

New weekly jobless claims at 787,000 amid signs of US economic slowdown

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New first-time claims for unemployment benefits remained at historically high levels last week following the passage by Congress of a temporary \$300 weekly addition to state jobless benefits and an absurdly inadequate one-time \$600 stimulus payment.

There were 787,000 new claims for unemployment benefits for the week ending January 2, only a slight drop from the previous week and still an extremely high number by previous standards. It demonstrates the continuing hardship and suffering for millions of American workers as hospitals are overcrowded with COVID cases and the pandemic death toll rises.

Only a few states have started distributing the additional \$300 unemployment payments, while others, such as Ohio, say they are waiting for additional “guidance.” The supplement will only last for 11 weeks, ending in March, long before the COVID-19 pandemic will be contained.

The number of continuing claims for unemployment assistance fell 125,000 to 5.1 million last week. And there was also a decline in the number receiving extended unemployment benefits. However, the drop was likely related to the lapsing of the previous federal unemployment extension on December 26.

For a similar reason new applications for Pandemic Unemployment Assistance (PUA) fell as well to around 160,000 from 310,000 the previous week. The program provides assistance to those not normally covered by regular unemployment benefits such as self-employed and independent contractors. It followed a nearly week-long lapse in benefits as Trump and Congress engaged in parliamentary theatrics. As a result there was evident confusion among potential claimants over whether or not they were eligible.

The result was a further blow at millions of workers already behind on rent and other critical payments. A

number of states, such as Arkansas, Colorado, Delaware, Florida, Indiana, Minnesota, Ohio and Wyoming, did not report any new claim data for the PUA program at all during the week ending January 2.

A US Labor Department report due out Friday is expected to show the unemployment rate increased to 6.8 percent after months of declines. However that number is itself a gross understatement. It does not include workers employed part time who want full time work and doesn’t include “discouraged workers” who have dropped out of the labor market altogether. According to Thomas Barkin, president of the Richmond Federal Reserve, some 4 million workers employed before the pandemic have left the labor force. If those were counted, the actual unemployment rate would be 9.5 percent.

The biggest employment declines in December were in businesses such as restaurants, hotels and retail stores that depend on face-to-face interaction with customers. These businesses are not likely to recover until after the pandemic ends.

Since March, when the pandemic forced widespread lockdowns, new weekly unemployment claims have been running at historically unprecedented levels. Over 73 million new claims for benefits have been filed during this period. The threat of eviction looms for millions, while 50 million face food insecurity.

The hunger crisis is being exacerbated by a global rise in food prices, which have gone up 18 percent since May even as incomes decline. Federal data analyzed by Northwestern University found that overall food insecurity has doubled, and child food insecurity has tripled during the pandemic. Nationwide, seven percent of families reported receiving free food in the previous week.

Regardless, the stock market surge continued on

Thursday despite record deaths due to COVID and the storming of the US Capitol by fascist supporters of President Donald Trump. Tech stocks climbed to record highs led by electric vehicle maker Tesla, which was up five percent. Elon Musk, co-founder and CEO of Tesla, is now the richest man in the world based on his company's stock rise, with a net worth of \$187 billion, edging out Amazon CEO Jeff Bezos. Tesla's huge stock valuation is largely based on speculation, given that the carmaker delivered less than 500,000 vehicles in 2020.

After months of increased hiring the US economy is showing signs of a slowdown. The private payroll processor ADP reported that the private sector cut 123,000 jobs in December. It was the first monthly decline since April 2020. Consumer spending also declined in November for the first time in seven months as well as household income. According to JP Morgan Chase credit card and debit card purchases were down 6 percent in December from last year compared to down two percent year on year in October.

Some states reported a significant spike in new unemployment claims. New filings in Michigan rose to near 29,033, up from 19,818 the prior week. Due to cuts enacted by the state legislature those filing after January 1 will only be eligible for 20 weeks of unemployment benefits, not 26 as previously was the case. Another 6,000 in Michigan filed for PUA benefits the week ending January 2 and 304,080 Michigan workers remained on PUA benefits through December 19.

A number of other states showed increases of more than 10,000 new unemployment claims, including Colorado, Georgia, Kansas, Virginia and Texas.

In spite of unprecedented economic hardship, California is suspending unemployment payments on 1.4 million claims due to allegations of fraud. This comes at a time when the state has failed to process and pay out benefits. There were a reported 777,760 unemployment claims in California for the week ending December 30. That was a 32,124 increase over the previous week's total.

According to a report in the Guardian, nearly every US state has failed to meet federal standards that require getting unemployment benefits to claimants within three weeks. It cites the horror story of Eugene Williams of Daytona Beach, Florida, who lost his job

with a food distributor near the start of the pandemic. He received benefits up until June when he accidentally entered "return to work" while verifying his claim.

He has not been able to reactivate his benefits since that time and has suffered severe deprivation as a result. "I'm sleeping in my car and in the next few weeks I'll be without a phone," said Williams. He has been unable to find new employment and has had to rely on charities for food assistance. "It is impossible to get a hold of the unemployment department. ... all I'm hearing is 'be patient.' Isn't 31 weeks patient enough?"

The increasing economic desperation of millions of workers stands in sharp contrast to the enrichment of the financial oligarchy, who have been the recipients of trillions of dollars in federal handouts. This is a symptom of a deeply unjust and dysfunctional capitalist system that prioritizes private profit over human need. The answer is socialism, the control of production by the working class, the producers, on a rational and planned basis in the interest of the common good. We urge workers who agree with this perspective to join the Socialist Equality Party.



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