

As US unemployment reaches Great Depression levels, millions still unable to obtain assistance

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More than 3.8 million workers in the US filed for unemployment benefits last week as the country faced the worst economic crisis since the Great Depression. More than 30 million American workers have filed unemployment claims since the beginning of statewide lockdowns in response to the coronavirus pandemic in March. That number far exceeds the 22.4 million new jobs created since November 2009 at the end of the last recession.

The economic fallout from the COVID-19 pandemic is continuing to spiral upwards even as deaths related to the deadly virus are still averaging well over 2,000 a day. To date some 62,000 people have died in the US because of the pandemic, about 27 percent of the global total.

The crisis has seen the largest number of workers filing unemployment claims in US history, about one sixth of the total workforce. Millions more workers have lost their employment but have not filed claims because of their immigration status or because they were self-employed, contract workers or others who typically are not eligible. In addition, the Economic Policy Institute (EPI) estimated 12 million workers did not file claims because state unemployment claims systems were overwhelmed making it too difficult.

A childcare worker in Washington state who had her hours cut and applied for benefits was denied after weeks of futile attempts. “When I called, there was a voice recording stating that they were experiencing extremely high call volumes and I had to call back later,” she told the WWS. “I heard that same voice recording for three weeks straight, during which I called the technical support number and the claims number at least four times per week.” She added, “without unemployment benefits, I’m not sure we will be able to make it past May.”

Her friend said he had not been able to collect benefits because of a lack of sufficient hours. “There is a pressure for me to go back to work, but I have been terrified to go back because of the risk to my health and those around me.”

A Ford worker in Michigan who was laid off in March said, “So far I have only gotten one check. The month is almost up, and I have to make decisions about rent.”

Economists believe the real jobless rate is rapidly nearing the record 25.6 percent reached during the height of the Great Depression.

Underscoring the irrationality of the capitalist profit system, health systems across the US have furloughed tens of thousands of medical workers, including doctors and nurses in the midst of the massive health crisis.

According to a US government estimate, the economy shrank by a 4.8 percent annual rate in the first quarter of this year. According to one estimate it may shrink at a 40 percent annual rate in the second quarter, a collapse without precedent.

Of those who have applied for benefits, only 18 million claims have been approved, meaning millions face destitution. Consumer spending fell 7.5 percent in March, the worst monthly figure ever recorded. April’s fall will likely be far worse.

In California alone, 3.78 million workers or 19.6 percent of the workforce have submitted unemployment claims. This week the state for the first time allowed so-called gig workers, independent contractors and the self-employed to file as well.

Meanwhile, in Pennsylvania, more than 131,000 workers filed a claim in the week ending April 25. That brings the state’s total in six weeks to more than 1.6 million, 24.7 percent of the state’s workforce.

Michigan has been one of the states hardest hit by layoffs in proportion to the size of its workforce. There have been well over 1.2 million claims for unemployment benefits, representing almost a quarter of the state’s workers.

Compounding the crisis, EPI estimates 12.7 million workers have lost employer-paid medical insurance in the midst of the pandemic, the worst health crisis in 100 years. Countless families face the impossible choice of forgoing

treatment or facing crippling debts.

Corporations are using the pandemic to carry out further downsizing. Aircraft manufacturer Boeing, beset by crisis over the 737 MAX, has announced the layoff of 10 percent of its workforce. The company restarted production at its Seattle, Washington area factories last week. Ride hailing service Lyft says it will lay off 1,000 employees, 17 percent of its workforce.

In an effort to blackmail workers to return to work even as the deadly disease continues to spread, several states are announcing measures to deny unemployment benefits to those who refuse to return because of health concerns. The state of Tennessee said it may “potentially disqualify claimants from receiving unemployment insurance benefits” if they refuse to return to a job where they have been temporarily laid off. In Iowa, where more than 1,000 COVID-19 cases are tied to one Tyson pork processing plant in Waterloo, state officials posted a notice saying: “ATTENTION EMPLOYERS: If you have offered work to employees and your employee refuses to return to work, you must notify Iowa Workforce Development.”

On Tuesday, the Trump administration issued an executive order forcing meat processing facilities to stay open, including the Smithfield Foods pork plant in Sioux Falls, South Dakota, where at least two workers have died. The administration is also moving to protect the giant food processing companies from any legal liabilities for sickening and killing workers.

The US Labor Department also declared, “Barring unusual circumstances a request that a furloughed employee return to his or her job very likely constitutes an offer of suitable employment that the employee must accept.”

Archaic state unemployment filing systems have been overwhelmed by the mass of claimants.

Florida had the largest increase in new claims this month, a 7,330 percent increase over April 2019. During the week of April 20, 432,465 filed for unemployment benefits in Florida compared to 5,900 for the same week last year. Overall there have been 1,592,236 new claims since the start of the lockdowns compared to 35,215 in the same period last year, a 4,521 percent increase

The state’s website has been unable to handle the huge increase, forcing those seeking assistance to try again and again to process their claims. Some give up. Last week, according to a report in the Associated Press, 7 of 8 Florida claimants from mid-March to early April were waiting to have their unemployment applications processed. California had two-thirds of its claims waiting and New York, 30 percent.

Tens of millions have not gotten the meager \$1,200 federal stimulus payments authorized by Congress. Only a little over

half of the money allocated has been disbursed, and there appears to be little explanation of what is holding up the rest of money needed by desperate households. According to the House Ways and Means Committee the government began doling out paper checks on April 20 to 5 million households a week to be spread over the next 20 weeks. Nothing in the stimulus bill prevents creditors from garnishing the payments, though a few states have said they will block that.

Meanwhile, many family-owned small businesses have found themselves shut out from receiving loans under the Paycheck Protection Program as big businesses gobble up the money. Many who do get help find out it comes with multiple strings attached.

Capitalism has demonstrated its inability to respond in a rational and humane manner to the COVID-19 pandemic. Instead of providing the billions needed to meet the health care crisis and provide relief for the unemployed and small businesses, virtually unlimited resources have been made available for Wall Street. The corporations have seized on the pandemic to force through a further restructuring of social relations in the interests of the wealthy, including demands for the slashing of public pensions and a further driving down of wages.

As the death toll rose and unemployment levels reached depression levels, the stock market continued its unprecedented rise this week, assured by the Federal Reserve that it will continue to receive injections of trillions of dollars, and by the concert efforted by both parties to force workers back into the factories and other workplaces.

The only answer to the reckless and homicidal policies of the ruling class is the independent mobilization of the working class against capitalism. This requires that workers break with the political parties of big business and the pro-corporate unions and advance a socialist program based on the reorganization of society in the interests of the working class.



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