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**With Congress Stalled on Stimulus, UC Labor Experts Warn:
Bold Federal Action Required to Keep the US out of a Depression**

*New study explains pandemic related economic impact is not a traditional recession.
The dangers of “getting back to work” apply to both our health and our economy.*

Berkeley, CA – With the House, Senate and White House at an impasse on a stimulus package, a new [study](#) from the [UC Berkeley Center on Wage and Employment Dynamics](#) and the [Labor Center](#) takes a hard look at trends in jobs, unemployment and UI benefits. The numbers are ominous, and the policy and labor market experts warn that the failure of leadership to both control the pandemic and provide widespread economic security “means this pandemic-led recession could turn into a depression.”

Key findings include:

- COVID-related unemployment rates for the US and California are the highest and fastest increases ever recorded. During the week ending July 18, one in five workers (31.3 million) in the U.S. received from some form of unemployment insurance (UI) payment. One in four workers in California have received UI relief totaling \$55 billion (March–July). In June, UI payments accounted for 15.6% of *all wages and salaries* in the US.
- California is struggling as virus hotspots hamper steady employment. An increasing number of *additional* claims has driven the steady rise in initial UI claims since May 17. These represent reopened claims after a claimant’s temporary return to work. In the week ending July 25th, 57% of regular initial UI were reopened claims.
- Consumer spending tracks relief payments and the spread of the virus. Spending picked up especially after relief payments started in mid-April, then slowed again with the June 28 regional re-closing.
- Volatility in spending and consumer confidence is expected to continue as delayed openings and/or re-closings accompany upticks in the virus and hamper prospects for a sustained economic rebound. Traditional stimulus designed to pump money into the economy for people to spend doesn’t take into account that economic activity (going to restaurants and bars, travel) is dangerous in a pandemic. And while this pandemic-driven recession has no end in sight, all the relief efforts do.
- Over the crisis, many families are struggling with income losses, with people of color disproportionately affected. Since mid-March, 64.8% of Latinx and 55.6% of Black households in California reported a loss of employment income, compared to just under half for Whites.

- Employment in California’s public sector is short by nearly 345,000 workers, which would be a challenge in normal times, but may be tragic when public servants (teachers, nurses, health officials) are critically needed to address the ongoing crisis.
- More relief from the Federal government is necessary to keep families in their homes with food on the table. The median weekly UI benefit *provided by the state of California* (March 15 to July 25) was \$339, far short of 50% of California’s median family income (MFI). The extra \$600 provided by the federal government brought the total to just above 50% of MFI.
- Rather than discussing the current economic situation as a recession—of which no real contemporary analog exists—it may be more apt to label appropriate responses as *economic survival*, requiring a wholly different set of assumptions and approaches.
- However, we do know the sluggish pace of the Great Recession recovery (even considering a lot of fiscal stimulus) was due to too little government spending. The future cost will be that much more if we allow massive poverty, hunger, homelessness, and desperation to take over the country.

Co-authors Dr. Sylvia Allegretto and Bryce Liedtke explain, “The cost of not acting boldly to provide widespread economic security is unacceptable during a regular recession, but this is not a regular recession and the failure of leadership from the top means this pandemic-led recession could turn into a depression.”

Find the full report, "Workers and the COVID-19 Recession: Trends in UI Claims & Benefits, Jobs, and Unemployment," [here](#). For more information or to speak with the authors, contact Dr. Sylvia Allegretto, allegretto@berkeley.edu, (510) 289-9146.

The [Center for Wage and Employment Dynamics \(CWED\)](#) and [Center for Labor Research and Education \(Labor Center\)](#) are projects of the [Institute for Research on Labor and Employment \(IRLE\)](#) at UC Berkeley. IRLE connects world-class research with policy to improve workers’ lives, communities, and society.

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