

Another grim US jobs report amid stock market frenzy

Shannon Jones
29 January 2021

New claims for unemployment insurance declined slightly, reaching a seasonally adjusted 847,000 for the week ending January 23. The figure is still far above any recorded prior to the pandemic. The four-week average was 868,000, the highest level since September, compared to 229,002 initial claims in the comparable week in 2020.

The continuation of record levels of new unemployment filings comes as the federal Bureau of Economic Analysis reported that the US economy contracted by 3.5 percent in 2020, the largest yearly decline since the demobilization following World War II. It was the first decline since 2009, during the Great Recession, when the economy suffered a 2.5 percent contraction.

The more poorly paid sections of workers have been hit the hardest by the impact of the pandemic, including those employed in the travel, hospitality and leisure sectors. Hundreds of thousands of small businesses have faced bankruptcy and closure, while airlines and other big corporations have been bailed out by the federal government.

In the midst of this economic disaster the frenzied speculation on Wall Street reached a new level this week with the “short squeeze” on electronics and video game retailer GameStop, which saw shares of the struggling company skyrocket. The artificial inflation of shares of near bankrupt companies is just the sharpest example of the pumping up of financial markets through the continuous infusion of vast amounts of government funds, \$3.5 trillion since the start of the pandemic.

The injection of trillions of dollars into the markets combined with record low interest rates has fueled unprecedented levels of speculation and the obscene enrichment of billionaires such as Amazon CEO Jeff

Bezos and Tesla founder Elon Musk. Share prices on many stocks have run up to fantastic levels, with the stock of electric carmaker Tesla, for example, up 964 percent since the start of 2020 despite the company barely eking out a profit.

At the same time, workers face intensified pressure to resume work at schools and factories despite the uncontrolled spread of the pandemic, which is killing more than 3,000 every single day. The overriding priority of the Biden administration, which is demanding schools reopen for in-person teaching despite the spread of the pandemic, is to make sure that workers are free to return to their jobs in order to keep producing profits to sustain the massive share price bubble on Wall Street.

The figures contained in the weekly jobs report by the Department of Labor point to the pandemic’s continued devastating economic impact on workers. In addition to the new claims for regular unemployment benefits, 48 states reported 426,856 initial claims for Pandemic Unemployment Assistance, a broader program that covers the self-employed “gig” workers and others who are not generally covered by state unemployment benefits.

The number claiming continuing benefits in all programs for the week ending January 9 was 18,282,090, which was an increase of 2,293,495 from the previous week.

The scaled down \$300 weekly supplement to unemployment benefits enacted in December after months of delays is set to expire in March. Meanwhile, President Biden reported that a new coronavirus relief bill is stalled in Congress and may take “weeks” of negotiations before delivering any relief. The bill contains a paltry \$1,400 one-time stimulus check, scaled back from the \$2,000 earlier falsely touted by

the Democrats, and a \$400 weekly supplement to unemployment benefits. The Democrats have already indicated a willingness to reduce even these token amounts in the interest of bipartisan “unity.”

This haggling takes place as millions of working class families across the United States face hunger and the threat of eviction. While unlimited funds are made available to Wall Street, workers are being forced to rely on desperately underfunded food banks and other charities for day-to-day survival.

In the face of this, the Biden administration made the token gesture of signing an executive order raising Supplemental Nutrition Assistance Program (SNAP) benefits, or food stamps, by 15 percent to poor families whose children normally rely on school lunch and breakfast programs. He also raised benefits 15 percent for some low-income families.

SNAP benefits are absurdly inadequate, far from enough to ensure families have enough to eat. The program has faced relentless attack by both Republican and Democratic administrations. In 2014, President Obama signed legislation cutting \$8.7 billion from the SNAP program, causing 800,000 households to lose some \$90 a month. Rule changes ordered by Trump last year cut off almost 700,000 from receiving benefits.

Food banks and food pantries have been struggling all during the pandemic to meet surging requests for assistance. Another blow fell this month when, in the midst of the pandemic and despite rising need, the state of Texas proposed a 41 percent cut to the Surplus Agricultural Products. The grant program allows food banks to procure fresh produce from Texas farmers that would otherwise go to waste.

In another public relations gesture, on Tuesday Democrats introduced the Raise the Wage Act that would increase the minimum wage in steps to \$15 an hour by 2025. This cynical maneuver, which relies on inflation to cut the value of the pay raise, will face ferocious opposition from corporate interests and will likely be further whittled down or eliminated entirely.

When the demand for a \$15 an hour minimum wage was introduced in 2012, it was presented as a radical measure that would lift millions of low-wage workers out of poverty. Although far from adequate to ensure a minimal standard of living at the time, inflation has since eviscerated the \$15 an hour proposal which is now worth just \$13.25 in 2012 dollars and will amount

to even less by 2025.

This week California announced that it may force 4.1 million people to repay some or all of the unemployment benefits they were paid during the pandemic. The state claims that an audit showed that some people, who received benefits, may not have been technically eligible due to bureaucratic rules even though no fraud was involved. The penny-pinching attitude towards struggling workers stands in sharp contrast to the trillions of virtually no-strings money handed out to corporations under the bipartisan CARES Act.

The subordination of all economic and social life to the voracious demands of Wall Street is the greatest barrier to any attempt to deal with the pandemic and the ongoing economic disaster in a rational and socially beneficial fashion. No resolution to this crisis is possible without a direct struggle by the working class against the capitalist profit system and the two big business political parties that defend it. The emergency measures that are needed to bring the pandemic under control and provide assistance to workers and small businesses require the independent political mobilization of the working class based on a socialist program.



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