US sees higher than expected number of new weekly jobless claims

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The number of new filings for unemployment benefits for the week ending February 6 totaled a seasonally-adjusted 793,000, a slight drop from the previous week but significantly higher than what economists had predicted with the ending of some statewide COVID-19 restrictions.

February marks the 11th consecutive month since the start of the pandemic last March, where new weekly unemployment claims have exceeded 700,000, a level without modern historical precedent.

Enrollment in special federal pandemic unemployment insurance programs that had expired December 26, but were later renewed by Congress, surged. There were 334,524 new claims filed for Pandemic Unemployment Insurance, a federal program for the self-employed and "gig" workers.

According the US Department of Labor, the number of continuing claims for unemployment in all programs, including emergency extended benefits, for the week ending January 23, rose to 20,425,018, an increase of 2,596,539 from the previous week. The state of California alone registered an increase of 1,079,701 in new filings for emergency unemployment aid.

These harsh numbers follow the report by Federal Reserve Chairman Jerome Powell at the Economic Club of New York on Wednesday that detailed the devastating impact of the COVID-19-triggered economic crisis. The fed chairman said that the crisis had led to the largest drop in the labor force participation rate since 1948. The number, which measures the percentage of the population working, is a more accurate measure of unemployment than the official jobless figures.

Powell said that due to the misclassification of workers as employed who are in reality jobless, the real unemployment rate stands at near 10 percent, not the official 6.3 percent figure. In addition, the pandemic had hit the most poorly paid sections of the working class the hardest. While the decline in employment for workers in the top one-quarter of wage distribution was 4 percent, "the decline for the bottom quartile has been a staggering 17 percent."

According to a report Wednesday in the *Boston Globe*, some $17 billion in unemployment claims due in January have not yet been paid because of a backlog in claims caused by antiquated and understaffed state unemployment offices. The *Globe* reports that as of December the state of Massachusetts had only sent out 58 percent of checks to claimants within the stipulated two-week wait period and nearly 10 percent of eligible claimants did not receive checks for over 70 days.

A number of states have eased COVID-19-related restrictions, in particular California, leading to the recall of some workers in the restaurant and hospitality sectors. New York and New Jersey also lifted some restrictions. However, epidemiologists warn that the relaxation of restrictions while the pandemic is far from contained will only lead to a new surge in infections in the spring. This will be compounded by the drive by the Biden administration and Democratic Party officials to force the reopening of schools. Despite the claims of the US Centers for Disease Control and Prevention, schools are a major vector of transmission. Meanwhile, the rollout of COVID-19 vaccines has been slowed by breakdowns and numerous other problems.

According to a report this week in the *Washington Post*, of the 1.5 million workers who quit their jobs voluntarily last year—many over COVID-19-related concerns—80 percent had their claims for unemployment insurance denied. Another 75,000 refused to return to work after being recalled. Some 49 percent of those workers had their claims denied.

The *Post* interviewed Jonathan Burlingame, who worked at a factory in South Boston. With his aging parents moving in with him, Burlingame decided to quit his job rather than risk infecting them. The state of Massachusetts denied his unemployment claim and he has had no income since July.

He told the *Post*, “My dad beat cancer twice. I’m not going to bring something home to him and let him have two big wins beating cancer and then have this kind of thing shut him down because someone wanted their profit margin to be high.”

Other workers said they did not even file for unemployment benefits after leaving their jobs over COVID-19, fearing being charged with fraud.

In one harrowing case, an 83-year-old worker in Iowa with heart disease left his part time supermarket checkout job in March over COVID-19 concerns. He received unemployment benefits through April, but then the state told him to pay back $4,835. After futile attempts to appeal the judgments and the rejection of attempts to collect other state aid, the worker went back to work in late October. Within weeks, both he and his 82-year-old wife had COVID-19. The wife had to be put on oxygen but eventually recovered.

The *Post* notes that President Biden signed an executive order in January calling for the Labor Department to “clarify” rules as to what constitutes an unsafe workplace. The order will supposedly make it easier for workers who quit jobs due to COVID-19 to collect unemployment insurance.

However, the record of the federal Occupational Safety and Health Administration (OSHA) in protecting workers from COVID-19 has been in line with the long practice of the agency in covering up and protecting employers who force workers into unsafe workplaces.

Even under conditions where thousands of workers at meatpacking plants were contracting COVID-19 on the job, OSHA only levied a handful of fines and citations and then only for token amounts. Smithfield Foods in Sioux Falls, South Dakota received a derisory $13,494 fine after 43 workers were hospitalized with COVID-19 and four died.

Meanwhile, the proposed economic stimulus by the Biden administration is slowly moving through Congress. More than 11 million unemployed workers could start losing benefits in March when the federal extension of unemployment benefits enacted under the Trump administration expires. The bill has to go through myriad congressional committees, with no guarantee that it will be enacted, and signed into law before the March 11 unemployment cutoff.

Under the rules of budget reconciliation, whereby the Democrats can push through the stimulus as part of the federal budget without Republicans being able to use parliamentary delaying tactics to block it, if even one Democratic representative objects to the bill, it could delay passage. Democrats already stripped out of the stimulus a gradual increase of the federal minimum wage to $15 by 2025. The current miserable $7.25 federal minimum wage has been frozen since 2009. The minimum wage hike was jettisoned in part because of the objection of Democratic Senator Joe Manchin of West Virginia.

The Biden administration is reportedly considering further limiting those who will receive $1,400 payments in the stimulus bill. Proposals have been floated for phasing payments out for individuals earning more than $50,000 or $75,000 a year, which could mean many workers would get no stimulus or a reduced payment.