

US banks post record second-quarter profits as millions face social disaster

Jacob Crosse
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US banks this week released their second-quarter earnings, showing record second-quarter profits as large sections of the working class continue to struggle to survive on meager unemployment benefits while searching unsuccessfully for well-paying and safe work.

Ultra-loose monetary policies enacted by the Federal Reserve, first under former president Donald Trump and continued under Joe Biden, resulted in major banks Goldman Sachs, Wells Fargo, Bank of America, Citigroup Inc., Morgan Stanley and JPMorgan Chase & Co. posting a combined \$42.17 billion profits in the April-June period.

- Goldman Sachs reported \$5.35 billion in profit for the quarter, double last year's figures.

- Citigroup's second-quarter profit jumped to \$6.19 billion, up from \$1.06 billion during the same period last year. Despite the billions "earned," shares of the company fell by 0.3 percent on Tuesday. Overall, the bank's share price has increased by 11 percent through Wednesday.

- Wells Fargo, which last year agreed to pay \$3 billion to settle outstanding civil and criminal charges resulting from a years-long scandal over defrauding customers, posted a second-quarter profit of \$6 billion.

- JPMorgan also saw its second-quarter profits more than double from last year, reporting \$11.9 billion this week, compared to \$4.7 billion last year.

- Bank of America, the second largest bank in the US, was the only major bank that missed revenue expectations according to analysts cited by the *Wall Street Journal*. This did not prevent the bank from nearly tripling profits from a year ago, from \$3.53 billion to \$9.22 billion.

- Morgan Stanley reported on Thursday that second-quarter profits rose by 10 percent compared to a year

earlier, with a reported profit of \$3.51 billion. Investment bank revenue increased by 16 percent to \$2.38 billion, while the bank garnered \$71 billion in net new assets, triple last year's second quarter.

The combined \$42.17 billion in profits exceeded analysts' expectations and exceeded last year's figures by more than \$6 billion.

Bank profits were buoyed by the release of billions of dollars in "loan-loss reverses" that the banks had been holding back in case of pandemic-related losses, which never materialized.

Testifying before the House Financial Services Committee on Tuesday, Federal Reserve Chairman Jerome Powell made clear that the Fed had no intentions of raising interest rates or stopping its monthly purchases of \$120 billion in financial assets, despite inflation concerns, which were amplified by the 0.9 percent increase in the consumer price index (CPI) reported in May.

Overall, the year-over-year CPI increase of 5.4 percent is the highest in 13 years, driven by double-digit increases for nearly every single basic consumer item from milk, meat, bread, gas, to used cars and electricity.

The over \$42 billion in profits raked in by just six banks in only three months would be enough to pay 210,000 doctors annual salaries of \$200,000, or pay some 694,000 teachers an average yearly salary of \$60,500, or build 140,000 homes at the cost of \$300,000 each. The single quarter in profits from the banks is just \$3 billion less than the \$45 billion proposed in Biden's American Jobs Plan to replace all of the lead-pipe service lines in the US.

In addition to banks posting record profits, the world's largest asset manager, BlackRock, reported a second-quarter profit of \$1.38 billion on Wednesday,

with a net income of \$8.92 per share. The company reported \$4.82 billion in revenue for the same period. Assets under management by the firm jumped to a record \$9.49 trillion, up from \$7.32 trillion the year prior. It will soon become the first company with \$10 trillion under management.

By comparison, the 2019 gross domestic product of the United Kingdom was \$2.82 trillion, while India's was \$2.86 trillion and Japan's was \$5.08 trillion. The only countries that had a 2019 GDP larger than the assets controlled by BlackRock were the world's largest economies, the US and China.

Shares of BlackRock's stock have risen by 26 percent since the beginning of the year, while in the last 12 months the stock has increased by a staggering 64 percent. Demonstrating the parasitic character of the capitalist system, BlackRock reported spending \$300 million in the second quarter repurchasing company shares.

While life has never been better for Wall Street shareholders and bank executives, the latest unemployment claims report from the Department of Labor (DOL) shows that the worst economic calamity to hit the working class since the Great Depression is far from over.

The DOL reported that 360,000 new unemployment claims were filed for the week ending July 10, only 26,000 less than last week's revised total of 386,000. In addition to state claims, over 96,000 federal claims were filed under the Pandemic Unemployment Assistance (PUA) program, which is set to expire September 6. The PUA program has been a much-needed lifeline for the increasing number of so-called gig and contract workers who would normally be ineligible for state unemployment benefits.

Overall, labor force participation is down nearly 3 percent since February 2020, with some 13.8 million people collecting some form of unemployment through June 26, roughly 11 million more than the pre-pandemic average, but less than half of the 30.59 million that were collecting at this same time last year.

While the combined 456,000 unemployment claims are more than double the pre-pandemic average, this did not stop White House Press Secretary Jen Psaki from boasting on social media Thursday that Biden's "economic plan is working."

As part of Biden's bipartisan "economic plan," on

June 4 Psaki gave the White House's blessing to right-wing Republican governors to begin ending pandemic-related unemployment benefits, passed in the misnamed American Rescue Plan, months before their slated expiration in September in what the media sickeningly described as a "bold experiment" to blackmail workers into accepting low-paying and dangerous work as the Delta variant of the coronavirus continues to spread in the US.

While there is no talk in the White House or by the Democrats of turning off the money spigot to Wall Street, by the end of July over half of US states will have eliminated unemployment benefits and the federal Centers for Disease Control eviction moratorium will expire, putting an estimated 4.2 million adults at risk of eviction in July and August according to an estimate by the Urban Institute.



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