

As Congress, Obama stall action

US jobless benefit cutoff to hit three million

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More than three million unemployed workers will have lost jobless benefits by the end of this month. Some 2.5 million have already been cut off since the federal program for extending unemployment compensation beyond 26 weeks expired June 1.

An analysis published Thursday in *USA Today* estimated the number of those to be cut off by the end of July at 3 million. A separate study by the National Employment Law Project put the figure at 3.2 million.

Even if the long-delayed legislation is finally taken up July 20, the new date announced Wednesday by Senate Majority Leader Harry Reid, it would only authorize an extension of jobless benefits through the month of November. Once the congressional election is safely past, there is little doubt that both Democrats and Republicans will agree to terminate the extended benefits program altogether.

The Obama administration is responding to this monumental social catastrophe with complete indifference. When extended benefits first expired in June, Obama devoted one Saturday radio/Internet speech to the topic. White House lobbying efforts for the past month have been focused on Senate passage of the financial reform bill, which does nothing to punish those responsible for the economic crisis or prevent another disaster in the future.

The sums involved in the banking bill dwarf the \$34 billion cost of restoring extended jobless benefits. A single concession to Senator Scott Brown, a Massachusetts Republican who demanded that a new tax on hedge funds be dropped, was worth \$19 billion.

The failure to extend jobless benefits in the midst of a deep recession is unprecedented since the program first assumed its modern form after World War II. In every recession since then, an extension of unemployment benefits has received bipartisan congressional approval as an emergency measure—i.e., without any offsetting budget cuts or tax increases to pay for it—whenever the

unemployment rate was higher than 7.2 percent. The current US rate, which grossly underestimates the actual jobless toll, is 9.5 percent.

In the current slump, extensions of unemployment benefits were enacted in a similar fashion until the beginning of 2010, when first a handful, then nearly all Senate Republicans began demanding that the extended benefits should not add to the federal budget deficit. This was combined with the defection of key right-wing Democrats whose votes were needed from time to time to sustain a filibuster.

Neither Reid nor Obama put any special pressure on those senators, Republican and Democrat, whose opposition was responsible for cutting off millions of the most vulnerable in American society—long-term jobless workers.

This category has swelled until it embraces more than half the army of unemployed workers in America. The average duration of unemployment is now 35 weeks, compared to the 26-week basic benefit provided by the states. Federally funded extended benefits are required to bridge the gap.

According to the *USA Today* report, “Unemployment insurance has played a bigger role in this recession—the longest since the Great Depression—than in previous downturns... This extraordinary response has helped as many as 11 million people at one time—a record—while driving the program’s cost to an annual rate of \$145 billion in the first quarter.”

The total annual cost of unemployment compensation is thus less than the amount squandered on the war in Afghanistan alone. It is one-quarter the size of the Pentagon budget, and less than 20 percent of the funds allocated by Congress for the bailout of Wall Street.

The amount paid out in benefits varies greatly from state to state, but it barely exceeds \$300 a week even in traditionally higher-paying states like New York, Michigan and California. It is less than half that level in

many states in the South and Mountain West.

Extended benefits beyond the basic 26 weeks were the product of a series of separate congressional actions, including 53 weeks of emergency benefits, 13 weeks of additional benefits in states with a jobless rate over 6.5 percent, and 20 additional weeks in states with a jobless rate over 8 percent.

The result is that the expiration of extended benefits affects workers differently from state to state.

But the impact is disastrous everywhere. According to a study by Harvard University economist Raj Chetty, the median net savings of a newly unemployed American worker is only \$250. In other words, for the typical worker, loss of his or her job means instant and crushing economic want, if not an immediate plunge into poverty.

A report issued Thursday by the Economic Policy Institute points out that jobless benefits, both basic and extended, have been one of the principal supports for the US economy in the current slump. Spending of benefits by jobless workers is responsible for the creation of 1.15 million jobs since 2007, the EPI states.

The EPI study found that during 2008, the last year for which such figures are complete, 21.2 million American workers experienced unemployment at some point, while the average monthly figure was 8.9 million. If the same proportion holds in 2010, an average monthly jobless figure of 15 million will mean at least 35 million people out of work at some point during the year.

Despite the claims of the Democratic and Republican parties, the Obama administration and the corporate-controlled media that an economic “recovery” is underway, the Bureau of Labor Statistics report for May showed that the number of job openings was 3.2 million. With 15 million out of work, the ratio of unemployed workers to job openings was 4.7 to one. This is triple the ratio before the recession started in 2007, and nearly double the worst point of the last recession, when the ratio hit 2.8 unemployed per job opening.

Other economic figures dispel the claims of recovery: manufacturing was reported down in June in two key regions, New York and Philadelphia. Meanwhile, the number of foreclosures in the United States topped 520,000 in the first six months of 2010 and is projected to exceed one million for the year, for the first time in American history.

The “recovery” is only for Wall Street and corporate profits, which have risen steadily for the past year and now stand at 5.7 percent above the level of late 2007, the start of the slump. Total profits of all US corporations

were \$1.59 trillion in the first quarter of 2010, according to the Commerce Department. The \$34 billion cost of extended unemployment benefits works out to two days’ profits for corporate America.

Another yardstick for measuring the acute socio-economic polarization in America is reported Thursday by the *Washington Post*. “Corporate America is hoarding a massive pile of cash,” the newspaper notes. “It just doesn’t want to spend it hiring anyone. Nonfinancial companies are sitting on \$1.8 trillion in cash, roughly one-quarter more than at the beginning of the recession. And as several major firms report impressive earnings this week, the money continues to flow into firms’ coffers. Yet all the good news from big business hasn’t translated into much promise for jobless Americans, leading many to wonder: If corporations are sitting on so much money, why aren’t they hiring more workers?”

The newspaper—itself run by one of the largest media corporations—does not attempt a serious answer to this question. There is no doubt a deliberate calculation that high levels of unemployment are useful for bludgeoning the working class into accepting ever-lower levels of wages and benefits and ever worse forms of exploitation. Even more fundamental is the long-term crisis of profitability. American corporations increasingly look to speculation and other forms of financial parasitism, not production, as the more reliable source of profits.

The solution to the crisis of ever-growing joblessness and exploitation is clear: the resources of society, themselves the products of human labor, must be taken out of the hands of the capitalists and used for the benefit of the working people, beginning with an emergency program to provide every unemployed worker with a good-paying job.

The vast assets of the giant corporations and the super-rich must be placed at the disposal of society, and economic life reorganized to serve human needs, not private profit.



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