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Drop in holiday sales reflects US social crisis

By Andre Damon

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US retail sales over the Thanksgiving weekend dropped for the first time in seven years, reflecting the impact of falling wages and mass unemployment on American households.

Sales fell 2.7 percent from a year ago, to \$57.4 billion, according to preliminary figures from the National Association of Retailers. The drop in sales came even as a record number of people went shopping over the holiday weekend and stores opened earlier than ever on Thanksgiving Day.

The decline in sales came despite a single-minded focus by the media on the official launch of the holiday shopping season. On Thanksgiving eve, all three US broadcast networks led their evening news programs with enthusiastic reports of major retailers opening earlier in the day and consumers preparing to spend record amounts. The relentless media coverage was a transparent attempt to encourage people to flood the malls and increase spending.

The sales figures give the lie to the claim of the Obama administration and the media that the US is in the midst of a genuine economic recovery. They are an expression of the reality, covered up by the media, that the conditions of life for broad sections of the population have declined drastically and are continuing to deteriorate.

The unexpectedly poor sales figures sent tremors through US stock market on Monday, with the Dow Jones Industrial Average falling 77.64 points, the Standard & Poor's 500 index declining nearly 5 points, and the NASDAQ dropping 14 points. Retailers were hit particularly hard by the sell-off, with JC Penney, Macy's and Target each falling by 2 percent.

The sell-off points to the unsustainability of the stock market bubble that has been inflated by the Obama administration and the Federal Reserve through their easy money policies. Behind the orgy of profit-making on Wall Street there are fears that another financial collapse could be imminent. The reality is that the financial bubble rests on a real economy that continues to be mired in slump, both in the US and internationally.

"Consumers are stressed," GameStop CEO Paul Raines told the *Wall Street Journal*. "They're still under a lot of pressure from things like high unemployment. We see that in our business."

The lagging sales figures came despite the fact that retailers such as Walmart, Macy's and Target opened earlier than ever Thursday, forcing tens of thousands of retail employees to work during the Thanksgiving holiday.

Walmart and Target, which cater to lower-income shoppers, had reduced their earnings estimates earlier this year, citing falling wages, continued unemployment and declining consumer confidence.

Some 45 million people went shopping on Thursday, up 27 percent from last year, and foot traffic on Friday increased by 3.5 percent, to 92 million, according to figures from the National Retail Federation.

The holiday shopping season generally accounts for two fifths of retailers' annual sales, with the Thanksgiving weekend representing between 10 and 15 percent of total holiday sales.

"This holiday season is not going to be a gangbuster," Lindsey Piegza, chief economist of Sterne Agee, told the *Los Angeles Times*. "Retailers are bracing for declining activity from now to the beginning of the year."

According to a separate survey, using a different methodology, conducted by Market researcher ShopperTrak, foot traffic at stores on Black Friday fell by 11 percent and sales were down by 13 percent, even though this was offset by increased sales on Thursday.

The disastrous sales figures underscore the widening chasm between the broad mass of the American people and the financial elite. They come the same month that the Dow closed above 16,000 for the first time and the S&P 500 breached 1,800.

Between 2007 and 2012, median household income in the United States plummeted by 8.3 percent. The percentage of the US working-age population that has a job has fallen by 4.6 percent since 2008, while manufacturing wages have fallen 3 percent since May 2009.

The number of people receiving food stamps in the US grew from 28.2 million in 2008 to 47.7 million this year, an increase of 70 percent. This number continues to swell, with over 1 million new food stamp recipients added between 2012 and 2013.

The growth in stock values, on the other hand, has led to a corresponding growth in the wealth of the super-rich. The world's billionaires have seen their combined net worth double in the past four years. Since 2009, the richest 1 percent in the US have captured 95 percent of all income gains, while the bottom 95 percent have seen their incomes stagnate.

So far this year, luxury retailers have largely been spared a drop in sales. Tiffany & Co., the high-end jewelry retailer, announced last week that its third-quarter sales had increased by 50 percent over the previous year. The company took in \$94.6 million in the three months that ended in October, compared to \$63.2 million a year ago. As a result, the company increased its sales estimates for the rest of the year.