

As Congress allows extended unemployment benefits to expire

## Hewlett-Packard slashes 9,000 jobs

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2 June 2010

Hewlett-Packard will cut 9,000 jobs from its customer service sector and plans to spend up to \$1 billion to increase automation of those services in order to remain competitive with IBM. This is the latest wave of job cuts at Hewlett-Packard since Mark Hurd became the company's CEO in 2005. Since assuming that post, Hurd has announced plans to eliminate more than 48,000 jobs. While Hurd claims his company cannot afford these workers if it is to remain competitive, he himself continues to rake in tens of millions of dollars as CEO. Hurd's total pay in 2009 alone was \$24,201,448.

The thousands of workers laid off from Hewlett-Packard and other companies will now face greater difficulty in keeping their heads above water thanks to the expiration of extended unemployment benefits June 1.

While the House of Representatives passed a bill May 28 to continue the program, the Senate left for a week-long vacation without taking any action on the legislation. This is the third time Congress has left unemployed workers in the lurch this year.

Workers on extended benefits will have to wait until at least the week of June 7, when the Senate resumes session, and there is no certainty that extended benefits will be restored, let alone made retroactive for the week already lost.

Under the Emergency Unemployment Compensation (EUC) program, there is a four-tier system put in place to regulate the payment of emergency benefits. The first tier provides workers who have run out of ordinary unemployment benefits with emergency payments for up to 20 weeks. A recipient of emergency benefits cannot move to the next tier under the program until he or she has exhausted all the emergency funds from the previous tier.

Because the Senate took no action on the House bill that voted to extend EUC funding, the program will expire this week, leaving hundreds of thousands of unemployed workers who have run out of funds and were awaiting transfer to the next tier with no income until the Senate returns from its vacation and votes on the bill.

While the jobs bill passed by the House will extend emergency unemployment benefits through November, it also eliminates essential programs aimed at relieving the financial burden on unemployed workers.

In preparing the bill for a vote, House leaders dropped an extension of subsidies for COBRA, the federal plan that assists newly unemployed workers in retaining the health insurance plans provided by their employers for several months after the loss of a job. The American Recovery and Reinvestment Act of 2009 reduced the premiums workers must pay under COBRA, offering 65 percent subsidies to aid newly unemployed workers in retaining health insurance benefits. That subsidy has been eliminated under the new bill.

No worker laid off after May 31 will now be eligible for assistance with COBRA insurance payments. Without these subsidies, many will lose their health insurance because they can no longer afford their premiums.

House leaders also removed from the bill a proposed \$24 billion increase in federal subsidies to state Medicaid programs, a decision that will have a devastating impact on the ability of low-income families in the US to access quality health care.

Speaker Nancy Pelosi, Democrat from California, claimed that the House would return to COBRA and the aid to state governments when Congress returns from its current recess. In the light of sharp opposition

within the Democratic Party from so-called “Blue Dog” right-wingers to both measures, there is no reason to have confidence in Pelosi’s assurances.

These cuts come at a time when there is no halt to joblessness, with layoffs continuing to mount and millions of workers finding themselves in need of assistance. According to the Labor Department, 6.7 million workers in the US are suffering long-term unemployment, meaning they have been out of work for six months or longer. The official unemployment rate in the US as a whole stands at 9.9 percent; there are some 27 million people unemployed or underemployed.

A recent report on mass layoffs from the Bureau of Labor Statistics found that “Employers took 1,856 mass layoff actions in April that resulted in the separation of 200,870 workers, seasonally adjusted, as measured by new filings for unemployment insurance benefits during the month.”

Rather than expanding benefits available to workers, Congress is imposing austerity measures. While the bill cuts significantly the funds that would assist unemployed workers in obtaining access to health care, it is generous in providing tax breaks to big business. The bill sets aside \$28.5 billion in subsidies and tax breaks for corporations and other special interest groups. Workers won’t receive COBRA benefits, but NASCAR racetrack owners stand to receive nearly \$40 million in tax write-offs.

The House and Senate, along with the Obama administration, have collectively demonstrated a callous indifference toward the fate of the unemployed. With layoffs already at record numbers and still increasing, relief is nowhere to be found.

As of the 2008 elections, according to the Center for Responsive Politics, there were 238 millionaires in Congress, more than 44 percent of the total. US Senators serving in 2008 had a median reportable worth of \$1.79 million.



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