

# The Washington Post

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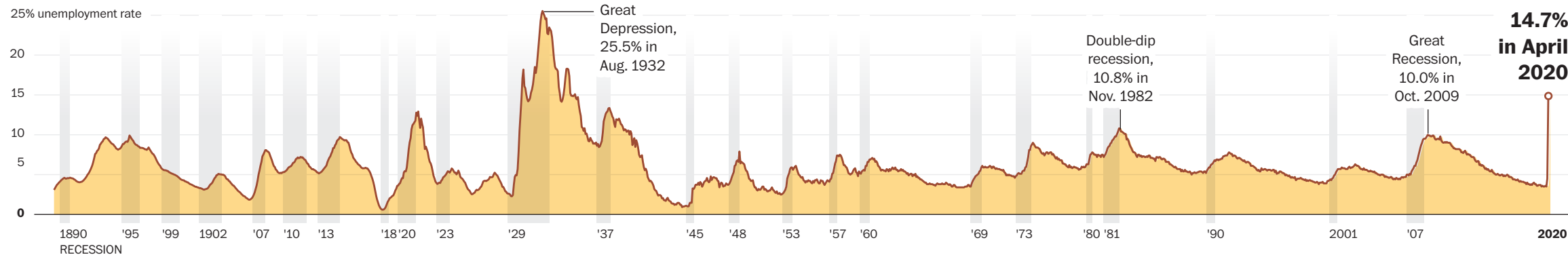
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Democracy Dies in Darkness

SATURDAY, MAY 9, 2020 • \$2

## Unemployment worst since Depression era

In a forthcoming paper, economists analyzed historical sources to estimate the monthly unemployment rate back to 1890 — about 70 years before the beginning of monthly observations from the Labor Department.



Note: Seasonally adjusted; figures from before 1948 are estimates

Sources: Labor Department (1948-present); annual estimates from David Weir (University of Michigan) in Research in Economic History disaggregated to monthly data by Nicolas Petrosky-Nadeau (San Francisco Fed) and Lu Zhang (Ohio State University) in Journal of Monetary Economics

### ELECTION 2020

## Biden scales up campaign; no signs he's leaving home

BY MICHAEL SCHERER AND SEAN SULLIVAN

Former vice president Joe Biden has greenlighted a major hiring spree to shore up his campaign for the general election and calm roiling concerns among Democratic leaders about his operation's scale and reach.

The additions, which involve dozens of staffers in all major departments, come as senior Democratic strategists and major donors have expressed concern for weeks about the massive advantages enjoyed by President Trump's campaign. They've offered public and private warnings that though Biden leads in the polls now, his comparatively trim operation could prove politically fatal under an onslaught of Trump attacks this fall.

Some donors and strategists have argued that Biden needs to branch out from his basement studio — which has formed the backdrop for a campaign waged largely through uneven video

SEE BIDEN ON A4

## After arrests in Ga. killing, many ask why it took so long

BY CLEVE R. WOOTSON JR. AND MICHAEL BRICE-SADDLER

BRUNSWICK, GA. — The arrests of two white men in the fatal shooting of a black jogger did little to calm outrage in this coastal community Friday, where face-mask-wearing demonstrators called for the resignations, recalls or arrests of authorities who allowed the suspects to walk free for 10 weeks.

Activists, politicians and legal experts across the country have raised alarm that it took 74 days and the graphic, viral video of Ahmaud Arbery's final moments to compel authorities to arrest the father and son suspected of cornering the 25-year-old with a pickup truck before he was gunned down.

A Georgia Bureau of Investigation official said Friday that there's no plan to investigate the local prosecutors and law enforcement agencies that did not

SEE JOGGER ON A22

## Shrinking demand for labor could shake U.S. economy, politics for years

BY DAVID J. LYNCH

The United States is facing a political and economic challenge like nothing it has seen in nearly 100 years.

Mass unemployment on a scale not seen since the Great Depression has erased the economic gains of the past decade and now threatens to linger for years, fueling social discord and shaking an already polarized political system.

Almost overnight, it seems, the U.S. economy, which just two months ago boasted abundant jobs and soaring stock values, has become a shambles. Not since the government began collecting official data in 1948 has a smaller share of the U.S. population been employed.

