

# As COVID cases surge: Sharp rise in new US unemployment claims

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15 January 2021

In the first full week of 2021 new claims for unemployment benefits increased sharply amid the rising toll of the pandemic, with adjusted first-time unemployment claims reached 965,000 for the week ending January 9.

That is the highest weekly number since last August and it was the largest week over week gain in new filings since March. The raw number of new claims surged 231,335 to reach 1.151 million last week. Economists tend to place more confidence in the unadjusted numbers, since the disruptions caused by the pandemic has made the adjusted figure, based on seasonal fluctuations, less reliable.

New weekly claims for the Pandemic Unemployment Assistance program also rose last week, increasing by 100,000 to 284,470. The PUA provides benefits to the self-employed and “gig workers” who are not typically covered by regular unemployment benefits. This follows reports that the US lost 140,000 jobs in December, the first such monthly decline since March.

In addition, the number of continuing claims for unemployment benefits rose to 5.3 million from 5.1 million, indicating a rise in the long-term jobless. It was the first time that the number had risen since November, having declined through the summer and into fall.

The Economic Policy Institute said the actual situation is even worse than indicated by official figures, estimating that 26.8 million workers have lost their jobs or seen their hours cut due to the pandemic.

These numbers continue to be historically without precedent and point to immense economic instability and the increasingly dire conditions facing wide sectors of the population. This week the US Federal Reserve reported that an estimated 20 percent of workers in the bottom one-quarter of income earners are currently without work. Workers in this category tend to be in the leisure and hospitality industry, such as restaurants and bars, that

have been hard hit by the pandemic.

In typically understated language, Federal Reserve Governor Lael Brainard spoke of the “uneven” nature of the so-called recovery. “The damage from COVID-19 is concentrated among already challenged groups,” she said. Obliquely noting that stimulus measures have served mainly to enrich billionaires, she added, “The K-shaped recovery remains highly uneven, with certain sectors and groups experiencing substantial hardship.”

An economic analyst quoted by the *Wall Street Journal* remarked, “What we’re seeing in unemployment claims is a reminder that we’re likely to lose more jobs before we get to the end of this crisis.” Diane Swonk, chief economist at Grant Thornton, a large accounting and advisory firm, added, “the rising unemployment class combined with the job losses in December pointed to a further deterioration in the economic picture.”

Another analyst cited by the *New York Times* said, “We’re in a deep economic hole, and we’re digging in the wrong direction.” The economist, Daniel Zhao, with the career site Glassdoor, noted, “The report obviously shows that the rise in claims is worse than expected, and there is reason to think that things are going to get worse before they are going to get better.”

Consumer spending, another measure of economic well-being, declined in November, the first decrease in seven months. Household income fell as well.

In a further attack on the poorest sections of the working class, the Federal Reserve has said it may allow inflation to rise above the current rate of 2 percent annually, presenting it as the only alternative to a further rise in joblessness. In fact, the inflation rate on basic necessities such as food is already much higher. The official Consumer Price Index showed an overall 3.9 percent increase in food prices in 2020. Meat, poultry and fish prices were up 4.6 percent and dairy 4.4 percent. According to a report in Bloomberg, global food prices

reached a six-year high in December and are likely to keep increasing.

It has not escaped the notice of workers that throughout the pandemic the fortunes of the world's super-wealthy have soared even as devastation is visited on the mass of the world's population. Even the attack last week on Congress by a mob of fascists or the surge in COVID-19 deaths to over 4,000 a day could not halt the upward trend in the financial markets. The worse-than-expected unemployment figures had the same effect. The market welcomed the rise in economic hardship, calculating it makes further economic stimulus measures more likely.

The response of the US government to the economic meltdown has been to shovel more money into the coffers of big business through the purchase of corporate assets, holding interest rates near zero and providing other forms of welfare for the super-rich. This policy will be continued and indeed expanded under a Biden administration.

While the Democrats and Republicans squabbled for months over a paltry rise in unemployment benefits, they voted unanimously for a massive bailout for the rich. Rarely has the urgent need for a socialist reorganization of society been posed so starkly. The continuation of the economic and political domination of the class of billionaires promises only further and greater catastrophes both social and economic.

Meanwhile, many workers have still not received the paltry \$300 weekly supplement to state unemployment benefits enacted by Congress with much fanfare in December after lengthy delays. The program will end March 14. About half of US states have not yet issued the payments. The state of Ohio, for example, says it doesn't expect that most claimants will receive payments until the end of the month. Some 293,000 Georgia residents who exhausted PUA benefits will not get their extensions processed until near the end of January.

According to the Labor Department at least 18.4 million were on unemployment benefits on all programs combined, in late December. Only a little more than half of the 22 million jobs lost in March have been regained in the nine-month interval.

Millions are behind on their rent and could face eviction in coming months. The pandemic assistance passed by Congress in December only extended the federal moratorium on evictions until January 31. In addition, the federal relief bill only offered a minuscule \$1.3 billion in rent relief for renters facing eviction, a fraction of the arrears owed.

With the deadline approaching, housing advocates are raising alarms. The New York-based Care For the Homeless (CFH) warned that the end of the moratorium will not only lead to a rise in homelessness, but further the spread of COVID-19 as families are forced into unsafe accommodations.

CFH notes, "A nationwide study published by the Journal of Urban Health shows the correlation between housing stability and public health. They looked at data from 44 states between the months of April and September 2020 and found that lifting eviction moratoriums led to increased COVID-19 incidences and mortality rates in the United States."

It cited statistics to show that states such as Kentucky and Pennsylvania that imposed longer eviction moratoriums experience lower COVID-19 mortality rates while states like Texas, which lifted the statewide ban early, had a much higher mortality rate.

This situation calls for bold action by the working class. The Socialist Equality Party calls for emergency relief to all those who have lost income due to the pandemic, including artists, the self-employed and small business. This must be combined with the shutdown of all nonessential industry with full economic support for displaced workers until the pandemic is contained. All essential workers must be provided protection against the virus, including the supervision of workplace conditions by democratically elected committees of rank-and-file workers not controlled by the pro-corporate unions.

This fight poses the question in whose interests will society be run, the interests of the working class, that produces all the wealth, or the tiny layer of wealthy owners? We urge workers to join the SEP and take up the fight for socialism.



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