

# Hefty profits for top US banks as millions face social disaster

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Big US banks reported much stronger than expected profits in the third quarter while wide layers of the population face misery and hardship.

Buoyed by government cash poured into the financial markets, JPMorgan Chase reported third-quarter profits of \$9.44 billion, or \$2.92 per share, well above the forecasts of economic experts. That figure compared with \$4.76 billion last quarter and \$9.08 billion one year ago.

JP Morgan's bond and stock trading operations accounted for a 20 percent year-over-year increase in revenues, offsetting declines in consumer loans and credit cards. The bank's earnings rose despite a charge for \$524 million for legal fees related to its criminal manipulation of global markets in commodities and US treasury notes.

Citigroup reported \$3.2 billion for the third quarter, despite a 13 percent drop in revenue from consumer banking as its trading and investment revenue rose 5 percent.

BlackRock, the world's largest asset manager, also reported strong third quarter profits, which rose to \$1.36 billion. Fueled by US Treasury cash, its assets under management increased to \$7.8 trillion, which is an increase of 12 percent from the third quarter of last year.

Other large US banks, including Bank of America, Goldman Sachs and Morgan Stanley, are expected to show healthy third quarter profits when their reports come out later this month.

The strong results for the banks come in the midst of the worst economic collapse since the Great Depression and mounting hardship across the US. The situation facing the unemployed is increasingly dire as the limited and inadequate support for the unemployed contained in the CARES Act long ago expired and funds released by the Trump administration for a \$300 supplement are largely exhausted.

Meanwhile, the US Treasury continues to pump cash into the financial markets, money that will have to be

repaid at devastating cost to the working class in terms of social benefits, wages, working conditions and lives. The necessity of restarting production in order to repay the trillions handed over to the banks and corporations is the driving force behind the homicidal back-to-work policy of the US ruling class and governments around the world. This has led to a sharp increase in COVID-19 cases and deaths, with the number of fatalities surpassing one million internationally and 221,000 in the US.

Despite the reported decline in the official unemployment rate, September saw an unprecedented increase in the number of long-term unemployed, those out of work 27 weeks or longer. Some 2.4 million were classified as long-term unemployed last month, a rise of 781,000 since August. That represents 19.1 percent of the total unemployed.

Alongside the growth in the number of long-term unemployed is the rise in permanent layoffs, indicating that many of the jobs lost during the pandemic are never coming back. The number of permanent job losses increased in September by 345,000, bringing total permanent job losses to 3.8 million. That number is 2.5 million higher than pre-pandemic levels.

Nick Bunker, an economist at job website indeed.com, told *Business Insider*, "Longer and longer durations of unemployment are a sign that the shock from the coronavirus is becoming more and more enduring and that the ability for people to quickly be recalled to old jobs seems to be fading."

Tens of thousands of jobs are being wiped out at airline and aviation companies, movie theaters and entertainment firms like Disney. Chevron, the number two US oil company, announced 700 layoffs this week at its Houston headquarters as part of its plan to cut 6,000 jobs globally this year. Other layoffs are expected soon at aviation engine maker Pratt & Whitney, tech company Cisco, sports network ESPN and dozens of other companies and

public sector employers.

The jobs crisis has dealt the hardest blows to low-paid sections of workers, particularly in the service sector. Employment in the travel industry as well as bars and restaurants remains depressed, as workers choose to stay home rather than risk COVID-19 infection.

New unemployment claims continue at unprecedented levels going back to March, when the pandemic exploded across the US. Another 840,000 filed for unemployment the week ending October 3, the most recent weekly report.

All told in September, some 26 million received some form of unemployment assistance, including support for “gig” workers and the self-employed. That did not include some 5 million small businesses that are getting aid.

According to a report in *Axios*, if so-called discouraged workers or those forced to stay home during the pandemic for childcare or who are not able to find a full-time job at a living wage are taken into account, US unemployment stands at 26.1 percent. This is more than three times the official jobless rate of 7.9 percent in September announced by the Bureau of Labor Statistics.

Many furloughed workers who are being recalled are finding their wages or hours are being cut, including at Walmart, where many workers are seeing reduced hours but increased workloads. Southwest Airlines pilots are facing demands for a 10 percent pay cut to avoid furloughs.

Under these conditions, millions of working class families face the stark choice between paying for medical care, rent, food or utilities.

Underscoring the brutality and irrationality of capitalism, some 10 million people in the US will lose their employer-sponsored health insurance in the midst of a deadly pandemic, according to the Robert Wood Johnson Foundation and the Urban Institute.

While the US Centers for Disease Control issued an eviction ban last month, many families have not been able to secure protection due to varying interpretations of the ban by judges and onerous documentation requirements. Between September 27 and October 3, more than 2,100 landlords in 17 states began eviction proceedings, according to the Princeton University Eviction Lab.

Meanwhile, the US Census Bureau reports that nearly half of 8.3 million renter households it surveyed were “very” or “somewhat” likely to leave their home in the next two months due to eviction. About one in three adults says he or she fears foreclosure or eviction in the next two months.

As millions face destitution, Congress and the Trump administration are continuing their months-long charade of negotiations on a new economic stimulus bill. Behind the political maneuvering is a deliberate policy by both parties to block any further help to the unemployed in order to push workers back into COVID-infected workplaces to crank out profits. Whatever eventually emerges from Washington will involve a further wholesale handover of cash to banks and corporations with at best a pittance for workers.

Despite the funneling of massive amounts of government cash into Wall Street, the US financial situation remains precarious. Banks and corporations are utterly dependent on the continued infusion of funds and any reduction from the Treasury spigot threatens an economic meltdown.

The situation facing small businesses is already dire. An analysis of credit card transactions by the online marketing firm Womply indicates that one out of every five small businesses operating at the start of 2020 had permanently closed by September, including 23 percent of restaurants. Forty percent of restaurants said they would be out of business in six months without help from the government.

With social tensions at the breaking point, the Trump administration is moving forward with plans for a presidential coup if he is defeated at the polls in November. Meanwhile, the Democrats are desperately trying to smother social opposition and disorient the population through the promotion of identity politics.

The Socialist Equality Party is intervening in the 2020 elections to advance a socialist program as the alternative to the failed capitalist system, which offers only impoverishment, dictatorship and war. We urge workers and young people to support our candidates, Joseph Kishore for president and Norissa Santa Cruz for vice president, to support a revolutionary alternative to the corporate-controlled political parties.



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