The unique character of this economic collapse, triggered by an ongoing public health crisis, may lead to an enduring decline

SEE UNEMPLOYMENT ON A15

## JOBLESS RATE ROCKETS TO 14.7% IN APRIL

And analysts don't see a quick post-virus reversal

BY HEATHER LONG AND ANDREW VAN DAM

The U.S. unemployment rate jumped to 14.7 percent in April, the highest level since the Great Depression, as many businesses shut down or severely curtailed operations to try to limit the spread of the deadly coronavirus.

The Labor Department said 20.5 million people abruptly lost their jobs, wiping out a decade of

employment gains in a single month. The speed and magnitude of the loss defies comparison. It is roughly double what the nation experienced during the entire financial crisis from 2007 to 2009.

As the virus's rapid spread accelerated in March, President Trump and a number of state and local leaders put forth restrictions that led businesses to suddenly shut down and shed mil-

SEE JOBS ON A15

## Remarks by Trump cast a cloud over FBI's Wray

BY DEVLIN BARRETT, MATT ZAPOTOSKY AND JOSH DAWSEY

President Trump cast fresh doubt Friday on the future of his FBI director as federal law enforcement officials privately wrestled with fallout from the Justice Department's move to throw out the guilty plea of former national security adviser Michael Flynn.

The president's comments in a phone interview with Fox News highlight the ongoing distrust between the White House and some law enforcement officials in the aftermath of a nearly two-year investigation by special counsel Robert S. Mueller III into Russia's interference in the 2016 U.S. presidential campaign.

"It's disappointing," Trump said when asked about Christopher A. Wray's role in ongoing reviews of the FBI's handling of the Russia investigation. "Let's see what happens with him. Look, the jury's still out."

Trump faulted the FBI director as "skirting" the debate surround-

SEE FBI ON A5

## Still grateful after 75 years



EVAN VUCCI/ASSOCIATED PRESS

Veterans salute as President Trump and first lady Melania Trump participate in a ceremony at the National World War II Memorial to commemorate the anniversary of the Allied forces' 1945 victory in Europe.

## From 760 miles away, a mother's agonizing wait for a death or a recovery

BY ABIGAIL HAUSLOHNER

It's a Tuesday evening when the bad news comes. Alyce LaGasse can barely hear her son over the phone. He is hoarse and struggling to breathe. He's calling from a hospital in Salt Lake City, where he arrived in an ambulance.

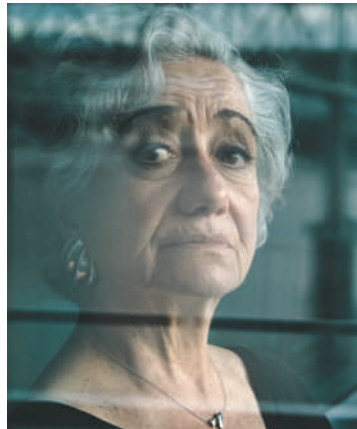
Alyce had been thinking a lot about covid-19 before this mo-

ment, and not just because she's 70. She's read those news stories about people dying alone, with no relatives allowed to hold their hand, or hold a proper funeral, and it makes her heart hurt. She feels for these families, contemplating the thought of not being there for the ones she loves. She's a natural caregiver, always has been.

And now here's Adam on the

phone. Adam, her baby boy, even if he's now 48. Adam, the sweetheart who never fails to look you in the eye and say, "How are you? What can I do for you today?" Adam, the vulnerable one, the paralegal living for years with diabetes, who just took the biggest leap of faith in his life a few months ago, when he left Oregon and moved to Utah because he

SEE MOTHER ON A10

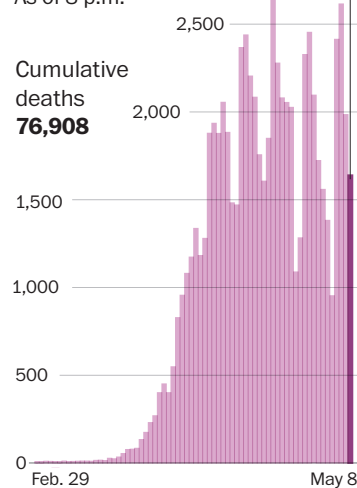


MASON TRINCA FOR THE WASHINGTON POST

Alyce LaGasse of Portland, Ore.

