

New US unemployment claims hit 3.28 million as pandemic produces economic catastrophe

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New weekly claims for unemployment insurance, as reported by the US Department of Labor for the week ending March 21, give a glimpse of the social catastrophe that is developing for tens of millions of workers due to the COVID-19 pandemic.

New filings for state unemployment benefits in the US surged to a record 3.28 million last week, seasonally adjusted. The total was the highest one-week number of new claims ever recorded, and more than four times the previous record of 695,000 initial claims in October 1982. The number for the previous week was just 282,000, so jobless claims increased by more than 1,000 percent from week to week.

The jump came as states imposed stay-at-home orders and cases of COVID-19 surged across the US, overwhelming hospitals. The number of coronavirus-related death total in the US is now over 1,100 and rising rapidly.

There is reason to believe that the number of new claims would have approached four million, but for the website of New York state, currently the center of the COVID-19 pandemic in the US, crashing due to the crush of new applications. The state reported only 80,334 new claims, a vast underestimate. New York City Mayor Bill de Blasio predicted that 500,000 city residents would lose their jobs due to the coronavirus, to say nothing of those in the suburbs and upstate.

Pennsylvania had the largest number of new unemployment claims actually recorded, 378,908, as the state closed schools and businesses due to the pandemic. According to reports, there have been a staggering 650,000 unemployment claims in the state in the last 11 days. By the end of this week that total is expected to reach 800,000. Governor Tom Wolf asked all “non-life-sustaining” businesses to close as the state’s confirmed COVID-19 cases surged past 1,600.

Pennsylvania was followed by Ohio with 187,784 claims, according to a state estimate. There were 867 reported coronavirus cases in Ohio by Thursday, with 223 people hospitalized and 91 in intensive care, with that number expected to soar. Lieutenant Governor Jon Husted said that the state’s unemployment website had recorded 1.7 million hits in the last five days.

California saw 186,809 new unemployment claims last week, up from an already elevated 57,606 claims the previous week. California now has over 3,000 reported cases coronavirus and that number is doubling every three to four days, with a mandatory stay-at-home order in place.

Michigan had 129,298 new jobless claims and Massachusetts had 147,995. Both states are under lockdown orders. Michigan had some 2,856 coronavirus cases through Thursday and its death toll has passed 60. Texas and New Jersey each had over 155,000 new jobless claims. COVID-19 numbers are surging in both states.

Washington state, another center of the pandemic, had 133,478 jobless claims. There are more than 2,500 COVID-19 cases in the state and nonessential businesses have been asked to cease operation. Boeing shut down its Seattle-based operations Wednesday for two weeks.

In Rhode Island, one in 15 workers, 6.4 percent of the workforce, sought benefits after the state banned all on-premise consumption at eating establishments and bars. In Nevada, nearly six percent of the state’s workforce filed claims as the state’s gaming industry was shut down for 30 days by order of Governor Steve Sisolak.

It should be stressed that all these numbers significantly understate the economic impact of the COVID-19 pandemic on the US population. The surge in new unemployment claims has overwhelmed state

unemployment offices, for the most part already significantly understaffed and underfunded due to cuts, meaning many claimants were unable to file. In many cases, phone lines were jammed and websites overloaded. Those unable to file will show up in future numbers.

Further, according to Labor Department procedures, those unemployment offices that fail to file their reports on time, perhaps because they are overloaded, are not counted at all in the official numbers. In addition, many millions more workers in the so-called gig economy are not eligible for regular state unemployment compensation because they are classified as self-employed. Students, undocumented immigrants, those who have worked less than six months in the year and those classified as seasonal also are not eligible.

Due to reactionary changes in state unemployment regulations, the proportion of workers eligible for benefits has steadily declined over the years. These changes have included drastic shortening of the period workers may claim benefits, onerous work search requirements and high earnings thresholds. As a result, considerably fewer than half of those presently unemployed receive unemployment benefits.

This is only the initial sign of a massive shock wave hitting the US economy and disrupting the lives of masses of people. Keith Hall, former director of the Congressional Budget Office and an advisor to George W. Bush, said, “We have not seen this big of a free fall before, not even during the Depression. It’s really like an instant great recession.” He estimated that the official unemployment rate could hit the Great Depression level of 20 percent.

Another economist estimated that if one half the workers in restaurants and retail trade lost their jobs, unemployment could jump by 10 percent to 13 percent. That is well above the post-Depression high of 10.8 percent during the 1981-82 recession.

It is not known at this time how many jobs will be impacted. As a result of the 2008 economic crash, some 26 million jobs were eliminated. The present crisis could exceed that, and in a much shorter space of time.

Paul Goldsmith-Pinkham, an analyst with Yale, and Aaron Sojourner with the University of Minnesota, said that initial jobless claims for the current week could reach 4.7 million. They based their assessment on an analysis of internet search data.

With the crisis still in its initial stages, the profit-driven capitalist system has been utterly unable to respond in a systematic and rational manner to the challenge posed by the pandemic. After ignoring or minimizing the danger from months, the US government, like capitalist governments all over the world, has responded in an improvised and patchwork manner aimed above all at protecting the interests of the big corporations.

The temporary shutdown of nonessential businesses, made necessary by the failure to isolate and contain the spread of the virus early, portends untold suffering and hardship for wide sections of the population already surviving at bare subsistence levels. For millions of workers, the loss of even one weekly paycheck can mean the difference between economic survival and disaster.

Low-wage workers, who predominate in the sectors such as retail and restaurants hardest hit by the virus-related shutdowns, are also the least able to cope, often lacking health benefits and just keeping their heads above water.

Economists predict a wave of bankruptcies and foreclosures to follow in the wake of the massive job cuts. Many of the businesses closed due to the pandemic will likely never reopen. A huge decline in GDP is expected on a scale again not seen since the Great Depression.

The blundering and outright criminal character of the response of the US and other capitalist governments to this catastrophe poses sharply the need for the working class to intervene independently to defend its class interests and the interests of society as a whole. A rational and humane solution can only be found through the fight for an internationalist and socialist program.



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