

New US weekly unemployment claims near 2 million as foreclosures, hunger loom

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New unemployment claims in the United States are continuing at historically unprecedented levels as ever-broader layers of the population are feeling the impact of mass joblessness.

In the last week of May, 1.9 million people filed for jobless benefits, a slight drop from the previous week but far outstripping the high of previous recessions by multiple factors. The above number does not include 623,000 new claims for federal aid now available to the self-employed and Gig workers not normally eligible for state unemployment benefits. Nationwide the numbers of workers receiving benefits increased to 21.5 million, indicating more are losing their jobs than are returning to work.

The official unemployment rate is expected to reach 19.5 percent in May, the highest level since the Great Depression. This number is in itself a vast underestimate of the actual rate of unemployment since it does not include undocumented workers, many self-employed workers, discouraged workers and the millions who were unemployed before the pandemic. Some estimate the real unemployment rate is closer to 25 percent.

The official unemployment rate was above 20 percent the week of May 17 to 23 in five states. Nevada, dependent on tourism, has a jobless number of 28.3 percent, the highest unemployment rate of any state, even during the Great Depression. Michigan is second with 22.7 percent.

The unemployment figures give the lie to the claims of an impending “V”-shaped recovery, or that the worst of the economic meltdown is over. To make matters worse, payment of claims for many workers has been delayed due to inefficient and outmoded state unemployment systems. Some laid-off workers have been forced to call their state offices hundreds of times

to try to file.

In Michigan 50,000 new claims were filed last week, with only 50 staff workers to process them. Some have reported waits of three to four or even eight weeks to get benefits.

Even though governors in most states are allowing the re-opening of businesses and some companies are recalling workers to take advantage of federal assistance tied to maintaining payrolls, many of these workers are likely to be laid off again when the aid runs out.

Further, the premature re-opening of factories and businesses, while COVID-19 continues to spread, gives workers the impossible choice of returning to work without proper protection or facing the cutoff of their unemployment benefits. Several states are actively encouraging employers to report workers who refuse to return to work over health concerns, who would then face the loss of their benefits.

According to a University of Minnesota survey, through the end of April 10 million people had lost their health care coverage, which in the US is often provided by employers. The loss of health care during a pandemic is a lethal combination, which demonstrates starkly the reactionary character of for-profit medicine.

The continuing high number of new unemployment claims points to the broader economic meltdown that has been triggered by the COVID-19 pandemic. US commercial bankruptcy filings were up 48 percent in May from one year earlier. They were up 28 percent from April, including major bankruptcy filings such as J.C. Penney and Neiman Marcus. This month, fashion retailer J. Crew and Pier 1 Imports joined the list of business failures.

It is becoming increasingly clear that many of the jobs wiped out over the past two months will never

come back and that many small businesses will never re-open. In the face of this social catastrophe the response of the ruling class has been to shovel trillions to bail out Wall Street, money that will have to be repaid through the imposition of unprecedented hardship on the backs of millions of workers and young people.

High levels of unemployment are leading to predictions of a mass wave of foreclosures and evictions in coming months as state moratoriums on foreclosures are expiring. While some states have enacted temporary extensions of moratoriums, bans are being allowed to expire in others. In Texas, a moratorium on foreclosures expired May 19. Starting June 8, landlords in non-federally subsidized housing in Louisiana can begin evictions. Kansas has also let its foreclosure ban expire.

A 60-day ban on foreclosures in the state of Wisconsin came to an end on May 27. "I think there is going to be a tsunami of evictions filed, which is going to jam up the courts pretty good for a while," Nick Toman, an attorney with the Legal Aid Society of Milwaukee, told local media.

The temporary federal expansion of unemployment benefits has helped many to meet mortgage and rent payments. Andrew Jakobovics, with an affordable housing non-profit, told NPR, "When the \$600-a-week unemployment insurance runs out at the end of July, most people expect tremendous displacement risk. Evictions are likely to go through the roof."

Meanwhile, workers are increasingly unable to pay off debt. According to the *Wall Street Journal* about 15 million credit cards and 3 million auto loans did not get paid in April.

As a consequence of the spreading economic disaster some 54 million people across the US could go hungry, without food aid assistance of some kind, according to an analysis by Feeding America, which oversees a network of food banks. That compares to 37 million last year.

Food pantries distributed 32 percent more food in April than a year earlier, even as thousands had to shut down due to lack of volunteers because of COVID-19. At the same time, staple goods such as canned vegetables are becoming more expensive.

Many of the states with the highest level of food insecurity are in the Deep South, but the problem is truly national in scope. Mississippi is proportionately

the worst-affected state both before and since the pandemic. Almost three-quarters of a million people in the state could need food assistance in 2020, including one of every three children. Louisiana, Alabama, Texas, Oklahoma and Arkansas are also severely affected, along with New Mexico and Nevada.

Long lines of cars outside food distribution points are a common sight. Last week in Tucson, Arizona, some 1,400 cars lined up at a mobile distribution point. For three hours, volunteers helped distribute grocery boxes containing canned fruits, pinto beans, pasta, milk, fresh vegetables, frozen meat and bread.

In Las Vegas, Larry Scott, who runs a food bank in the city, said food aid needs to increase by 65 percent to stop people from going hungry. According to Feeding America, workers in the service or leisure and hospitality industry suffer above average rates of food insecurity (16-17 percent). With the shutdown of hotels, restaurants and casinos their situation is particularly dire.

Los Angeles County, California is expected to have 1.68 million food insecure people this year, the highest number in absolute terms in the US. As of May 22, food-related calls to the county's hotline were up 406 percent since the previous month. The county has a 20.3 percent unemployment rate. While food stamp applications have tripled, food banks say they will be unable to meet the need if high levels of unemployment persist.

The growing economic hardship for millions combined with the rising death toll from COVID-19 due to the homicidal "herd immunity" policy of the ruling class, has raised class tensions to an unprecedented level. It is posing ever more sharply the need for the socialist reorganization of society so that human needs can be met, rather than squandering vast resources on the further enrichment of the financial elite.



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