

US lost 140,000 jobs in December

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The US economy lost 140,000 jobs in December, according to monthly figures released Friday by the Department of Labor. The job loss, driven by the winter surge of the coronavirus pandemic, is the first negative monthly total in seven months, although job growth had been slackening since the summer.

The report was significantly worse than analysts' forecasts of 50,000 new jobs, which would itself have been a sign of growing social misery. The United States remains with 9.8 million fewer jobs than at the start of the pandemic, when the US experienced the most rapid employment decline in its history, even when compared to the Great Depression.

Roughly 45 percent of the jobs lost in the first months of the pandemic have yet to return. This has contributed to an unprecedented growth in long-term unemployment, defined as lasting 27 weeks or longer. The share of long-term unemployed as a fraction of total unemployment has skyrocketed to 37.1 percent, rapidly approaching the 40 to 45 percent range it took the economy took two years to reach after the 2008 recession.

The report did not halt the speculative rise on Wall Street, where the Dow Jones Industrial Average rose 56.84 points. The Dow increased by over 470 points on January 6, the day of Trump's attempted coup against Congress. Friday's surge brought all of the major indexes to new record highs.

This comes in spite of analysts' fears that long-term unemployment during the pandemic, by driving down the labor force participation rate, which remains at its lowest levels since the mid-1970s, will cause permanent damage to the productive capacity of the US economy.

The reaction demonstrates the degree to which the wealth of the financial oligarchy has been decoupled from the real process of production. The unprecedented run-up in share values over the course of the pandemic,

even as over 300,000 Americans and nearly two million people worldwide have died, is driven by the knowledge among investors that the Federal Reserve and the US government will continue to prop up asset values by pumping cash into the markets and underwriting all losses through bailouts.

Wall Street has frequently responded *positively* to worse-than-expected jobs reports since the end of the 2008 recession, because employment is a key metric used by the Federal Reserve to set interest rates, which have been left at near-zero for more than decade. For the foreseeable future, the Fed has set its interest rate target at zero to 0.25 percent, and is purchasing \$120 billion every month in Treasury bonds and mortgage-backed securities.

Last month's decline was driven primarily by catastrophic job losses in the leisure and hospitality sector, which shed 498,000 jobs over the course of the month. Within this sector, the most severe falls occurred among restaurants and bars (372,000), which were affected by the imposition of new restrictions carried out by state and local governments, limiting seating or completely shutting venues down.

Government employment also fell by 45,000 jobs, driven by the immense strain on state and local budgets caused by the pandemic. The CARES Act extension, signed by Trump on December 27 after a lengthy delay, does not provide any new direct federal assistance to state and local governments.

Moreover, the CARES Act does nothing to seriously address the immense financial distress being experienced by millions of unemployed American workers. Those eligible for supplemental unemployment benefits will receive only an additional \$300 per week, months after Congress allowed \$600 weekly benefits to expire July 31. The current extension is set to expire on April 5, when the pandemic will still be raging.

Americans will also receive a meager \$600 stimulus check, less than one-tenth the monthly expenses of an average family of four living in metro Detroit, according to the Economic Policy Institute (EPI). Pledges by the incoming Biden administration to enact a \$2,000 stimulus check were put in doubt yesterday when Senator Joe Manchin (Democrat from West Virginia) categorically rejected the proposal.

Manchin is among the most right-wing Democrats in Congress, having voted with Trump more than any other Senate Democrat, according to a *New York Times* analysis, including voting to confirm Trump nominee Brett Kavanaugh to the Supreme Court. The incoming Senate will be split 50–50 (with Vice President Kamala Harris casting a deciding vote in the event of a tie). This will enable Manchin and the most right-wing sections of the Democratic Party to wield effective veto power over all legislation that fails to receive at least some Republican backing.

Manchin's pre-emptive intervention against further stimulus money is a preview of the dynamic that will play out throughout the upcoming Congress, where Democrats, in spite of holding majorities in both houses, will continuously cede the political initiative to the Republicans, using their opposition as a pretext for carrying out right-wing, pro-corporate policies. This was the dynamic throughout all of Barack Obama's eight years in office, including his first two years, when he held majorities in both houses.

As bad as the December jobs report is, it provides only a glimpse of the economic hardship gripping the country. According a Household Pulse Survey conducted by the Census Bureau in mid-December, and analyzed by the Center on Budget and Policy Priorities, 29 million US adults (14 percent of the total) reported being unable to get enough to eat over the previous seven days, an increase of seven million since August. By comparison, three percent of respondents in another survey said they were unable to get enough to eat over the entire course of 2019, the CBPP reported. Fourteen million renters also have not yet caught up on their rent, according to the survey.

Because of miserably inadequate federal benefits, even those workers with access to employment face the Catch-22 between going to work and risking infection and staying home and risking destitution. Less than one-quarter of the workforce worked remotely or from

home over the last four weeks, according to analysis by the Economic Policy Institute.

It is significant that manufacturing employment increased by 38,000 last month, including 7,000 new jobs in the auto industry. This reflects the fact that plants have been running at full capacity in the teeth of the pandemic, in spite of the acknowledged fact that large workplaces, together with schools, are the primary drivers of infection.



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