

Depression USA

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Yesterday, the US Labor Department released its April unemployment report, revealing a level of joblessness that is without historical precedent. On the same day, the stock market rose sharply, with the Dow Jones Industrial Average finishing up more than 450 points, or nearly two percent. Wall Street continues not only to feast on death, as the toll from the coronavirus continues to grow, but to profit from the mass social misery that the pandemic has produced.

The Labor Department report recorded a drop of employment of 20.5 million people. Not only is this the largest monthly collapse in history, it exceeds the previous record more than 10 times over. The official unemployment rate increased from under 4 percent to 14.7 percent, far above anything seen since the Great Depression of the 1930s.

As bad as these numbers are, they significantly underestimate the scale of the social dislocation. The April report is based on estimates calculated during the middle of last month, so they do not take into account the millions of people who have lost their jobs over the last three weeks. Some 33.5 million have filed for unemployment claims since the beginning of state and federal lockdowns seven weeks ago.

According to the report, moreover, 6.4 million additional workers have left the labor force entirely and are not counted as unemployed, bringing the labor force participation rate to its lowest level since 1973. Another 11 million workers reported that they were working part time because they could not find full-time work, an increase of 7 million people since before the pandemic.

When all factors are taken into account, something in the area of one third of the work force is out of work.

Mass joblessness is impacting nearly every sector of the working class. Employment in the leisure and hospitality sector was the most extreme, falling by nearly 50 percent, or 7.7 million people. There were 2.1 million job losses in business and professional services,

2.1 million in retail, 1.3 million in manufacturing and 1 million in construction.

Stunningly, amidst an expanding pandemic, there were 1.4 million job cuts in health care. And under conditions of an enormous social crisis, there were 650,000 job cuts in the social assistance sector.

The report notes, moreover, that mass unemployment has impacted workers of all races and genders. The unemployment rate among adult men soared to 13.0 percent, adult women to 15.5 percent, and teenagers to 31.9 percent. The rate was 14.2 percent for whites, 16.7 percent for blacks, 14.5 percent for Asians and 18.9 percent for Hispanics.

While a large number of the job cuts are categorized as “temporary,” a growing proportion are permanent, as corporations begin to implement mass layoffs. Indeed, there were two million permanent job losses in April. This, taken by itself, would be the largest increase in unemployment in post-World War II American history.

Tens of millions of workers live paycheck to paycheck and rely on credit cards and other forms of debt to make up for the difference between their income and their expenses. Household debt rose by 1.1 percent in the quarter ending March 31, to \$14.3 trillion, a new record. This does not take into account the piling on of debt by tens of millions of people as the economic crisis intensified in April and into May.

With no savings and no government assistance, workers are turning in record numbers to food banks, which are running out of basic goods. A report by the Hamilton Project earlier this week found that 41 percent of families with children under the age of 12 are experiencing food insecurity—that is, they are unable to afford enough to eat.

The ruling class has no policy to deal with the social catastrophe. On Friday, the Trump administration declared that the jobs that have been destroyed “will be

back and they'll be back soon." He added that "we're in no rush" to pass a bill that would provide some assistance. The administration's top economic advisor, Larry Kudlow, said that talks over further "stimulus" measures are "in a lull right now."

As for the Democrats, while mouthing phrases about additional aid, they are haggling over minor measures that they know will never be passed by Congress. Both parties display a combination of indifference, bewilderment and reaction in the face of the greatest economic crisis since the Great Depression. Their proposals in response to this crisis make the US in the era of Herbert Hoover appear almost philanthropic.

Mass social immiseration is, in fact, a deliberate policy, supported by the entire political establishment. It is aimed at creating conditions in which: 1) the ruling class can force a return to work even as the pandemic continues to spread throughout the United States; and 2) workers will be compelled to accept sharp reductions in wages and benefits and an increase in exploitation to pay for the massive handout to the super-rich.

To pressure workers to endanger their lives by returning to work, the majority of the population is being systematically starved of resources. Six weeks after the passage of the CARES Act—the massive boondoggle to the corporations adopted unanimously by the Democrats and the Republicans—the majority of Americans have not received their \$1,200 "stimulus" check.

States are going bankrupt and beginning to implement brutal austerity measures. A report from the Economic Policy Institute earlier this month found that 50 percent more people are unemployed than have even been able to file for unemployment benefits—the result of overburdened application systems and onerous restrictions. Millions who have filed for benefits have not received anything.

The approximately 11 million undocumented immigrants in the United States are excluded from receiving any benefits. Millions of workers in the "gig economy," while supposedly able to qualify for federal assistance, face impossible barriers to obtaining it. In the state of Illinois, for example, these workers will be able to start applying only on May 11, and they will not have any possibility of getting assistance for several weeks thereafter.

At the same time, the ruling class has utilized the

pandemic to organize a transfer of trillions of dollars to the financial markets through the Federal Reserve. The total assets on the balance sheet of the US central bank rose this week to more than \$6.7 trillion, up from less than \$4 trillion before the pandemic hit. Every day, the Fed is spending \$80 billion to buy up assets from banks and corporations to fuel the market rise.

The enrichment of the oligarchy through rising share values is premised on mass impoverishment and an intensification of the exploitation of the working class. The profits and wealth of the corporate-financial elite have been saved at the expense of society.

Two agendas stand opposed to each other. One is the defense of the financial oligarchy, which means both an expansion of the pandemic, with all the horrific consequences this will bring, and a further immiseration of the population. The other agenda is that of the working class, which wants to fight the pandemic, save lives and defend the interests of the vast majority of the population.

The fight against the pandemic is not just a medical question. It is a political struggle to mobilize the working class against the Trump administration, the entire political establishment and the capitalist system it defends.

This is the political basis upon which the Socialist Equality Party is conducting our work and waging our election campaign. We call on all those who agree with this perspective to join and build the SEP today.



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