As US stocks set record highs

November jobs report shows collapse of economic growth

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The release of the November jobs report by the US Bureau of Labor statistics (BLS) revealed the worst job growth since the spring, with only 245,000 additional jobs, less than half of the 638,000 jobs added in October and well below economists' expectations.

The figures are based on reporting prior to the initiation of partial lockdowns and curfews in some states, such as California and Illinois, dimming prospects for job growth in the coming months, with business activity and spending in the real economy evaporating as coronavirus cases continue to top 200,000 a day and daily deaths hover near 3,000.

Despite the dismal jobs report and the US pandemic death toll topping 285,000, Wall Street responded with euphoria, pushing all three major stock indexes to record heights. The Dow Jones Industrial Average closed at 30,218, the S&P 500 index at 3,699 and the Nasdaq Composite at 12,464.

A major factor in the rise on the stock market in the face of mass death and near-Depression levels of unemployment is President-elect Joe Biden's selection of an economic team including former BlackRock executives and Janet Yellen, the former chair of the Federal Reserve who presided over the "quantitative easing" bank bailout under Obama. Combined with repeated assurances from Biden that there will be no nationwide lockdown and schools will remain open under his administration, the financial oligarchs are assured that the new administration will continue the flood of free money to the markets and the back-to-work and back-to-school drives that guarantee uninterrupted profits from the exploitation of workers forced into virus-infected workplaces.

In a joint CNN interview Thursday evening, Biden and Vice President-elect Kamala Harris emphasized the need to keep elementary schools open: "We can keep schools open. We can keep businesses open," Biden declared. Harris concurred: "Everyone wants our kids to go back to school. Every parent wants their kids to go back to school." Biden reiterated twice that there would be no lockdown and he would keep the economy open.

Feasting on death, between mid-March and mid-October, 644 US billionaires saw their total wealth increase from $2.95 trillion to $3.88 trillion, a rise of 31.6 percent. They are rubbing their hands in anticipation of more of the same.

The BLS report revealed that the unemployment rate fell from 6.9 percent to 6.7 percent. However, this was a reflection not of job growth, but rather a sharp increase in the number of "discouraged" workers who have given up looking for a job.

The number of long-term unemployed skyrocketed by 385,000 to 3.9 million in November. These workers, many from the retail, restaurant, construction, music and entertainment industries, are not counted in the official figures because they haven't been in the labor force for 27 weeks or more.

If one counts "discouraged" workers along with the 2.1 million workers who are available and looking for work in the last 12 months, but haven't applied for jobs in the last four weeks, the real unemployment rate jumps to 8.5 percent.

In addition to the staggering growth of the long-term unemployed, who as of November constitute 36.9 percent of all unemployed workers, 14.8 million people reported that they had been unable to work, or lost hours in the last four weeks due to pandemic-related closures.

Exemplifying this trend is the retail sector, which typically sees strong growth during the holidays. Instead the report found a sharp decrease in retail trade. Overall, there are 550,000 fewer people employed in the retail trade sector compared to February 2020.

Another vital sector of the economy that saw minimal job growth was the health care industry, which reported a modest 46,000 hires in November, with nursing homes losing 12,000 jobs. Overall, health care employment in the midst of a catastrophic public health crisis remains 527,000 below the level in February.

The labor force participation rate fell in November to 61.5 percent, 3.8 percentage points below the February rate.

The BLS reports that there are still officially 10.7 million unemployed persons, a slight decrease from the 11.1 million reported in October. However, this number is expected to increase over the winter after five months of government inaction on economic stimulus, which has forced some 200,000 small businesses to close.

The decimation of jobs, along with COVID-19 infections and evictions, has been felt most sharply by lower-wage workers. According to data collected by Harvard and Brown University since January 19, workers making under $27,000 have seen a 19.2 percent reduction in employment as of November 16, while those making above $60,000 have seen a tiny 0.2 percent job growth. Workers making between $27,000 and $60,000 have seen a 4.7 percent reduction in jobs.

In a speech Friday, Biden characterized the BLS jobs report as “grim,” while calling on Congress and President Trump to “act now,” “come together” and pass legislation to avert a further collapse. He cited indicators of widespread distress—“One in six renters can’t pay rent,” “12 million will lose benefits” after Christmas—and declared his support for the “emergency relief framework” revealed earlier this week by a group of Republican and Democratic lawmakers.

Assuming the compromise bill makes it through Congress and is signed by Trump—by no means a sure thing given the last six months of political theater—the $908 billion legislation is nowhere near sufficient to address the scale of the economic and medical crisis befalling millions of people. Besides being half the size of the $1.7 trillion package the Trump White House had endorsed prior to the election, the new proposal does not include an additional $1,200 stimulus check or renew an eviction moratorium set to expire at the end of the month.

The latest US Census Household Pulse Survey showed staggering levels of distress throughout the country. In 13 states, including Texas, New York and Oregon, anywhere from 39.4 to 56.2 percent reported living in households where eviction or foreclosure in the next two months is either “very likely” or “somewhat likely.” Louisiana leads the country with 56.2 percent responding yes, followed by New Mexico, 52.7 percent, Missouri, 48.6 percent, Wyoming, 47.6 percent and Mississippi at 46.4 percent.

The proposed package sets aside only $160 billion in aid to state, local and tribal governments, a far cry from the $1 trillion House Speaker Nancy Pelosi insisted on in previous iterations of the bill, while only $180 billion is earmarked for additional unemployment benefits, the centerpiece being $300 in weekly unemployment pay through March 31, a 50 percent reduction from the $600-a-week supplement that expired at the end of July.

The most important part of the package in the eyes of the ruling class is an agreement on liability protection for businesses from customers and workers who have either gotten sick or died from COVID-19 due to inadequate safety procedures.

Senate Majority Leader Mitch McConnell has maintained that liability protection is a “red line” on which he will not compromise. The Democrats, for their part, postured as opponents of such a free pass for corporations, knowing all along that they would eventually lend their support.

The largest portion of the bill’s spending, $300 billion, is earmarked for the Paycheck Protection Program, a Small Business Administration (SBA)-controlled loan program, ostensibly created to keep small businesses owners afloat and keep their workers employed through the pandemic. The program has instead been used as slush fund for big businesses and the well-connected, while major Wall Street banks have reaped more than $18 billion in fees since its inception, according to a recent analysis by McCatchy and the *Miami Herald* based on figures released by the SBA.

Their analysis found that JPMorgan Chase, the largest bank in the US, collected over $1 billion in fees, followed closely by Bank of America, with $947 million, while Wells Fargo was a distant third at a “mere” $427 million.