## New deaths in the U.S., by day

As of 8 p.m.



## IN SUNDAY'S POST

**Booked up >>** Ron Charles highlights 12 novels that changed us by appearing at just the right time to shape how we live. **Arts & Style**

**Love and legacy** For Mother's Day, stories of a daughter's effort to save her mom — and herself — and another who had an early brush with history. **Magazine**



TRISHA KRAUSS FOR THE WASHINGTON POST

**Traipsing by TV** Seven writers put together a viewing guide, organized by genre, to help keep the urge to explore alive during the pandemic. **Travel**



## INSIDE

### REAL ESTATE

#### A timeout for luxury

The pandemic has added several new factors into buying decisions.

### THE WORLD

#### Stalin's last female flier

At 16, she joined to fight the Nazis. At 95, pain and glory remain. **A8**

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### THE ECONOMY

#### Amid sadness, a surge

Future-lookers rallied U.S. markets as job losses hit 20.5 million. **A14**

### SPORTS

#### The Redskins' 2020 vision

A look at what's memorable and forgettable in their schedule. **C8**

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The Washington Post / Year 143, No. 156





THE CORONAVIRUS PANDEMIC

A spike in unemployment, unprecedented in recent history, threatens to linger

UNEMPLOYMENT FROM A1

in the demand for labor. While the pandemic rages, companies are developing new ways to operate with fewer people, replacing the lost workers with machines that are impervious to illness.

An early example is Carrier Global, a manufacturer of heating and air-conditioning systems, which has implemented social distancing rules on its assembly lines. Technicians who once worked shoulder-to-shoulder are now spread out along a conveyor belt. The resulting gaps may soon be filled with new machines.

“Where you have people spaced out three feet and you want to get them spaced out six feet, probably the spacing in between you’re going to see, I think, a trend towards robotics overall,” David Gitlin, Carrier’s chief executive, told CNBC on Friday.

Older workers, a steadily rising fraction of the labor force in recent years, face special challenges. The novel coronavirus is particularly deadly for them, leading President Trump to suggest earlier this week that teachers aged 60 and above “should not be teaching school for a while.”

Young people graduating this spring into a gale of joblessness are likely to see their lifetime earnings depressed as a result of the poor labor market. That’s what happened to their predecessors who graduated into the double-dip recession of the early 1980s.

Political stability, too, will be tested. In the 1930s, before publicly funded social insurance insulated most workers against the vagaries of the market, the Great Depression’s chronic joblessness helped give rise to fascism in Germany, Spain and Italy.

The Depression’s political consequences were less severe in the United States, according to David Kennedy, emeritus professor of history at Stanford University. American culture proved more resilient, confining extremists like the anti-Semitic Rev. Charles Coughlin and Sen. Huey Long of Louisiana to the societal fringes.

“Are these institutions, norms and political systems as resilient today? Boy, that’s anybody’s guess,” said Kennedy, author of “Freedom from Fear: The Ameri-



A woman walks past the empty lobby of the Kimpton George Hotel in Washington on Friday. More than one-quarter of the jobs that vanished in the past two months were in the leisure and hospitality sector.

can People in Depression and War,” which was awarded the Pulitzer Prize in 2000. “The political environment today is more toxic, indeed septic, than in the 1930s.”

Believing that today’s highly polarized country will prove as impregnable, Kennedy said, might be “wishful thinking.”

The 2008 global financial crisis spawned fierce political movements on the left and the right. As unemployment rose to a peak of 10 percent in October 2009, Occupy Wall Street filled the streets of New York and Washington with protesters. Sen. Bernie Sanders (I-Vt.), who calls himself a Democratic socialist, capitalized on a surge of progressive sentiment to mount a strong presidential primary bid in 2016.

Populist sentiment on the right, meanwhile, fueled the Brexit campaign in the United Kingdom, which ultimately severed that country’s 47-year membership in the European Union, as well as the unlikely political rise

of reality television star Donald Trump.

