The Layoffs that Washington Wants to Ignore

November 10, 2022 - Last week, when asked about the economy, Joe Biden said that it's "strong as he@!." But the data don't support that assertion. Even with todays CPI report, inflation is still running at near 8% and wages are failing to keep up. Credit card debt is rising nationally because people are using their credit cards just to make ends meet. And then there are the layoffs that have been occurring, and which Washington insiders and the mainstream media seem to be ignoring. How long can that go on?

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In the past couple of weeks there have been a couple of very high-profile layoffs announced, and the media has been forced to cover them. Specifically Twitter has laid off 3,700 employees and Meta (formerly Facebook) is laying off 11,000 or so people. But it you look at the news, these have been positioned in such a way that you might think they are anomalies. They aren't.

So far this year, there have been a number big layoffs at well known firms. At the same time, the Biden administration is saying that employers are having trouble finding employees.

Companies that include Lyft, JP Morgan Chase, Coinbase, Shopify, Netflix, Snap, Robinhood, Siemens, Amgen, Oracle, and a host of others have announced layoffs of tens of thousands of people. Most of these have been since October and the trend appears to be accelerating. Furthermore, these layoffs cover a broad range of industries. They aren't just limited to tech companies.

None of this speaks to an economy that is "strong." In fact, it speaks to an economy that increasingly looks like it is in real trouble and deep in the midst of a period of stagflation.

At this point, there is no telling how long all of this will last. If the FED continues to tighten monetary policy, until we see a concrete drop in inflation, then the period will be painful but likely shorter. But if they bow to political pressure and ease up on their policy, then inflation will continue and there is no guarantee that economic growth will kick in right away. The truth is that the FED doesn't have any good solutions available to it; largely because of mistakes they've made over the past ten years.

And the FED isn't the organization that could have the most immediate impact on inflation anyway. That responsibility rests squarely with Joe Biden and the Executive Branch. An immediate change in energy policy could do the trick. Permitting new oil wells, pipelines and mining for fossil fuels would have an impact on prices at the pump and household budgets. But that isn't something that the Biden administration seems willing to look at. And that's a shame because all of the financial pain that Americans are feeling right now is completely unnecessary.
by Jim Malmberg
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