

US auto plant shutdowns spur unexpected rise in jobless claims

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The number of American workers filing new claims for unemployment compensation jumped significantly for the week ending July 16, driven by shutdowns in auto production linked to a shortage of computer chips. The total rose by 51,000 from the previous week to 419,000, the highest weekly total since mid-May.

An additional 110,257 applications for benefits were filed through a temporary federal relief program for freelance, “gig” and other contingent workers, bringing the total number of all claims for state and federal benefits to more than half a million. The combined figure has remained stubbornly at that level or above despite claims of the Biden administration of a booming economic recovery.

Four states—Michigan, Kentucky, Texas and Missouri, all with large auto assembly complexes—accounted for the lion’s share of the increase in new applications for state jobless benefits. Michigan showed the most dramatic increase, up 175 percent, rocketing from 7,465 claims to 20,548. Nearly 13,000 of the new claims were in the auto industry, either in auto manufacturing and auto wholesale trade, according to the state labor department.

There are likely to be further auto-related increases in unemployment, from a combination of chip shortages and summer cutbacks due to changeover to production of new models. General Motors announced Wednesday it would cancel production at its Ft. Wayne, Indiana truck plant and cut production at the Flint Assembly plant because of the chip shortage.

In addition to the 13,000 new claims in Michigan, Texas saw a rise of 10,000 claims, Kentucky a rise of 9,000 and Missouri a rise of 5,500. There were smaller but substantial increases in the industrial states of Illinois, Ohio and Pennsylvania.

The increase of 51,000 overall came as a surprise to

financial markets, since a survey of economists in the *Wall Street Journal* had predicted a drop to 348,000, rather than a jump. It was the third week out of the last six in which new jobless claims have risen, undermining the complacent official forecasts of a steady downward trend in benefit claims.

The corporate media propaganda has focused on claims that federal supplemental benefits were too generous, and that workers were refusing to take new jobs because they would prefer to stay home and collect a check.

But despite two dozen states cutting off federal benefits in June and July, the number of claimants for jobless benefits remains much higher than pre-pandemic levels. This is not surprising, since there are 7 million fewer total jobs than before the onset of the coronavirus pandemic.

There are now reports in the corporate media grudgingly admitting that rising COVID-19 infections, rather than “excessive” jobless pay, account for the difficulty in bars, restaurants and retail shops finding the workers they need. Workers are simply unwilling to go back to low-paying, high-contact jobs where they face a growing risk of contracting a potentially deadly disease.

Four of the states with increased jobless claims—Missouri, Texas, Kentucky and Florida—are among those with the largest increases in COVID-19 cases in recent weeks.

Unemployed workers have been facing a stepped-up campaign, spearheaded by Republican governors and state legislatures, but backed tacitly, and on some occasions explicitly, by the Biden administration, to roll back the federal benefits even before their scheduled expiration on September 6.

In Michigan, the Republican-controlled state

legislature passed a measure to rescind the state's acceptance of the \$300-a-week federal supplemental benefits, but Democratic Governor Gretchen Whitmer vetoed it. Whitmer also declared an amnesty for the 650,000 jobless workers who were being targeted by her own administration to repay benefits that were deemed to be "excessive" because the workers had made errors in their applications.

The total number of workers with continuing claims for state unemployment compensation fell to 3.24 million, the lowest point since the pandemic struck in March 2020. The total receiving benefits under state and federal programs combined fell by 1.2 million to 12.57 million, in large measure because of the state-by-state campaign to end the federal supplemental benefit, as well as a program which provides benefits for freelance and "gig" workers who are usually ineligible for state benefits.

There are also millions of workers who have been jobless for so long that they will either lose benefits entirely or see their weekly payment substantially reduced, because they are reaching the end of their "benefit year." Other workers have worked so little during the pandemic that when they do file claims of jobless benefits, they only qualify for a very small weekly amount, since the payment is based on their recent earnings.

About 4.1 million workers, more than a third of all those receiving benefits, were collecting payments from the Pandemic Emergency Unemployment Compensation, the official name of the federal supplemental benefit, which ends in every state in the first week of September. Another 5.7 million gig and freelance workers receive benefits under the Pandemic Unemployment Assistance program.

At his town hall meeting in Cincinnati, Ohio Thursday night, hosted and broadcast by CNN, President Biden reiterated that there would be no extension to those benefits and that the September cutoff of both programs would take effect. "The economy is picking up significantly," he told his audience at Mount St. Joseph University.

Asked whether the federal unemployment benefits supplement had been an incentive for workers not to take jobs they were offered, Biden responded, "Let's assume it did, but it's coming to an end."

The president flatly rejected any change in the

filibuster rule in the Senate, the anti-democratic procedure that allows a minority to block legislation that fails to obtain 60 out of 100 votes in the upper house. While previously acknowledging that the filibuster rule is a legacy of the racist Jim Crow period in the American South, Biden claimed that scrapping it would "throw the entire Congress into chaos and nothing will get done, nothing at all will get done."

While urging unvaccinated people to get their shots to protect themselves from coronavirus, Biden spent much of his time professing his willingness to work with Republicans on the passage of a bipartisan infrastructure bill, which had been blocked only hours earlier by a Senate filibuster.

"I take my Republican colleagues at their word. I come from a tradition in the Senate, you shake your hand, and that's it, you keep your word," he said, adding that Ohio Republican Senator Rob Portman was one of those he could trust.

Even the vetted audience at a Catholic college saw expressions of skepticism about this approach, with one questioner asking about the "utopian need to gain bipartisan support."

Biden replied, "I may be the wrong guy to talk to."



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