New US jobless claims once again exceed one million

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More than one million workers in the United States filed new unemployment claims last week as the social and economic crisis triggered by the COVID-19 pandemic continues to punish workers while the stock market reaches new highs.

According to the Bureau of Labor Statistics, 1,006,000 workers filed initial claims for jobless benefit in the week ending August 22, slightly down from the 1,104,000 the week before. The total number of people claiming ongoing benefits in all programs for the week ending August 8 was 27 million. By contrast, there were 1.6 million claiming benefits in all programs in the comparable week in 2019.

The Labor Department said the official unemployment rate had fallen from 10.1 percent to 9.9 percent for the week ending August 15. Only those who receive regular state benefits (14.5 million) are counted and not the 12.5 million receiving federal assistance for the self-employed and gig workers. If both figures were factored in out of the US labor force of 159.9 million, the unemployment rate would be 17 percent. Even this is an underestimation since it does not count the millions who are jobless and getting no unemployment aid or who have been forced to work part-time.

The territories and states with the highest insured unemployment rates in the week ending August 8 were in Hawaii (19.8), Puerto Rico (19.2), Nevada (17.3), California (16.1), New York (15.4), Connecticut (13.6), Louisiana (13.5), the Virgin Islands (12.8), Georgia (12.6), and Massachusetts (12.2). New Jersey, Florida, New York and Texas saw the highest number of first-time claims the week ending August 15.

In comments on the economy, President Trump boasted Thursday that the "country is doing very good," adding, "We're on a V, could even be a Super-V," referring to the supposed V-shaped rapid plunge and recovery of the economy.

The reckless drive to reopen the economy added some 9.3 million jobs to the economy over the last three months. But this initial job increase, less than half of the 22 million wiped out in March and April, began to peter out last month as some businesses reclosed due to the surge of COVID-19 cases, and a swift rebound is not expected.

About 33 percent of the employees put on furlough in March were laid off for good by July, according to Gusto, a payroll and benefits firm, and economists predict that as many as half of all temporary layoffs could become permanent.

"The longer this drags out, the more the shape of the recovery will look like the Great Recession," Dante DeAntonio of Moody's Analytics told *USA Today*, adding that he expects unemployment to remain high at 9.5 percent by year's end and 8.1 percent by the end of 2021.

Corporations are also exploiting the crisis to accelerate longstanding restructuring plans. This week, several companies joined the list of downsizing firms. These include:

• San Francisco-based Salesforce, the cloud software giant, sent out layoff notices Tuesday to nearly 1,000 workers, the day after company executives lifted their full-year earnings outlook and posted a record $5.15 billion in sales for the most recent quarter. The company, led by billionaire Marc Benioff, who made a "no layoff pledge" in March, said it expects to top profits figures in the current quarter in which the layoffs are unfolding. As of early July, more than 25,500 employees of Silicon Valley start-ups, including Uber, Lyft, Airbnb, and Groupon had lost their jobs, the *Wall Street Journal* reported.

• Home goods retailer Bed, Bath & Beyond announced Tuesday that it was laying off 2,800 workers at its corporate headquarters and stores, "effective immediately," as part of an "organizational realignment" to slash between $250 and $350 million annually and focus on its digital sales. Last month, the retailer said it would shut down roughly 200 stores over the next two years, increasing by fivefold store closing plans revealed in January.

• American Airlines said this week that it would eliminate another 19,000 jobs by October 1 if the company did not receive another tranche of corporate bailout money from the US government. The company, which has already forced 11,000 employees to take "voluntary separations," spent $12 billion on stock buybacks and more than $1 billion in dividends over the past five years. Delta plans to lay off nearly 2,000 pilots and United Airlines has threatened to cut 36,000 jobs once the prohibition on layoffs included in the government bailout expires on October 1.

• Restaurant chain Ruby Tuesday is closing locations without even giving staff advanced warning. "If a store is shutting down permanently, Ruby Tuesday never, ever, ever, ever gives notice to anyone," a current employee in Missouri, who has been with the company for 14 years, told *Business Insider*. "The district manager will call the general manager literally the night before and say, 'Hey, you're being shut down. Tonight is your last day of being open. Don't tell anyone until tomorrow.'"

Meanwhile, most small businesses that were able to qualify for the government's Paycheck Protection Program have now run out of money, prompting a new wave of permanent layoffs. *USA Today* reported that 84 percent of small businesses have exhausted their PPP loans, up from 71 percent in July, according to a survey out this week from the National Federation of Independent Business.

While lower-paid workers are losing their jobs at about three times the rate of higher-wage employees, layoffs are hitting salaried employees able to work at home too. The "drop in overall employment that white-collar industries like real estate, information and professional and technology services have seen in five months is already on par with or worse than the hits they took during the Great Recession," Politico recently reported.

It has now been a month since the $600-a-week federal unemployment payment was allowed to expire, and nothing has been done by the Democrats and Republicans to renew it. On the contrary, the economic desperation caused by this two-thirds or more reduction in weekly income for unemployed workers is being used by employers to pressure workers to return to unsafe factories, warehouses, offices and other workplaces

About 26.5 percent of adults either missed their last rent or mortgage payment or have either slight or no confidence that they can pay the next one, according to a recent survey by the US Census Bureau. More than a third expect someone in their household to lose employment income over the next four weeks, while 51.1 percent had already seen a loss in employment income, *Forbes* reported.

In addition to a wave of evictions and foreclosures due to the expiration of state moratoriums, tens of millions of households face the loss of gas, electricity and water service due to the expiration of state prohibitions on utility shutoffs by the end of September.

A new report by energy start-up Carbon Switch, cited by CNBC, said ten states had already let the prohibitions expire and throughout August and September 14 states will join them. Carbon Switch calculates that by October 1, about 76 million households will be without shutoff protections.

The report said 8 out of 10 of the nation's biggest utility companies are planning to return to normal operations by September 15 and will start cutting off customers' electricity and gas if the bills are overdue.

"There's going to be a tidal wave of utility shutoffs," Michael Thomas, founder and head researcher of Carbon Switch, told CNBC. "That's because in some states, as many as a third of households are behind on payments. Typically, only about 7 percent to 9 percent of Americans are delinquent on their payments, he explained. "It's just crazy by any measure."

While tens of millions face Great Depression-like conditions, major corporations, like Disney, General Motors and Yelp, have already restored temporary pay cuts to corporate executives, which were announced earlier this year with great fanfare about "equal sacrifice" as they slashed jobs and cut pay.

The vast bulk of executive compensation comes from stock options. Driven by the rising stock market, CEO compensation rose to its highest level in seven years last year, the Economic Policy Institute (EPI) recently reported, and is poised to rise again in 2020, despite the economic and social crisis. According to EPI, top executives at the largest US companies pocketed "an average of $21.3 million in realized compensation in 2019, setting the ratio of CEO-to-worker pay at 320 to 1, up from 293 to 1 in 2018 and more than five times as high as the 61-to-1 ratio in 1989." Between 1978 and 2019, according to EPI's analysis, CEO compensation, adjusted for inflation, rose 1,167 percent. By contrast, the typical worker's compensation grew by only 13.7 percent over the past four decades.