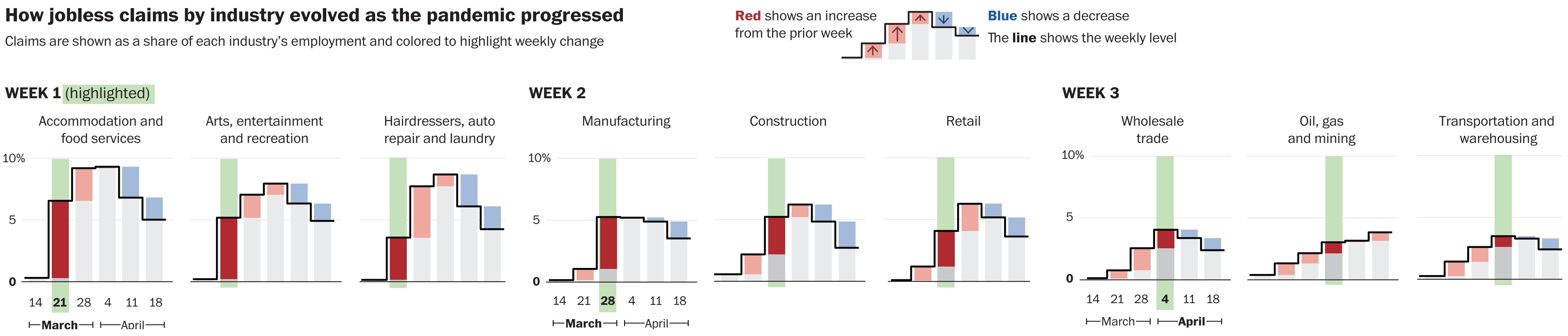
THE CORONAVIRUS ECONOMY

ANALYSIS

# Crisis hits jobs once deemed safe

**How jobless claims by industry evolved as the pandemic progressed**

Claims are shown as a share of each industry's employment and colored to highlight weekly change




BY ANDREW VAN DAM

As the novel coronavirus pandemic brought business to a halt, the pain rippled outward, blowing up sector after sector. According to a detailed analysis of unemployment claims, no industry was left untouched.

After that first chaotic week of lockdowns mid-March, as officials scrambled to slow the spread of the deadliest pandemic in more than a century, restaurants and theaters saw job losses slow while losses in other sectors, such as construction and supply-chain work, accelerated. Now it appears the economic upheaval is hitting professional and public-sector jobs that some once regarded as safe.

The Labor Department doesn't release jobless claims by industry. So, building on the work of economist Ben Zipperer and his colleagues at the Economic Policy Institute, we analyzed industry-specific new unemployment-benefits claims from 15 states that publish them. (For a full list, see the charts.)

By looking at claims over five weeks as a share of each industry's employment, we see who has been hit hardest — more than 1 in 4 food-service workers filed for unemployment from March 15 through April 18. But that doesn't tell us as much about how the pandemic labor market evolved from one week to the next.

For that, we need to focus in on the weekly changes in jobless claims to distinguish between industries where claims are falling and those where claims are steady or increasing. The data can also help us estimate how the labor market will change in coming months.

### Week 1, March 15 to 21: Full-contact industries

*(Highest week-to-week change included: accommodation and food services; arts, entertainment and recreation; hairdressers, auto mechanics and laundry workers)*

The first week of closures slammed headfirst into industries that require the most face-to-face customer contact — America's hospitality sector. More than 7 percent of all restaurant, hotel and bar workers filed for unemployment in this first week alone.

For public officials looking to enforce social distancing, bars, hotels and movie theaters were obvious targets: They're discretionary spending and require significant human interaction. Another category, which the government calls "other services" but is primarily made up of hairdressers, auto mechanics and laundry workers, also suffered swift and significant losses.

The number of newly unemployed filers in all these high-contact industries fell off in subsequent weeks, but they remain the biggest casualties of the crisis. And unemployment claims probably understate the pain of lower-earning Americans. Low-wage workers often don't qualify for benefits because they haven't spent enough time on the job or aren't being paid enough, Zipperer said.

A survey released Tuesday by Zipperer and his colleague Elise Gould implies unemployment numbers may be significantly worse than government statistics show. For every 10 people who successfully applied for unemployment benefits during the crisis, they show, another three or four couldn't get through the overloaded system, and two more didn't even apply because the system is too difficult.

### Week 2, March 22 to 28: Producers

*(Highest week-to-week change included: manufacturing, construction, retail)*

By the second week, the shutdown moved from businesses where the primary danger is interacting with customers to those, like construction and manufacturing, that require in-person interaction with large crews of colleagues.

On March 26, for example, Spokane, Wash.-area custom cabinet manufacturer Huntwood Industries laid off around 500 employees, according to Thomas Clouse of the Spokesman-Review. As a manufacturer whose sales depend on the construction industry, Huntwood was hit doubly hard by the shutdowns.

"It is a scary time," Amy Ohms, 37, told Clouse. "It's kind of unfair. I think construction is essential. There is a lot of uncertainty."

Manufacturers were among the first publicly traded companies to note travel and supply-chain risks related to the coronavirus outbreak in China in financial filings, according to a separate analysis by Oxford researchers Fabian Stephany and Fabian Braesemann and collaborators in Berlin. By March, manufacturers were noting domestic production issues.

Their analysis also shows that, in the middle of March, concern about the coronavirus and the disease it causes, covid-19, from retail corporations eclipsed that of manufacturers. Indeed, retail struggled mightily in the second week of the crisis. More workers were told to stay home, and folks realized foot traffic was often incompatible with social distancing.

The retail sector wasn't hit as quickly or as forcefully as food services or entertainment, presumably because the sector includes grocery stores and others who employ workers who were deemed essential.

### Week 3, March 29 to April 4: Supply chain

*(Highest week-to-week change included: wholesale trade; retail; janitors, landscapers, laborers and security guards)*

In the third week, the pain worked its way up the supply chain, as wholesale trade — a sector that includes some sales representatives, truck drivers and freight laborers — got slammed.

In theory, the lockdowns created near-perfect trucking conditions: traffic vanishes, diesel keeps getting cheaper and the roads are safer than they have been in decades. Only one problem: There's not much to haul right now.

Don Hayden, president of Louisville trucking firm M&M Cartage, feared he would have to lay off about 70 percent of his 400 employees — drivers, mechanics and office staff — in early April. Orders from his customers in heavy manufacturing evaporated.

But, just in time, he got a Payroll Protection Program loan through his local bank. He was shocked at how rapidly his loan was approved and the money arrived, and he said the Treasury Department had done an outstanding job.

"We're good through May and into June," he said. "We have a good workforce. We're proud of them. We sure would like to retain them."

At this point in the crisis, the focus shifted from huge, industry-eviscerating swings in jobless numbers to gradual weekly trends that help us guess where the jobless claims will settle in the weeks and months to come.

As industries fall like dominoes, policymakers need to realize the damage isn't contained to a few specific sectors, said University of Tennessee economist Marianne Wanamaker, a former member of President Trump's Council of Economic Advisers.

She said there may be a temptation to extend benefits for difficult-to-reopen industries such as food service and hospitality, but "it doesn't comport with the data because the damage is so widespread. It's not fair to say, 'Hotel and restaurant workers, you get these really generous packages and everybody else has to go back to work.'"

### Week 4, April 5 to 11: White-collar workers

*(Highest week-to-week change included: management; finance and insurance; public administration)*

White-collar industries have been shedding jobs since mid-March, albeit at a much lower rate than lower-income sectors. But as losses in low-income sectors subsided, white-collar jobless claims stayed flat or even intensified. By week four, categories that contain managers, bookkeepers, insurance agents and bank tellers saw some of the worst weekly trends of any sector.

On April 9, the online review site Yelp laid off 1,000 workers and furloughed 1,100 more (about a third of its workforce) as traffic on the site plunged while businesses were locked down.

"The physical distancing measures and shelter-in-place orders, while critical to flatten the curve, have dealt a devastating blow to the local businesses that are core to our mission," CEO Jeremy Stoppelman wrote at the time.

Jane Oates, president of the employment-focused nonprofit organization WorkingNation, used to oversee the Labor Department wing that coordinates unemployment claims and training. "The big difference between coronavirus and the Great Recession is that this has completely stopped the economy across so many sectors," she said.

During the Great Recession, she and her team had the luxury of flooding support into areas that were being hit hardest in a particular week or month. They went from state to state and industry to industry, putting out fires as they arose.

The Labor Department can't address individual problems like that during the coronavirus recession, she said, because everybody's getting shellacked simultaneously.

### Week 5, April 12 to 18: Public sector

*(Highest week-to-week change included: oil, gas and mining; utilities; public administration)*

In the week ending April 18, the most recent for which we have data, we can no longer avoid one of the most ominous trends in the entire analysis: a rise in public-sector layoffs. Utilities, public administration and education services — all of which have close implicit or explicit ties to state and local government — were among the worst-faring sectors on a weekly basis.

To stem the tide of what could be millions of job losses and furloughs, the National League of Cities is pushing for a $250 billion bailout of cities throughout the country, colleague Tony Romm reports.

In Broomfield, Colo., a Denver suburb of about 70,000 residents, 235 city and county employees were furloughed on April 22, according to Jennifer Rios in the Broomfield Enterprise.

"The impact of the COVID-19 coronavirus is more significant than any of us could have ever expected for our well-being, as well as our municipal financial stability," Rios reports that officials wrote in a letter to furloughed employees.

State and local governments are typically required to balance their budgets. Now that they're staring down the barrel of a huge tax-revenue shortfall, "these revenue losses are going to cause government budgets to fall and they're going to lay people off," Zipperer said.

"You're seeing the beginnings of a big contraction in the public sector," he said. "That's going to be the next huge thing."

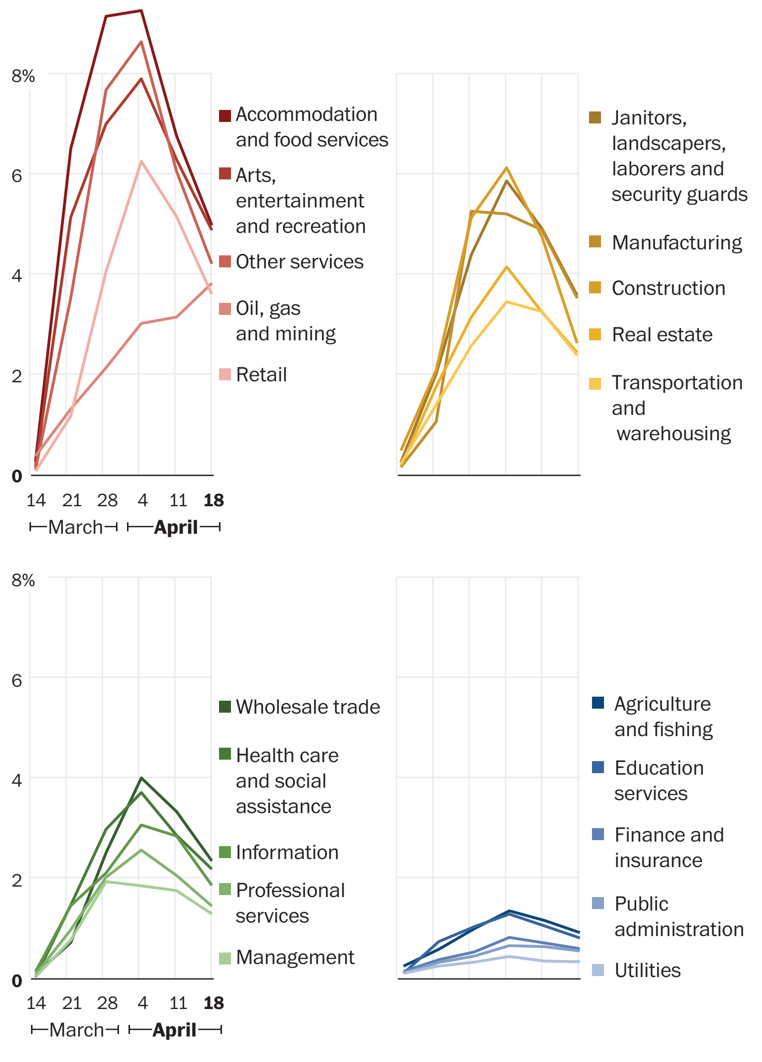
The public sector used to be the bulwark that kept the economy going while the private sector pulled back during a recession, Zipperer said.

"Over the last couple of recessions, the public sector hasn't played that traditional role," he said. "As a result, we've seen steeper recessions and slower recoveries."

*andrew.vandam@washpost.com*

**Jobless claims as a share of industry employment**

Split into four charts because they don't all fit on one




Note: Based on data from Alabama, Kansas, Massachusetts, Maine, Michigan, Minnesota, Iowa, Nebraska, North Dakota, Nevada, New York, Oregon, Georgia, Texas and Washington; construction includes New York utility workers, since the numbers aren't reported separately.

Source: State unemployment offices and the Labor Department via the Economic Policy Institute

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