# St. Louis Fed says 50 million Americans could be unemployed by July

Gabriel Black
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An estimate by St. Louis Federal Reserve economist Miguel Faria-e-Castro posted last week on the bank's Web site predicts that 52.81 million Americans will be unemployed by the beginning of July. This would result in an official unemployment rate of 32.1 percent, exceeding the record 24.9 percent jobless rate recorded at the height of the Great Depression.

Faria-e-Castro made his forecast by averaging a more pessimistic prognosis (40 percent unemployment) and a more optimistic one (10 percent). The estimate excludes those who give up looking for work and does not calculate the impact of whatever support may be given to small businesses.

Meanwhile, as the public health and economic impact of the coronavirus pandemic grows at an exponential rate, fueled by government delay, indifference and incompetence, and the ruling class's focus on propping up the financial markets, major corporations in the United States are announcing massive furloughs and wage cuts.

* Macy's, which owns Bloomingdale's, announced it will furlough the majority of its 125,000 employees this week, citing the collapse of sales. All of the chain's stores are closed. Its stock is down 68 percent since January.

* Gap, which owns Banana Republic and Old Navy, will furlough 80,000 of its 129,000 employees.

* Kohl's will furlough 85,000 of its 120,000 employees.

* Landry's Inc., which owns Del Frisco's, Golden Nugget Casinos and Bubba Gump Shrimp, will furlough 40,000 of its workers.

* The parent-company of shoe giant DSW will furlough 80 percent of its workforce.

* Marriott International, the world's largest hotel chain, is laying off tens of thousands of its 130,000-strong US workforce.

* Leaked documents from Delta show that airlines are making plans to reduce all workers' pay by 20 to 35 percent. Currently, 21,000 Delta workers have been placed on unpaid leave.

These companies are only the largest that have announced layoffs. Hundreds of thousands of smaller businesses across the country and millions around the world have either laid workers off or placed them on indefinite paid leave. Hotels, airlines, restaurants, bars, casinos, resorts, coffee shops, airports, rental car services, museums, cinemas, conference venues and retailers have all shut down or significantly reduced operations, leaving workers without pay.

Goldman Sachs now predicts that between April and June, the US economy will contract at an annualized rate of 34 percent—one of the biggest contractions in history. During the week ending March 21, a record 3.28 million people in the US applied for unemployment benefits. Goldman Sachs expects that this week's Labor Department report will show that during the week ending March 28, another 5.5 million people applied. The investment bank upwardly revised its estimate of unemployment from 9 percent to 15 percent by July.

In New York, the Department of Labor received over 7 million calls last week regarding unemployment and over 1 million just this past Monday. The program is reportedly so overrun that some workers have called thousands of times over several days and been able to speak to a representative for only five minutes.

The wave of layoffs and the dire economic forecasts expose the fraud of the claims by Democrats as well as Republicans that the bipartisan multitrillion-dollar corporate bailout enacted last week is a measure to protect the jobs and livelihoods of workers. While it hands over, directly and via the Federal Reserve, more than $6 trillion to the banks and corporations, it contains no serious protections against layoffs. Nor does it really prohibit corporate CEOs from funneling the cash windfalls stolen from the public purse into their own coffers and those of the hedge funds and big investors by means of stock buybacks and dividends.

The temporary extension of jobless benefits will not prevent the permanent loss of millions of jobs and the slashing of wages and benefits when workers are called back to work. In fact, the law explicitly permits companies that receive loans and grants to lay off up to 10 percent of their workforce through the end of September, with no restraints of job-cutting thereafter. And even this supposed "ban" on layoffs is rendered meaningless by the caveat that it applies only in so far as "practicable."

Major retail chains around the world were already struggling before the global pandemic. Prior to the shutdown, Macy's had announced plans to shut down 125 of its stores in the coming three years, and Gap was in the process of closing 230 of its stores. Coresight Research forecasts that a record 15,000 stores in the US will permanently close this year.

For US restaurant chains, 2019 recorded the lowest rate of growth in more than 20 years, following years of decline as market share was lost to online alternatives. Michael Halen, a Bloomberg analyst, said that in the restaurant sector, "You're going to see a lot of bankruptcies. You're going to see more chains go under."

The pandemic is greatly accelerating transformations that were already taking place in the global economy. Replacing the lost jobs at brick-and-mortar restaurants and retailers will be even lower-paid, more-contingent "flex" jobs, such as those at Uber Eats and Amazon Fresh. Smaller businesses of all types, starved of sales and saddled with debt, will close down, further consolidating capital among a handful or gigantic banks and corporations.

The pandemic will also fuel the replacement of human labor with robotics and automation. A survey of corporate executives by the UK-based auditing firm EY found that 41 percent of companies were speeding up their transition to automation in response to the crisis. Supermarkets and restaurants will speed up the replacement of cashiers with automated check-outs and online delivery services. Manufacturing companies will accelerate the adoption of labor-replacing machines.

A report by the Economic Policy Institute predicts that the extent of joblessness will vary state-by-state. States such as Nevada and Hawaii that rely heavily on the tourism, entertainment and leisure industries will likely be devastated by the contraction, experiencing significantly higher rates of unemployment. In Nevada, 40 percent of all workers are in either the leisure, hospitality or retail sectors. States such as Texas that rely heavily on oil production will also be hard hit as the price of oil plummets and drilling grinds to a halt.