

January jobs report shows ongoing economic disaster as US Senate strips minimum wage increase from the relief bill

Shannon Jones
5 February 2021

The US Senate voted Friday morning to approve a budget bill, a key step toward enactment of the Biden administration's \$1.9 trillion pandemic relief package. In securing passage of the budget bill the Democrats made several key concessions to Republicans, barring a rise in the federal minimum wage to \$15 an hour during the pandemic, putting a graduated income cap on the \$1,400 stimulus payment to individuals and barring payments to undocumented immigrants.

The action on the relief package came as new government economic figures show there was a net increase of just 49,000 jobs in January following a revised figure showing a loss of 227,000 jobs in December. November employment figures were also revised downward. For the week ending January 30 there were 779,000 new claims for unemployment benefits, a decline from the previous week, but still an unprecedented level.

After the Senate vote the Democratic-controlled House passed a key procedural vote clearing the way for the lower chamber in Congress to pass the pandemic relief bill by the end of the month.

The employment figures show the continued heavy economic impact of the coronavirus pandemic on workers and their families. With the daily COVID-19 death toll running at over 3,000 and wide areas of the economy nonfunctional, millions are suffering destitution, hunger, the cutoff of medical benefits and the danger of eviction.

The Democrats are using a parliamentary tactic, budget reconciliation, to advance the pandemic relief bill to avoid the threat of a Republican filibuster. However, despite having a working majority in both houses of Congress, the Democrats capitulated on the

proposal for a phased-in increase of the minimum wage, set currently at the sub-starvation rate of \$7.25 an hour, to \$15 by 2025. This after one Democratic Senator, Joe Manchin of West Virginia, threatened to vote "no."

The miserable \$7.25 rate was set in the first year of the Obama administration and has not budged since then despite periodic cynical posturing by Democrats.

Following the Senate vote Biden said it is likely the minimum wage increase would be dropped from the final relief bill after it emerges from the House-Senate reconciliation process. He claimed it would be put forward later as a separate measure, but passage even in a scaled-back form is extremely unlikely given the ability of Senate Republicans to block legislation using the filibuster.

The refusal of the Democrats—in full control of Congress and the White House—to draw a line in the sand over the minimum wage increase, a measure that would potentially benefit 32 million workers, shows the insincere character of Biden's claims, reiterated at a news briefing on the pandemic relief measure Friday, that he was prioritizing the needs of workers over the wealthy.

A full time worker earning the current minimum wage takes home about \$15,080 annually. That is well below the absurdly low official poverty level of \$17,240 annually for a family of two and \$21,720 for a family of three.

Significantly, Democratic Senator Bernie Sanders, now chairman of the Senate budget committee, supported the amendment by Republican Senator Joni Ernst of Iowa saying that no minimum wage increase should take place during the pandemic. The callousness

of this move is hard to overstate. Many of those workers who would be immediately benefited by a minimum wage increase are in food distribution and logistics and other essential, frontline services, where workers risk their lives daily for starvation rates of pay.

In addition, eight Democrats also joined the entire Republican Senate delegation to impose a ban on the distribution of pandemic relief checks to undocumented workers.

Democrats have indicated they are open to capping the proposed \$1,400 stimulus checks to individuals based on household income, scaling them back starting at \$50,000 annual income for an individual or \$100,000 for a household, a move that would impact millions of working class families. In a further slap at workers, income in 2019, prior to the economic impact of the pandemic, will be used as the basis for calculation of the reduction.

Meanwhile, no relief from the pandemic is yet in sight. The disastrously slow and inept rollout of vaccines is being undermined by the emergence of new, more infectious and deadly variants of the virus. Further, evidence is mounting that these variants may also be at least partly vaccine resistant.

The numbers released Friday by the US Bureau of Labor Statistics show that the economic disaster triggered by the pandemic is far from over. Nearly 18 million workers are receiving unemployment assistance of some kind and another 6 million counted as employed are working part-time jobs because they cannot find full-time employment.

The net job loss in December was increased from 140,000 to 227,000 while the gain for November was revised downward from 336,000 to 264,000.

There are 4 million long-term unemployed, those who have been unemployed 27 weeks or longer. The number applying for extended benefits rose by 197,000 to 1.7 million in the week ended January 16, the most recent week whose figures are available, an indication the number of long-term unemployed is increasing.

While the official unemployment rate in January fell 0.4 percent to 6.3 percent, other measures show that the number of jobless is holding steady. The labor force participation rate, the percentage of the working-age population who are employed, is still 1.9 percent lower than the January 2020 level.

Only a net of 49,000 new jobs were created in

January, the bulk in government. Private employment increased by just 6,000. Employment in leisure and hospitality, including eating and accommodation, continued to be hard hit, declining by 61,000 jobs last month after falling by 536,000 in December.

In addition, employment in temporary help services rose 80,900 in January, more than the overall employment gain, an indication that employers are reluctant to create permanent, well-paid jobs.

Even the small job gains in government may be illusory. The Labor Department previously warned that the layoffs of education workers last year due to the pandemic had distorted normal seasonal buildup and layoff patterns, possibly making the hiring numbers for January appear better than they were in actuality.

Further illustrating the irrationality and socially regressive nature of the capitalist response to the pandemic, employment in health care declined by 30,000 jobs in January. This despite the initiation of supposedly robust vaccination programs and tragic scenes of overcrowded hospitals and intensive care units amid a post-holiday surge in COVID-19 cases and deaths.

The endless concessions and retreats by the Democrats demonstrate that even with control of both houses of Congress and the presidency they are incapable of, and in fact are opposed to, advancing any serious economic measures to address the social catastrophe confronting the working class in the United States. The alternative that is posed is for workers to take up the fight for socialism to take control of society and end the subordination of economic and social life to the profit requirements of the rich.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact