

US service industry workers face unemployment as businesses close due to coronavirus

Kathleen Martin
18 March 2020

On Monday, states across the US announced the implementation of emergency measures to belatedly fight the COVID-19 pandemic, including shuttering restaurants, bars, movie theaters, libraries, salons and more. This means that millions of predominantly low-wage workers are suddenly without a source of income and must figure out how to survive without any emergency savings.

A petition to Michigan Governor Gretchen Whitmer calling for the suspension of rent, mortgage and utilities payments overwhelmed a Google server and was temporarily broken after going viral on social media. In New York, the state office fielded nearly 9,000 incoming phone inquiries about unemployment benefits, a number “comparable to post-9/11,” according to the *New York Times*.

California, Ohio, Illinois, Massachusetts, Michigan, Washington, Kentucky, Maryland, Indiana, Rhode Island and Pennsylvania have all issued orders to close schools, restaurants and/or bars, with more states being pressured to do the same. On Tuesday the Marriott hotel chain announced that it will furlough thousands of its employees

Many service industry workers are blindsided by the immediate loss of jobs or cuts in hours. According to the Bureau of Labor Statistics, 11.9 million Americans are employed in the restaurant and food industry. A significant share of them must now deal with immediate unemployment.

The *World Socialist Web Site* has been speaking to service workers across the US to get their reaction to the sudden closures of their workplaces and the prospect of indefinite unemployment.

Louisville, Kentucky

Clara and her boyfriend are both kitchen workers at a restaurant in Louisville. They make \$14 an hour and require at least 40 hours a week in order to make ends meet. Last week the hours of work for both of them were cut in half. On Monday the state of Kentucky announced the closure of all restaurants and bars, effectively ending employment for both of them for the foreseeable future. Unemployment pay is not enough to cover their rent and utilities.

“We don’t have a plan. We didn’t have enough time to make a plan,” Clara told the WSW. “We just went about our day, and me and my coworkers joked about selling drugs because we don’t have a plan. The plan is not to die. It sucks. Our plan was: don’t

stress and let’s be there for each other. It makes me want to cry. We don’t know. It’s breaking my heart even just talking about it.”

“In Louisville, the main economy is restaurants. We have more restaurants per capita than a lot of other cities,” she said. There are 1,089 restaurants in the city proper. “We’ve got a restaurant on every single block. It’s really hard. It’s really affecting us because pretty much most people in the inner city of Louisville are [service] industry workers. For things like derby being canceled—it’s not canceled yet, but who’s to say it won’t be?” The Kentucky Derby is a major source of revenue for many service industry workers. As of this writing the Derby has been postponed from May 2 until September 5.

“This is financial suicide. We’ve had a couple new restaurants open up here every few months and it sucks for new business owners who just started, trying to get their business on their feet, and then this happened. We just hired a bunch of people because [the restaurant] finally started doing really good, and then Thursday the national emergency hit and it was over. People haven’t been coming in to eat. They’ve been scared,” she said.

“I don’t know what I’m going to do. The government has to figure out something. Louisville Gas and Electric weren’t going to shut off anybody’s heat or anything, but what I’m worried about is this: once everything’s okay, are they going to penalize people or give them a \$700 bill later when the economy is back up, if it even does get back up? It’s really scary.”

Clara expressed her concern for people who are still lacking basic necessities like housing and utilities. “Where is Flint now?” she asked, referring to the fact that Flint residents continue to live through the pandemic without access to clean water. “Does anybody care about what happened in Tennessee a couple weeks ago? Where are all these other disasters at right now?” she continued, referencing the recent tornadoes that killed 25 people in Nashville, and other natural disasters. “It’s going to be a really scary moment when we’re all like, ‘Oh no—I can’t pay rent and I don’t have any money.’ What are people going to do?”

Lamar, another restaurant worker in Louisville, is facing the same problems. “I’m a cook and I’m also a musician. Both of those fields are taking a hit right now,” he explained. “That’s great—I’m all for it, to do whatever we have to do to stop the spread of it. But I’m not hearing a lot of plans for what they’re going to do for people in my position. I know a lot of musicians who

are losing gigs left and right. I know tons of service industry people—cooks, servers, hotel people—who are losing hours. And the best that we've gotten is that you can file for unemployment. But unemployment is a pretty small portion of what most of us would normally make. I'm not really hearing a whole lot of plans for how this is going to work for us.

"The idea is that we want to make sure that people who are sick and need treatment have access, but as a service industry person, most of us don't have health insurance. I'm already going to have to pick up second and third-hand job stuff. I have a friend who's helping me pick up a job doing home decoration stuff, laying tile, that sort of thing. That's not anything I've ever done, it's a whole new skill set I'm going to have to learn, and theoretically this is a temporary thing because this is only going to last a few weeks, a couple months, who knows, but the whole thing is really kind of scary honestly."

Lamar agreed that restaurants should remain closed, but without any income he doesn't know what will happen.

"Three weeks right now is the minimum. I've been reading that now they're saying maybe four to eight weeks of isolation, and that's frightening. I don't have money saved! I'm supposed to move out of this apartment by the end of May. How am I going to do that if I'm not making money?"

"We are being put in the position: what's more important, the general welfare of everyone else, or keeping my lights on? It's completely unfair. That is not a position I should be forced into. I shouldn't have to make that decision. If our government was doing what it's supposed to do, which is to look after and help its citizens, this wouldn't be a thing I would have to worry about."

Dallas, Texas

Hanna, a server at a restaurant in Dallas, does not know what she's going to do either. "I'm in a lead server position so I get paid \$8 an hour. My experience at this restaurant is a little bit different than my other server coworkers who get paid \$2.13 an hour. This place is a bit more high-end so the tipout is a bit more than what I'm used to at other restaurants," she told the WSWs.

"Our cover count has been dropping like crazy," she said, referring to the number of patrons during her shift. Fewer covers means less money for a worker who relies on tips to get paid. "Normally on a Sunday we'll have about 100 covers and a ton of walk-ins. We had 28 covers and maybe five walk-ins this past Sunday. The weekend was pretty brutal—really slow, not a lot of people coming in, so I've already been making a ton less money."

Tipped employees' wages vary state by state, but generally employers are able to force the cost of labor onto patrons through tips. Another subset of employees—bussers, barbacks, food runners, hosts, and others—receive a slightly higher hourly wage on their paychecks but rely on "tipout" from servers and bartenders to make up the rest. This, along with paying kitchen staff minimum wage, is how restaurants keep the cost of labor low. Forcing their employees to pay a portion of their wages to another group of employees also creates social tension in the workplace. Hanna said she's been "stiffed" on her tabs this week and has barely made \$80 on her dinner shifts, decreasing the amount she can tip out to her bussers and bartenders.

Hanna does not have a back-up plan for being out of work. Her

employer, who she said treats their staff better than most, is extending pay for the next week even though they're cutting hours. It is unclear what will happen beyond the first week. "Honestly I just plan on not paying my rent," she said. "They can wait. If things get back to normal, I'm just hoping they'll have some compassion and not charge late fees. In Dallas a lot of people live off tips. There are a ton of restaurants in this city. Even after the initial scare wears off, the recovery is going to be insane. We're definitely living in history right now. This is going to be in the history books in the future. I don't think the Dow has ever fallen this much since 1929."

"It's hard not to be worried. It's pretty serious. I really don't know what I'm going to do. I'm going to pay my electrical and internet bills but I have no plans on paying rent. I live in a tiny studio, the size of a modest hotel room, and I pay \$1,100. That's Dallas for you!"

Hanna also expressed concern about the lack of health care in the restaurant industry.

"I feel like I do work for a pretty good restaurant group and they just started offering health insurance. It's not the best, but it's pretty radical for any restaurant to offer health insurance at all," she explained. "I don't know what I'm covered for, I know I'm not covered for any in-patient hospital stays or anything. I have insurance enough to get tested for the virus, but if I get sick it's all on me. It technically is 'affordable' but you don't really get much for when you would need it. If I actually was sick and had to go to the ICU, that's all out-of-pocket."

She described her recent hospital bill: "I sprained my wrist and it was \$5,000. They charged me \$300 to clean a wound on my knee. They don't tell you, but they gave me gauze to take home with me and I got my itemized list and they charged me \$100 for gauze."

The cost of living and unexpected medical bills have left her without savings while she now faces unemployment. "Between my credit cards and what I have in my bank account right now, I've got like a solid \$800 to last me until I can maybe go back to work again. That doesn't cover my rent. It can cover food and basic necessities. I just bought a bunch of cat food before all this happened. I've got two cats and I need them to be taken care of, of course. I'm really scared and really interested to see how things will play out with the economy and jobs after all this. A lot is going to be different. There's no way that things are ever going to go back to the way that they were."

Are you a working in the service industry? The WSWs wants to hear from you. Comment below with your experience with the business closures which are being taken as part of the efforts to stop the spread of the coronavirus.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact