

# A Portrait of Disaster: Rising Unemployment Insurance Claims (UI), After the Lockdown, The Great Depression of 2020?

Initial UI claims jump from 211,000 to 6.6 million in three weeks

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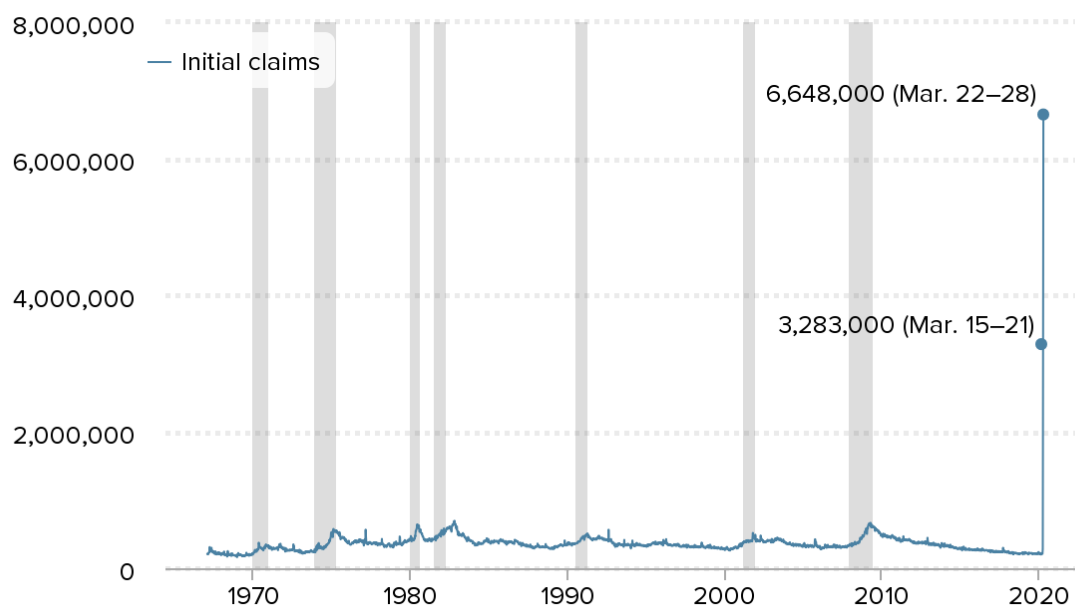
*This morning, the Department of Labor (DOL) released data on [initial unemployment insurance \(UI\) claims](#), showing that UI claims jumped from 211,000 in the week ending March 7th to 6.6 million in the week ending March 28th.*

*This is more than a 3,000% increase in three weeks. This kind of upending of the labor market in such a short time is unheard of.*

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## Weekly initial unemployment insurance claims

Seasonally adjusted, 1967–present



**Note:** Due to the scale of the chart and rapid increase in initial unemployment insurance (UI) claims, the initial UI claims for the weeks ending March 21 and March 28, 2020 appear to align vertically.

**Source:** U.S. Employment and Training Administration, Initial Claims [ICSA], retrieved from Department of Labor (DOL), <https://www.dol.gov/ui/data.pdf> and <https://oui.doleta.gov/unemploy/claims.asp>, April 2, 2020

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The figure shows initial UI claims over time. The spike at the end shows the unprecedented territory we are in right now. (Note: Because the x-axis covers more than 50 years and the increase in the last two weeks is so drastic, the last two observations appear to be in a vertical line.)

What the labor market is currently experiencing is far more extreme than anything we've ever seen, including the worst weeks of the Great Recession.

It's worth noting that UI claims do not include many workers who are out of work due to the virus, including independent contractors, those who don't have long enough work histories, those who had to quit work to care for a child whose school closed, and more, so the actual number of people out of work is higher than today's data show us. One of the most effective parts of the CARES ACT, [the relief and recovery act](#) that Congress passed last week, is a \$250 billion expansion of unemployment insurance, including an increase in the level of benefits and the creation of a Pandemic Unemployment Assistance (PUA) program which will be available to many workers who are not eligible for regular unemployment insurance. These provisions are very important and will help millions. However, the broader stimulus package contains [many weaknesses](#) that reduce its effectiveness, which is regrettable because the job loss we have seen so far is just the tip of the iceberg. Based on new GDP forecasts, we project that nearly 20 million workers will be laid off or furloughed by July, [with losses in every state](#). And importantly, the GDP forecasts these projections are based on include the impact of the CARES Act *and* they assume that Congress will pass

another relief package focused on aid to states. That implies that far *more* than 20 million workers will be laid off or furloughed if there is not another meaningful relief and recovery bill.

It's important to step back from today's UI numbers and remember that this labor market crisis didn't have to happen. Due to failed leadership, we [twice missed the chance to avert widespread job loss](#). Now policymakers must act to avoid greater damage. Given the incredible deterioration of the labor market in a matter of weeks, federal policymakers will absolutely need to come back and provide more desperately needed relief, and more support for the recovery once the lockdown is over.

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