

# Nearly 900,000 new jobless claims in US as benefit cutoffs lead to spike in poverty

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New first-time weekly unemployment claims increased to 898,000 last week as the US jobless crisis shows no signs of easing some seven months into the coronavirus pandemic. The weekly total was the highest since late August.

Unemployment filings have been between 800,000 and 900,000 over each of the last four weeks, with a four-week moving average of 866,250 last week, up 8,000 from the week before. The weekly total may be greater since the state of California's numbers are only estimates. The state has temporarily stopped processing new claims to clear up a backlog of cases.

Some 26 million workers are receiving some form of government unemployment aid including self-employed and "gig" economy workers. Meanwhile, small business closures are at catastrophic levels.

While new first time claims for unemployment benefits remain at historically unprecedented levels, the US Congress has thus far refused to restore supplemental unemployment benefits that expired July 31. A scaled down supplement authorized by the Trump administration has now been largely exhausted as well.

The criminally indifferent response to the worst economic and social crisis since the Great Depression has a definite class logic. Whatever their differences, both corporate-controlled parties are using economic pressure to force workers back into unsafe factories and workplaces even as COVID-19 infections and deaths continue to rise.

The threat of a massive new round of layoffs looms. Officials in Cook County, Illinois, which includes Chicago, announced a new operating budget this week that includes the elimination of 659 jobs, including 130 health workers in the midst of a pandemic. Rutgers University is planning additional layoffs after the 900

layoffs and 6,400 furloughs it has already implemented. The Tropicana casino and resort in Las Vegas announced 828 layoffs while Rochester, New York schools are cutting 200 non-teaching personnel.

The predictable result of this has been hardship and poverty for millions of unemployed or partially employed workers. Several new studies have shown a significant growth in poverty, particularly in the period after the expiration of the \$600 weekly unemployment supplement at the end of July.

According to researchers at Columbia University, using monthly data, the number of poor has increased by 8 million since May after falling by 4 million, due to the expanded aid to the unemployed included in the CARES Act. According to the study, while the stimulus checks and supplemental unemployment benefits lifted 18 million individuals out of poverty in April, by August and September that number had fallen to just 4 million. It noted that the number of those in deep poverty, defined as incomes less than 50 percent of the official poverty rate, has increased steadily throughout the pandemic.

Using a different methodology, another study by researchers at Notre Dame and the University of Chicago found that the number of poor has increased by 6 million over the past 3 months. This number is surely understated given the absurdly low official poverty threshold of \$26,200 for a family of four.

Bruce D. Meyer, a University of Chicago economist, told the *New York Times* that the numbers "tell us people are having a lot more trouble paying their bills, paying their rent, putting food on the table."

The Notre Dame and Columbia studies showed child poverty increasing sharply, with 2.5 million additional children living in poverty since May.

According to the analysis by Columbia University,

about one third of those unemployed still do not receive any benefits, either because they don't realize they are eligible, or they have been unable to navigate overloaded and outdated state unemployment claims systems. In addition, undocumented workers are not eligible for government assistance, including for their children.

A separate study by The Shift Project at Harvard University found that only 27 percent of cashiers, delivery drivers and other service workers laid off in April and May were able to collect unemployment benefits. The study found a wide disparity between states. For example, 77 percent of unemployed workers in Minnesota were able to collect benefits while only 8 percent in Florida were successful.

The study was based on a survey of 2,561 unemployed people who had been laid off or furloughed from their jobs at over 100 large companies in the retail, food service, hospitality, grocery, pharmacy, fulfillment, or hardware sectors. Of those workers, 71 percent successfully completed applications but only 39 percent of the claims were accepted and only 27 percent actually received payments.

The consequences of not being able to collect benefits were often dire. According to the Harvard researchers, 26 percent of former workers "had gone hungry because they couldn't afford enough to eat and 13 percent experienced housing insecurity—having to double-up or staying in a shelter or other place not meant for housing."

Close to 18 percent said that someone in their household did not get medical care because of the cost. "Even larger shares had trouble paying essential utility bills (35%) or struggled to cover their expenses and pay bills (43%)."

Reflecting the poverty wages wide sections of service workers receive, the study reported that even among those working, 14 percent "reported going hungry in the past month because they couldn't afford enough to eat, and 5 percent experienced housing insecurity."

A new study led by McGill University in Montreal, Canada showed a link between deaths from COVID-19 and economic inequality. The report published in *Social Science and Medicine* analyzed data from 84 countries.

The study found that higher income inequality

correlated with more deaths even when accounting for other factors such as the age of population or income levels. "Countries with a larger gap between rich and poor, like the United States, Russia, and Brazil, are experiencing a more deadly pandemic," McGill Professor Frank Elgar said in releasing the results of the study.

The report concluded, "Our analyses revealed that country-level wealth and income inequality were positively and consistently related to mortality after other social factors were controlled."

The possible factors leading to higher deaths in more economically polarized countries included low-wage workers being over-represented in service professions where social distancing is difficult and having less access to health care.

Millions of unemployed workers face a cliff December 31 when extended unemployment benefits and other supports remaining under the CARES Act expire. This also applies to millions receiving benefits under the Pandemic Unemployment Assistance program for self-employed and so-called gig workers who are generally ineligible for state unemployment benefits.

Meanwhile, Congress and the Trump administration have shown no urgency in extending further support to the unemployed. For all the internecine warfare in the presidential campaign, neither one of the corporate-controlled parties will do anything to seriously address mass poverty and joblessness.



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