

US joblessness crisis worsens as nearly 900,000 file new unemployment claims

By Jacob Crosse
4 September 2020

New data released by the US Department of Labor on Thursday showed that 881,000 jobless workers filed new unemployment claims last week, exploding claims of an economy in recovery as the worst job crisis in generations continues.

An additional 759,000 people applied for the Pandemic Unemployment Assistance, (PUA) which was created as part of the CARES Act for self-employed, contract, freelance or so-called “gig” workers, an increase of roughly 150,000 from the week before.

The total of more than 1.6 million workers newly unemployed is more than double the worst figure reported during the 2008-2009 financial crash.

Five weeks have passed since enhanced unemployment benefits enacted as part of the CARES Act were allowed to lapse by Democrats and Republicans in Congress. The Republican-controlled Senate and the Democratic-controlled House were equally indifferent to the plight of tens of millions of workers cut off the \$600-a-week supplementary federal benefits that had been added to their state unemployment compensation.

Nearly six months after the passage of the CARES Act, the results are clear, according to an analysis from *Forbes* that tracked 643 billionaires’ wealth from mid-March through early August. The group’s collective wealth increased by over \$685 billion, while at the same time in the US, nearly 30 million have lost their jobs, over 5.4 million have lost health care coverage, with an estimated one in seven US adults now going without necessities, while nearly 40 million people face eviction by the end of the year.

Since the expiration of enhanced benefits, more than 5 million people have filed for unemployment compensation. All told, some 60 million

unemployment claims have been filed in the US since mid-March while an astounding 29.2 million workers, nearly one in five workers, were receiving some kind of unemployment benefit from the federal and state governments in mid-August.

The scale of the crisis is many times higher than any seen in living memory. At the height of the Great Recession a decade ago, nearly 7 million people were collecting unemployment benefits, which steadily declined to under 2 million by March 2020. In the last six months that number has more than quadrupled and remains near 30 million, a figure that severely undercounts the number of actual unemployed workers.

Thursday’s new unemployment claims data marks only the second time in the last 22 weeks that the Labor Department reported less than one million new claims. However, the federal agency recently changed its methodology in reporting overall jobless claims. In a press release, the department advised that it was adjusting its seasonal calculations from using “multiplicative factors” to “additive factors” that the department states will be more accurate “in the presence of a large level shift in a time series.”

These “adjusted” figures do not take into account workers who have had their hours reduced drastically or cut off completely, as is the case with many retail and hospitality sectors. The numbers also do not account for workers who are still nominally employed but who have not been called back to work yet; such is the case with office workers in various industries who have been given the “option” of taking unpaid leaves of absences, thereby remaining “employed” but no longer collecting a paycheck.

An August 8 memorandum signed by US President Donald Trump, dubbed the “Lost Wages Assistance” program, called for distributing \$300 in weekly federal

unemployment benefits on top of state benefits, to be drawn from a \$44 billion Federal Emergency Management Agency (FEMA) fund. This has yet to materialize for millions of workers.

As of this writing, 45 states have been approved by FEMA to begin distributing funds, but only six so far—Arizona, Louisiana, Montana, Missouri, Tennessee, and Texas—have actually begun to do so. Dozens of states are unable to give a start date to prospective beneficiaries. According to an estimate by the Century Foundation, if all states and the District of Columbia were to participate in the program, the FEMA fund would be exhausted in six weeks.

Further pinching already tight purses is the fact that food prices continue to increase even as supply chain issues have largely been resolved. An August report on the Consumer Price Index found that food prices had increased by 4.1 percent in 2020 compared to July 2019. Staple products such as eggs, ground beef and milk have continued to increase in price, by as much as 10 percent, even as farmers struggle to break even.

As joblessness continues to rise, lines for food banks stretch for miles in US cities. The continued joblessness crisis, coupled with congressional inaction in refusing to extend the \$600 federal unemployment benefit at the end of August, has exacerbated hunger in the US, which has always been used to bludgeon the poor and working class into accepting low-paying and dangerous work even during so-called “good times,” and is now being used to force workers, including school teachers, back into classrooms and workplaces despite the ongoing and unchecked spread of the coronavirus throughout the country.

In a report in yesterday’s *New York Times*, Terry McNamara, 74, a grandfather from Parma, a working-class suburb outside of Cleveland, Ohio, succinctly described the situation as “the Great Depression with minivans.” For McNamara, his daughter and five grandchildren, the waiting in cars for hours to pick up food from local food banks and charities has become a near-daily ritual.

Feeding America, the largest network of food banks and pantries in the US, estimated before the pandemic that a colossal 37 million people in the US, including 11 million children, were food insecure. Feeding America now estimates that over 54 million could face food insecurity in 2020, with up to 18 million of these

being children, for whom the lack of regular nourishing meals can have debilitating effects on growth and healthy development.

In response to a public outcry, the US Department of Agriculture reversed an earlier decision which would have required parents to pay for a summer school lunch program that started in March after schools were shut down. The extension, however, is only good until December 31, after which the estimated 30 million children who have been fed through the program will be cut off.

In Texas, Brian Greene, CEO of the Houston Food Bank, spoke to ABC13 on the ongoing demand for the group’s services.

“We’re certainly helping at levels we never saw before. In the early months of this pandemic, we were distributing at the rate of about a million pounds a day” Greene said. “Right now, we’re doing about 800,000 pounds a day. That’s not quite double where we were before the pandemic, but it’s still way above what we’re used to.”

In Orlando, Florida, where the unemployment rate was 15.3 percent in July, workers began arriving at a food distribution point this past Saturday morning at 4 a.m. for the chance to receive much-needed groceries. After 4½ hours of waiting, the line of cars stretched for over two miles, the longest it has been in the past 16 weeks. Speaking to the *Orlando Sentinel*, Nick Canturano, a furloughed restaurant worker, remarked, “every week it gets worse.”

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