“I have no doubt that the resentments, fears and grievances that people are experiencing right now are going to shape our politic for the next generation very much as what happened after 2008,” said Ron Chernow, author of popular biographies of President Ulysses S. Grant and Alexander Hamilton.

The current circumstances are extraordinary. Barely 51 percent of the population is employed, the lowest mark since records began, the Labor Department reported on Friday.

More than 23 million workers are without a job. In February, just 5.8 million lacked work.

The good news is that 78 percent of the unemployed say they expect to be recalled to their old jobs once the pandemic ebbs. If that happens, the economy could recover quickly.

A greater share of temporary layoffs has historically meant a faster economic rebound, accord-

ing to recent Goldman Sachs research.

“If we’re right about the temporary layoffs, then people will go back to work fairly rapidly,” Larry Kudlow, director of the National Economic Council, told reporters Friday. “Not all of them, mind you. But a good chunk.”

Still, there are reasons to worry. More than one-quarter of the jobs that vanished in the past two months were in the leisure and hospitality sector, which have been battered by the pandemic. Fears of catching the sometimes-fatal coronavirus are especially acute in businesses with plenty of customer contact, such as hotels, theme parks and restaurants.

The conditions imposed in some states that are reopening for business make it unlikely that large numbers of those jobs will quickly return. Some jurisdictions are limiting restaurants to 25 percent of their capacity, which imperils their ability to operate.

Naomi Pomeroy owns Beast, a

fine-dining restaurant in Portland, Ore., and a cocktail bar called Expatriate, right across the street. The venues had been profitable for a dozen years before the pandemic, she said. But without greater government financial support, she does not anticipate an early recall of her 30 workers.

“It’s really not looking good,” she said. “We’re in a bad place here.”

Pomeroy’s experience may be indicative of the pandemic’s lasting imprint upon the labor market. In a working paper released this week by the University of Chicago’s Becker Friedman Institute for Economics, a trio of economists concluded that “42 percent of recent layoffs will result in permanent job loss.”

That would mean nearly 12 million permanent vacancies, according to the study by a pair of economists from Stanford University and one from the University of Chicago.

Most economists expect a sharp rebound in employment starting in the third quarter. But high unemployment is likely to persist for years. The nonpartisan Congressional Budget Office expects the unemployment rate at the end of next year to be 9.5 percent.

Jason Furman, who was one of President Obama’s top economic advisers, said he does not expect the jobless rate to dip below 5 percent until 2028.

For some groups, the pandemic represents the latest in a long series of setbacks. Males between 25 and 54 years old — what economists call “prime age” workers — have lost ground in every recession since the 1960s. In 1960, more than 97 percent of men in that category were active members of the labor force, either working or looking for a job.

For 60 years, the figure has declined in each recession and failed to regain its previous peak when the economy began growing again. “In every economic recovery since the 1960s, they’ve never recovered their losses,” said Furman.

Indeed, the lesson of earlier downturns is: patience.

In the wake of the Great Recession, it took more than six years for the number of working Americans to return to the January

2008 peak of 138.4 million. Long after the stock market had begun a steady march upward, unemployment remained unusually high.

Likewise, it took the labor force four years to regain its February 2001 peak after the recession that began one month later. And in the double-dip recession of the early 1980s, employment hit 90.9 million workers in March 1980. Almost three and a half years later, following an up-and-down cycle, there were still fewer Americans working.

What Karl Marx once called “the reserve army of the unemployed” will probably keep wage growth in check as the recovery inches forward.

“There are massive economic consequences to layoffs,” said Heidi Shierholz, senior economist at the Economic Policy Institute. “You can have a really long-lasting negative impact on earnings.”

College students who will graduate in the spring almost certainly will encounter the worst job market in at least a decade. Based on the experience of those who started work during earlier recessions, they are likely to face lower starting salaries than people who graduate during booms, according to research by economist Till von Wachter of the University of California at Los Angeles.

Those shortfalls last for up to a decade.

The worst is not yet over. First-time unemployment claims in the weeks after the Labor Department completed its labor market survey remained high. So next month’s unemployment rate will sting.

At the White House on Friday, Kayleigh McEnany, the press secretary, said the president had created the “hottest economy in modern history” before the pandemic and would do so again. The rebuilding can’t come soon enough for those already suffering from the failure to better manage the pandemic.

“All these people experiencing it have had a whiff of fear,” Chernow said. “They’ve had a foretaste of what it’s like to be deprived of your normal place in society. That’s not something they’ll easily forget.”

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With 20.5 million jobs lost, decade of gains were wiped away in one month

JOBS FROM A1

lions of workers. Many businesses and households also canceled all travel plans. Analysts warn it could take years to return to the 3.5 percent unemployment rate the nation recorded in February, in part because it is unclear what the post-pandemic economy will look like, even if scientists make progress on a vaccine.

Trump, though, claimed in a Fox News interview Friday that there would be a quick rebound.

“Those jobs will all be back, and they’ll be back very soon,” Trump said.

Former vice president Joe Biden, Trump’s expected opponent in November’s presidential election, said in remarks broadcast by NowThis News that the jobs report illustrated “an economic disaster” that was “made worse” in part by a slow and uneven White House response to the crisis earlier this year.

Wall Street shrugged off the devastating news about layoffs. The Dow Jones industrial average gained 455.43 points on Friday. Stocks have rallied since early April, largely because of record levels of government aid for businesses and optimism that a cure is near. The lesson from the last recession, however, was that Wall Street recovered long before the rest of the country.

“This is pretty scary,” said Lindsey Piegza, chief economist at Stifel Fixed Income. “I’m fearful many of these jobs are not going to come back and we are going to have an unemployment rate well into 2021 of near 10 percent.”

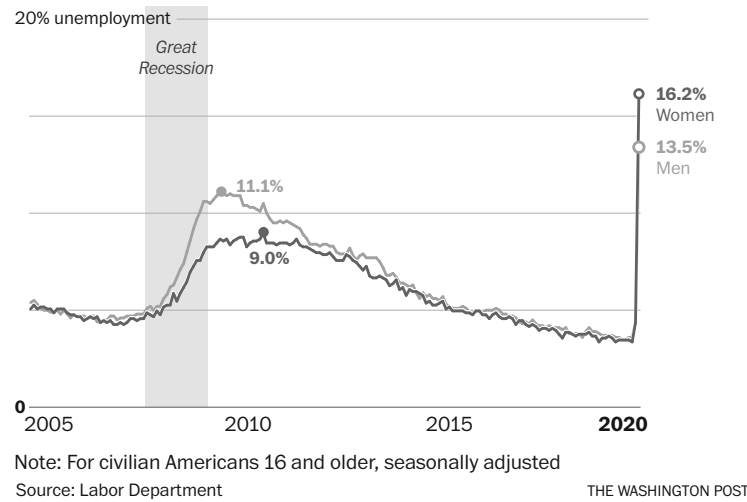
The stark employment data could create even more urgency for a number of governors who are debating when to reopen parts of their state economies. Many are weighing the health risks and the economic toll, a harrowing choice, analysts say. Some hope that reopening quickly will get people back to work, but it will be difficult with many businesses operating at partial capacity and parents wrangling with child-care challenges.

The sudden economic contraction has already forced millions of Americans to turn to food banks, seek government aid for the first time or stop paying rent and other bills. As they go with-

How the crisis hit the economy, sector by sector



Unemployment rate by gender



out paychecks for weeks, some have also lost health insurance and even put their homes up for sale. There is a growing concern that the damage will be permanent as people fall out of the middle class and young people struggle to launch careers.

“The impact on women and

youth is particularly shocking and disproportionate,” said Lisa Cook, a professor at Michigan State University and former economic adviser to President Barack Obama. “Those who grew up during the Great Depression were hesitant to spend for the rest of their lives.”

Job losses began in the hospitality sector, which shed 7.7 million jobs in April, but other industries were also heavily affected. Retail lost 2.1 million jobs, and manufacturing shed 1.3 million jobs. White-collar and government jobs that typically prove resilient during downturns were also slashed, with companies shedding 2.1 million jobs and state and local governments losing nearly a million. More state and local government jobs could be cut in the coming weeks as officials deal with severe budget shortfalls.

There were even 1.4 million layoffs in health care last month as patients put off dental care, minor surgeries and other things beyond emergencies.

