least a year. This was less than half the 3.3 percent jump predicted by analysts.

Macy's, Nordstrom, Kohl's and Target all reported declines from November of 2011. The reporting period included Thanksgiving and "Black Friday," the day after Thanksgiving and the traditional start of the Christmas shopping season. This year, amidst an unprecedented level of media hype, many major chains began their Black Friday discounts earlier than ever, including on Thanksgiving Day itself.

Exuberant reports of record-breaking crowds storming the stores and buoyant sales volumes are belied by the dismal results reported Thursday. Some commentators had suggested that the impact of Hurricane Sandy might deflate otherwise healthy sales, but Craig Johnson, a retail consultant, was cited by the *New York Times* as noting that early November sales were weak across the country, and not just in the Northeast, where the hurricane struck.

As for Black Friday itself, Johnson said, "The traditional post-Black Friday lull, normally starting the following week, started on… Black Friday." Activity in shopping malls slowed starting at about noon that Friday, he said, "right about the time the early bird specials expired… leaving financially stressed consumers with little reason to shop…"

Far from hectic shopping at the onset of Black Friday signaling rising consumer confidence and increasing disposal income, any such burst reflected the opposite—falling living standards and a desperate attempt to snap up bargains.

Sales at Kohl's stores open at least a year dropped by 5.6 percent, with negative results reported in all regions. Analysts had expected an increase of 1.9 percent.

Target's sales at stores open at least a year fell 1 percent. Analysts had projected a gain of 2.1 percent.

Nordstrom, a more up-scale retailer, reported a drop of 1.1 percent. Analysts had predicted an increase of 4.3 percent.

Macy's same-store sales fell by 0.7 percent, as against a predicted 1.5 percent increase.

Despite the economic privation indicated by the sales figures, major corporations and their multi-millionaire shareholders are doing better than ever. US corporate profits again hit a record high in the third quarter, according to a report issued Thursday by the Commerce Department.

US corporations made $1.98 trillion after taxes for the three-month period July through September, up from 1.92 trillion in the second quarter and 1.90 trillion in the first. The rise in profits was led by financial corporations, whose earnings rose by $71.3 billion. Profits for non-financial corporations, by contrast, fell by $1 billion.

How are record profits being posted in the midst of mass unemployment and an economic catastrophe for tens of millions of people? By means, in the first instance, of a relentless attack on workers' wages, benefits and working conditions being carried out by big business with the support of the Obama administration and Congress.

This process is bolstered by the Federal Reserve's provision of unlimited cheap credit to the banks and financial markets, which is inflating financial assets. Stock values of financial firms rebounded this year to levels that prevailed prior to the Wall Street crash of

2008. The pumping of trillions into the financial system by printing dollars comes on top the trillions of dollars in taxpayer handouts to the banks.

This is benefiting the corporate-financial elite, not the overwhelming majority of the population. There has been no real increase in the portion of the population that is employed, and real wages have been plummeting since 2008. The labor department reported this month that average hourly earnings for non-supervisory workers increased by only 1.1 percent over the past year, the weakest increase in wages since 1965, when records began to be kept. This figure is well below the rate of inflation.

The real nature of the Obama "recovery" is summed up by the fact that in its first two years, 93 percent of all income gains went to the richest 1 percent of households.

Corporations are meanwhile sitting on the largest cash hoard in history. Earlier this year, David Cay Johnston, writing for Reuters, suggested that the amount of cash and liquid assets on the balance sheets of major corporations could be as high as $5 trillion.

Meanwhile, corporate investment continues to fall. Half of the 40 largest corporations in the US are planning to slash investment this year and the next, according to a survey by the *Wall Street Journal*, and business investment in equipment and software has stopped growing for the first time since 2009.

Big business is holding the entire country to ransom, refusing to expand production and hire workers in order to force through its agenda of austerity and poverty-level wages.