

Millions face economic and social disaster as Wall Street celebrates

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The United States economy contracted at a staggering annual rate of 32.9 percent between April and June, the sharpest fall in US history. The actual three-month decline of 9.5 percent dwarfed the worst single quarter since such statistics were first collected more than 70 years ago.

It would be difficult to overstate the scale of the economic calamity that has devastated the lives of tens of millions of working people and their families. CNBC noted, “Not the Great Depression nor the Great Recession nor any of the more than three dozen economic slumps over the past two centuries have ever caused such a sharp drain over so short a period of time.”

The only comparable economic disruptions in modern history are those caused by world war or societal collapse. If one calculates the overall drop in US gross domestic product (GDP) for the first six months of 2020, it comes to 11 percent—approaching the percentage decline in the Russian economy in all of 1992, the worst of the depression years that followed the collapse of the Soviet Union.

The claims of the Trump administration about a “V-shaped” recovery have no more validity than the US president’s ravings about treating coronavirus by injecting bleach. There are significant signs that after an easing of the downward economic curve in June, due to widespread state-ordered reopenings, the ensuing resurgence of the pandemic means a new plunge.

On Thursday, the Labor Department reported that 1.43 million new claims for unemployment benefits were filed last week, the 19th straight week that new claims have exceeded one million. After declining for months, new claims have risen over the last two weeks.

The number of workers claiming continuing unemployment benefits also rose from 16.1 million to 17 million for the week ending July 18. In addition, 830,000 new claims were filed for federal Pandemic Unemployment Assistance, which covers self-employed,

gig workers and others who do not qualify for traditional jobless benefits.

Under these conditions, the \$600-a-week federal supplement to state unemployment benefits is running out today for an estimated 20 million workers. Overnight, millions will see their incomes cut by two-thirds, from an average of \$921 a week in May to about \$321 a week. In some states, the theft of this lifeline will be even worse. In Oklahoma, jobless aid will be cut by 93 percent to \$44 a week.

It is a measure of the precarious situation American workers faced even before the pandemic that the weekly supplemental assistance and the paying out of a one-time \$1,200-per-person “stimulus” check led to a 45 percent increase in US personal income in the second quarter. Seventy percent of those who returned to work in June suffered an income loss by doing so.

Last week, the moratorium on evictions expired for about 18 million renters—more than a third of the 44 million total US renter households—who live in buildings with mortgages backed by the federal government. With rent bills accumulated over the last four months now due, housing advocates predict a “tsunami” of evictions, with half a million households in Los Angeles alone threatened.

Millions in the US are also going hungry. According to a US Census Bureau survey, food insecurity last week reached its highest reported level since May, with almost 30 million Americans reporting they had not had enough to eat at some point in the seven days through July 21.

After handing trillions to Wall Street and major corporations through the bipartisan CARES Act signed by President Trump in late March, the US Congress is denying the most basic necessities to millions of people. Both the Republicans and the Democrats are deliberately using the specter of poverty, homelessness and starvation as a means to force reluctant workers back into dangerous

factories and workplaces in order to resume the flow of corporate profits.

While the economy collapses and tens of millions face hunger, homelessness and destitution, the upper crust of American society have never had it so good. Fueled by the massive injection of money from the Federal Reserve, the Dow Jones Industrial Average has risen by 42 percent since its low point in late March, and the Nasdaq by 54 percent. Wall Street largely shrugged off the news that the US economy shrank by \$1.8 trillion in the second quarter, with the Dow off slightly while the Nasdaq was up.

Even as the death toll surpasses 155,000 in the US and the pandemic rages out of control in Florida, Texas, California and other states, the ruling class is gorging itself. US billionaires, whose wealth increased by 80.6 percent between 2010 and 2020, are seeing another windfall, with another 20 percent increase—a rise of at least \$565 billion—since the pandemic began.

The world's richest man, Amazon CEO Jeff Bezos, has seen his net worth rise \$74 billion since the beginning of 2020 to an estimated \$189.3 billion. On a single day last week, his personal fortune rose \$13 billion after a positive Wall Street forecast led to a rise of his 57 million shares of Amazon stock to \$3,232.49 per share. Bezos, who could become the world's first trillionaire at this rate, is now personally worth more than the market valuation of giants such as Exxon Mobil Corp., Nike Inc. and McDonald's Corp.

Due to the \$200 billion increase in the value of Tesla stock—selling at \$1,487.49 per share at the end of the trading day on Thursday—Elon Musk's net worth has tripled since the pandemic, pushing past the \$74 billion mark and making him the fifth-richest person in the world. On July 21, Musk qualified for a stock option payout worth a record \$2.1 billion, his second jackpot since May due to Tesla's 275 percent rise in share values this year.

Both Bezos and Musk have been at the forefront of the drive to force workers to work in their warehouses and factories without basic protections, even as the number of workers who die and are infected in their facilities continues to rise. There is a brutal logic to this: the working class must be forced to pump out the profits needed to pay for the massive increase in government and corporate debt that has been used to fuel the irrational stock market bubble and their personal payouts.

The billionaires have escaped to their private islands, luxury apartments and yachts while the US records one COVID-19 death every minute and the vast majority of

the population faces unprecedented social distress. Last Saturday night, the super-rich partied in the Hamptons, less than 100 miles from New York City, where nearly 23,000 people have perished from the deadly disease. Partygoers spent between \$2,500 and \$25,000 per person for a concert featuring Goldman Sachs CEO David Solomon, “who, in addition to running one of the largest and most powerful investment banks in the world,” CNN reported, “is also a part-time electronic dance DJ who goes by the name D-sol while spinning records at clubs in New York and Miami.”

The social catastrophe produced by the pandemic is not a failure of modern medicine, but a failure of capitalism as a social order. COVID-19 did not pose a challenge unfamiliar to medical science; on the contrary, it had been predicted for decades and the necessary countermeasures studied and refined. But the outbreak of the pandemic posed a challenge that the profit system proved incapable of addressing in a humane and rational way. Capitalism has led the working class, and all humanity, into disaster.

The first half of 2020 was characterized by the incompetent, negligent and criminal response to the pandemic by the ruling class. The second half will be dominated by the response of the working class in the US and internationally. Millions of workers, including teachers opposing the reckless rush to reopen schools, are coming into a direct political battle against the Trump administration and both capitalist parties. This struggle must be armed with a clear understanding that the protection of lives and livelihoods requires a revolutionary struggle to expropriate the private fortunes of the super-rich, establish workers' power, and carry out the socialist reorganization of economic life to meet the needs of the vast majority, not the wealthy few.



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