# US jobless rates falls but long-term unemployment up sharply as millions remain out of work

**Shannon Jones**
**6 November 2020**

The US unemployment rate fell to 6.9 percent in October, a one percentage point drop, even as the number of long-term unemployed, those out of work 27 weeks or longer, increased by 1.2 million to 3.6 million.

More than seven months since the start of the pandemic, the economy has added only a little more than one half of the 22 million jobs that were initially lost. There were some 638,000 new jobs added in October, but that marks a decline in new jobs over previous months, indicating that the pace of the recovery is slowing. There were 672,000 new jobs in September, 1.5 million in August and 1.8 million in July.

While service industry jobs in areas like restaurants and retail trade rose in October, there was a sharp drop in government jobs as states and localities faced severe revenue and budget issues. Manufacturing gained just 38,000 jobs and is still down by 621,000 jobs since February. Health and social assistance added 79,000 jobs and is still down 950,000 since February. In another sign of distress, overall employment at small businesses is reported to be falling.

Reflecting the irrationality and anti-social character of the capitalist profit system, hospital employment is down nearly 2 percent since last year in the midst of the pandemic. It fell by nearly 4 percent between May and September. Employment at nursing and residential care fell by almost 88 percent in the same period.

At the same time, the labor force participation rate, a measure of the total population that is employed, rose only slightly, 0.3 percentage points, to 61.7 percent. The number of those working part-time, rather than full-time, rose 383,000, to 6.7 million. Total US output is down 3.5 percent since the end of last year.

As the pandemic resurges in the United States, setting new records for the number of daily new infections, job growth is sure to slow or reverse even without new lockdowns. Many of the new jobs being added have been restaurant or retail jobs, likely to be hammered as the winter season approaches and virus cases explode. While restaurant hiring represented one of the largest jobs gains last month, the end of outdoor dining throughout much of the country with the approach of the winter season could lead to more job cuts.

Adding to the hardship facing the unemployed or those on part-time hours, the US Congress has blocked the reinstatement of the $600 weekly supplemental that expired at the end of July or any aid to the unemployed or small business, with neither Republicans nor Democrats indicating any sense of urgency. Nor has Congress acted on an extension of the moratorium on evictions, set to expire at the end of the year.

At the same time, a $300 weekly supplement initiated by the Trump administration out of federal disaster relief funds has also been exhausted. Despite the rise in jobs, personal income in the third quarter fell $636.7 billion, or 13.2 percent, largely due to the ending of these government social benefits.

There are indications that the Democrats will wait until the installation of a presumptive Biden administration in late January to consider any new relief measures.

There are still 21.5 million people collecting some form of government unemployment assistance compared to 1.44 million in a comparable week in 2019. Millions more have exhausted benefits and dropped out of the labor force and are not counted in official statistics. Some 54 million people are going hungry and millions more face evictions or utility shutoffs. Some 8 million have fallen into poverty since the start of the pandemic.

In Pennsylvania, tens of thousands face the threat of utility shutoffs as a statewide moratorium put into effect in March expired this week. According to data from the Pennsylvania Public Utility Commission, the money owed to utility companies in the state has gone from $432 million last year to $721 million as of September.

The financial aristocracy has utilized the pandemic to leverage a massive increase in its wealth, shifting the entire cost of the economic disaster precipitated by the pandemic onto the shoulders of the working population.

The stock market has continued to rise, celebrating death amidst the upsurge of the pandemic. Consequently, the wealth of the 643 US billionaires continues to increase, having already risen $845 billion in the period mid-March through September.

Many of the jobs destroyed by the pandemic are likely to never return as companies use the crisis to engineer major restructurings. Even if job growth continues at the current pace, which is unlikely, it would take 16 more months for employment to reach pre-pandemic levels. The leisure and hospitality industry, including restaurants, travel and entertainment, is still down 3.5 million jobs. Retail trade is down about 500,000 and health care and social assistance is down 950,000 since February.

There is currently a greater jobs deficit, 11 million, than at the worst point of every previous postwar recession, including the Great Recession of 2008. New weekly claims for unemployment are still at four times the pre-pandemic level.

An economist at the Washington Center for Equitable Growth, Kate Bahn, told the *Washington Post* that the modest job gains in sectors that were vulnerable to the impact of the pandemic was a concern.

"These gains are really limited as the pandemic is surging and we're heading into winter," she said. "It's better than expected, but there's a lot of evidence that it's still a limited recovery, that is really uneven and has exacerbated a lot of inequality that existed before the crisis."

Gregory Daco, the chief economist at Oxford Economics, warned in the *Wall Street Journal* that a full recovery is long in the making. "In normal times getting 600,000 jobs on a monthly basis would be great," Daco said. "But in this environment, you're still looking at a recovery that's going to take a couple of years to get us back out of this hole. If job growth moderates further then we're talking about three or four years, and that's a very long time."

According to the Conference Board, one in ten employers plan to cut jobs during the final quarter of 2020. Eleven percent said they plan to reduce bonuses, eight percent say they plan to defer bonuses or raises, and eleven percent plan to freeze hiring.

Almost one third of industries have reduced hours since the start of the pandemic. Mining and logging are the worst impacted, showing a two-hour per week decline. Construction work hours fell by nearly one hour per week while durable goods, wholesale trade and manufacturing also showed declines.