April’s unemployment rate was horrific by any standard, yet economists say it underestimates the extent of the pain. The Labor Department said the unemployment rate would have been about 20 percent if workers who said they were absent from work for “other reasons” had been classified as unemployed or furloughed. The official figure also does not count millions of workers who left the labor force entirely and the 5 million who were forced to scale back to part time.

What is clear so far is that Hispanics, African Americans and low-wage workers in restaurants and retail have been hit hardest by the job crisis. Many of these workers were already living paycheck to paycheck and had the least cushion before the pandemic hit.

“Low-wage workers are experiencing their own Great Depression right now,” said Ahu Yildirmaz, co-head of the ADP Research Institute, which focuses on job and wage trends.

The unemployment rate in April jumped to a record 18.9 percent for Hispanics, 16.7 percent for African Americans, 14.5 percent for Asians and 14.2 percent for whites.

Women’s unemployment was nearly three points higher than men’s, another disparity that largely reflects the prevalence of women in hard-hit hospitality and retail jobs.

It’s the largest gender-unemployment gap on record — the previous high was set during the

Great Recession. That time, it was the men who were hit hardest.

Education has also emerged as one of the downturn’s starkest divides. While many highly educated white-collar workers have been able to do their jobs from home, low-wage workers do not have that luxury. The result is that workers without any college education are losing their jobs at about four times the rate of their college-graduate peers.

In April, the unemployment rate soared to 21.2 percent for people with less than a high school degree, surpassing the previous all-time high set in the aftermath of the Great Recession.

While Congress has approved nearly \$3 trillion in aid, it has been slow to arrive for many. Millions are still battling outdated websites and jammed phone lines to try to get unemployment aid and a relief check. Economists are urging Congress to act now to ensure aid does not end this summer, when the unemployment rate is still likely to be at historic levels.

“This unemployment rate should be a real kick in the pants — and maybe even the face,” said economist Claudia Sahm, a former Federal Reserve staffer and expert on recessions. “Congress has to stay the course on aid until more people are back at work.”

There is a growing consensus that the economy is not going to bounce back quickly, as Trump wants, even as more businesses reopen this month. Many restaurants, gyms and other businesses will be able to operate only at limited capacities. Customers, fearful of venturing out, are proving slow to return. And many businesses will not survive. All of this means the economy is going to need far fewer workers for months — or possibly years — to come.

“It’s not like turning a light switch and everything goes back to where it was in February,” Loretta Mester, president of the Federal Reserve Bank of Cleveland, said in an interview. “We depopulated everything quickly. Repopulating it will take a lot longer.”

Mester said the best cure for the economy at this point is probably more virus testing,

monitoring and investment in a covid-19 treatment. Without those measures, people are unlikely to go out and spend again, even if stores and restaurants reopen.

“There’s still a lot of uncertainty about the second half of the year,” Mester said. “Consumer confidence has been really, really bad since mid-March.”

Many businesses initially did temporary layoffs because executives believed the shutdowns would be short-lived. About 18 million of the unemployed in April said their layoff was temporary, according to Labor Department data, compared with only about 2 million who said their job loss was permanent. But permanent layoffs are expected to escalate as time goes on. The Labor Department surveyed workers in mid-April.

“This is a catastrophe. When things go over a cliff, they usually don’t recover quickly,” said David Blanchflower, an economics professor at Dartmouth College.

Many of the newly unemployed face strains they could not imagine just a few months ago.

Erin Huyler runs a child-care service in Key West, Fla., that was forced to close in mid-March. She is not sure when it will be safe to reopen, especially since many of the children she watches are the kids of travelers visiting from other states and nations.

Congress approved additional money for the unemployed and expanded the program so gig workers and the self-employed, such as Huyler, could apply. But Huyler’s experience is indicative of that of millions still waiting for aid to arrive. Over 7,500 people have written in to The Washington Post about how they are still waiting.

Huyler has yet to get the relief check or unemployment money. She finally saw a deposit in her bank account for the Small Business Administration emergency loan she applied for weeks ago.

“That was helpful, but \$1,000 is not a lot of money after seven weeks of unemployment,” Huyler said.

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Sean Sullivan contributed to this report