

Business

SUNDAY, JANUARY 10, 2021

Biden vows to help US economy as virus spike drives job losses

Relief program may include larger stimulus checks to taxpayers

WASHINGTON: The US economy lost 140,000 jobs in December as the worsening coronavirus pandemic undermined its recovery, but President-elect Joe Biden pledged that help is on the way. The Labor Department on Friday reported the first drop in employment since April, and Biden said the data means a new economic relief package including \$2,000 direct payments to taxpayers and help for small businesses hit hardest by the spike in Covid-19 infections must be pushed through urgently.

"We have no time to lose," Biden said at an event in Wilmington, Delaware where he introduced the last key members of his economic team. "The bottom line is the jobs report shows we need to provide more immediate relief for working families and businesses now. Now." As the single-day death toll topped 4,000 for the first time in the United States this week, the Labor Department data confirmed that months of steady gains in hiring were brought to a halt by the recent surge in infections, which prompted states to reimpose restrictions on businesses to bring the virus under control.

The result was far worse than the modest gain in employment economists forecast, but some analysts had warned the decline was coming. "The current COVID-19 wave has stopped the recovery in its tracks," Navy Federal Credit Union economist Robert Frick said. Until the pandemic is tamed and vaccine rollout speeds up, "people will not be rushing back to bars and restaurants any time soon," he said. While the unemployment rate held steady at 6.7 percent, 10.7 million people remain unemployed—both figures about double the

pre-pandemic levels.

Particularly hard hit was the leisure and hospitality sector, which lost 498,000 jobs in December, according to the government. Black workers still have a far higher jobless rate than other groups at 9.9 percent, while the rate for Hispanic workers is 9.3 percent.

Trying again for \$2,000

Biden announced that next week he will unveil an economic relief program that includes larger stimulus checks to taxpayers and an increase in the minimum wage. Congress last month agreed to a \$900 billion relief package that included \$600 stimulus checks for taxpayers, but the Senate blocked an attempt to increase those checks to \$2,000.

Biden, who takes office January 20, said \$600 payments are "simply not enough." He also pledged that his team will give special attention to small businesses, especially those owned by minorities, and provide "support to help them get through the other side of this crisis." The president-elect lamented that under outgoing president Donald Trump's administration "big, well-connected businesses jumped in front of the line" to get aid, and vowed to tighten controls to prevent fraud.

The December stimulus measure extended some jobless benefit programs passed in the early days of the pandemic and provided another \$284 billion in funding for the Paycheck Protection Program (PPP).

The Treasury Department and Small Business Administration announced Friday that the PPP program will reopen to applications starting today, with



NEW YORK: People walk into a check cashing store in downtown Brooklyn on Friday in New York City. As the COVID-19 virus continues to keep people from restaurants, hotels and other retail establishments, a Labor Department report said on Friday that US employers cut 140,000 jobs in December. — AFP

guidelines to ensure the aid goes first to small businesses. The agencies also said they will tighten fraud checks after a stream of prosecutions against individuals accused of stealing tens of millions of dollars from the program.

"We are committed to implementing this round of PPP quickly to continue supporting American small businesses and their workers," Treasury Secretary Steven Mnuchin said in a statement.

Economists say the prospect of further stimulus offers hope that the hiring slump will reverse, but that will not happen immediately. Gregory Daco of Oxford Economics describe the labor market as "chilled but not frozen." "The worsening health situation and the fact that herd immunity is still months away mean that jobs growth will be tepid in the immediate months ahead," he said in an analysis. — AFP

'Perfect storm' hits Scottish seafood exporters

EDINBURGH: Scottish seafood exporters said Friday they were facing a "perfect storm" from post-Brexit red tape and coronavirus restrictions, which could threaten the future of the industry.

Donna Fordyce, chief executive of Seafood Scotland, said companies had faced a "real challenge" with new customs checks and paperwork, on top of curbs to stop the spread of the virus. "It's all Brexit-related," she told BBC radio, complaining of "pinch points" in IT systems on both sides of the Channel in England and France.

"We wanted a six-month grace period where we could iron out all these issues, so that when the time came it would be frictionless." Scottish seafood is mainly exported to markets in northern France, where it is then sold on across Europe. With a live product, time is of the essence.

Exporters warned of the risk of delays before Britain left the European Union's customs union and single market on December 31, even with a tariff- and quota-free trade deal.

But Seafood Scotland said firms had been hit by "layer upon layer" of administrative problems which

had caused "utter confusion". In addition, the closure of the French border before Christmas due to coronavirus fears had caused lengthy delays.

Fordyce said in a statement on Thursday that consignments risked going into landfill but also the slump in exports would give fishing fleets little incentive to put to sea.

"In a very short time, we could see the destruction of a centuries-old market which contributes significantly to the Scottish economy," she added. "It's a perfect storm for Scottish seafood exporters," she said. Scotland's Europe and External Affairs Secretary Michael Russell said the problems at the borders were "exactly the sorts of issues that Scottish Ministers have been raising since the Brexit referendum".

Scotland voted to remain in the EU in the 2016 referendum. The devolved nation's governing, pro-independence Scottish National Party has said Brexit strengthened the argument for Scotland to break away from the rest of the UK. "The UK Government, with their bad Brexit deal, chose to impose these extra burdens on business at a time of unprecedented challenge—which is utterly unacceptable and very damaging to the economy and for jobs," Russell added.

Jimmy Buchan, the chief executive of the Scottish Seafood Association, said earlier this week that trucks laden with fresh seafood were being held up in central Scotland due to problems with customs barcodes and lack of veterinary service capacity.



In this file photo, workers unload fish at the fish market of the port of Roscoff, western France. — AFP

Entire trailers were being emptied so that every box and label can be checked, he said. "Combined with computer problems on both sides of the English Channel, this is a worrying sign for the days and weeks ahead when the flow of produce will get much greater," he added. "Ultimately our member businesses lose revenue and prices in the market become depressed in reaction to the problems. "We are at the point now where the white-fish fleet may have to stop fishing." — AFP

Murdoch empire calls time on Trump but tries to keep his base onside

NEW YORK: The storming of the US Capitol has triggered Rupert Murdoch's media empire to call time on Donald Trump, with The Wall Street Journal saying the president should resign and even acolytes on Fox News telling viewers he has reached the end of his shelf life. Murdoch's right-wing outlets helped propel the property tycoon-turned reality TV star to the White House in 2016, remaining steadfastly loyal for four years before cracks in the alliance began to appear on re-election day.

Wednesday's rampage around the halls of Congress by a pro-Trump mob, leading to five deaths and worldwide uproar and condemnation, appears to have sounded the death knell for the relationship, although the outlets face a tricky balancing act keeping his supporters.

"Trump's no longer going to be President of the United States and the odds of him getting back to that position someday keep decreasing. So as his power decreases there's a logic that says, 'Let him go, cut him loose,'" New York University journalism professor Mitchell Stephens said. On Thursday, The Wall Street Journal's editorial board did just that, calling on the 74-year-old Trump to step down before being impeached.

"This week has probably finished him as a serious political figure," said the column, adding: "It is best for everyone, himself included, if he goes away quietly." The New York Post tabloid, another staple of the 89-year-old Murdoch's vast media portfolio, also lashed out at Trump with columnist Michael Goodwin writing that the outgoing president was responsible for "this day of infamy." "This time, there is no defense of him. He owns this," wrote Goodwin.

Even Tucker Carlson, the second most-watched TV presenter in the US, who has remained fiercely loyal to Trump for the past five years, accused him of "recklessly encouraging" the rioters with an inflammatory speech in Washington earlier in the day.

"At some point you've got to wonder where our country is putting all of its energy. Is any single president, anyone, worth all of this time and attention?" Carlson said during one of his monologues on Fox News. With politicians from across the spectrum and world leaders rushing to condemn the actions of the rioters, Mark Feldstein, a journalism professor at the University of Maryland, says the outlets are "trying to protect their own reputations." "I think they're afraid that Trump has finally gone too far. They're putting some distance between themselves and Trump for their own self-preservation. (But) let's not forget they are the ones who enabled Trump... so they created a Frankenstein monster and they have no one but themselves to blame," he said. — AFP

Hungary kitchen fills welfare gap for COVID jobless

BUDAPEST: Hungarian families stricken by unemployment due to the COVID crisis who have also fallen through the country's flimsy social security net say they have little option but to turn to a pop-up soup kitchen. The help is a private initiative by Norbert Bango and his wife Vivien, who run a Budapest restaurant and decided to repurpose its kitchen as a relief center after it was shuttered last March during the first coronavirus lockdown. Since then, at least once a week the couple have been preparing and distributing hot meals as well as bags of essentials like cooking oil, flour and fruit.

"We're the only restaurant in central Budapest doing this," Vivien, 35, told AFP while ladling stew from a steaming vat into hundreds of plastic bowls of noodles. "We gave up our Christmas break with our family as we couldn't sleep knowing people would go hungry," she said.

Located in Budapest's nightlife district, the "Kis Kulacs" ("Little Flask") hosted popular live music sessions after the couple bought it two years ago. But since the coronavirus measures emptied the city of tourists and customers, it now plays host to a queue of people desperate for food,

regularly stretching for hundreds of meters. "When we started, so many families with children came that I said whatever happens I have to keep going to try to help them," Norbert, 48, told AFP. Many in the queue said they had lost their jobs due to the pandemic.

"I'm one of 50 let go this year from my former workplace," Cecilia Jakab, a 37-year-old office cleaner and single mother of three, said. "We can't pay our bills anymore but since Norbi and Vivi started this at least my children can be fed," she said.

'Work-based society'

The virus caused a recession, which is estimated to have shrunk the economy by over six percent last year, and the loss of several hundred thousand jobs during the first lockdown in springtime. However, many unemployed people are not officially registered as such and government data in November showed only a slight rise in unemployment in comparison to the previous year, to around 4.5 percent.

In addition, the EU member has one of the least generous social security nets in the bloc, with meager unemployment monthly payments



BUDAPEST: Restaurant owner Norbert Bango (second left) wearing a face mask hands a food package to a local family at the door of his restaurant in Budapest. Hungarian families stricken by unemployment due to the COVID crisis who have fallen through the country's flimsy social security net have had to turn to a pop-up privately-run soup kitchen for help. — AFP

capped at 130 percent of the minimum wage, which stands at around 500 euros (\$613). Payments are also limited to three months, one of the shortest periods in the EU.

According to the National Employment Service agency, half of all registered job-seekers nationwide—around 140,000 in December—were not entitled to receive state support.

"We don't get any kind of social aid now, so many people end up here," said Andras Mezo, 47, a restaurant cook, jobless since March, who

has been regularly joining the meals queue.

"I was officially registered by my employer for only a few hours' work so I got less than the minimum wage in unemployment benefits and just for a few months," said Gabriella, 65, a laid-off dishwasher who did not want her full name published. Prime Minister Viktor Orban "promotes what he calls a 'work-based society' and opposes the welfare state in any form," political economist Zoltan Pogatsa told AFP. — AFP