

Federal cuts to strip 70,000 more US workers of jobless benefits in June

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Next month, another 70,000 US workers will be cut off of unemployment benefits weeks earlier than would have been the case had President Obama and Congress not reduced the duration of extended jobless pay. The early loss of benefits in June will come on top of early cutoffs for more than 200,000 workers two weeks ago as a result of the anti-working class bill brokered by the White House in February.

That bill, which extended a payroll tax cut, included provisions reducing the maximum duration of jobless benefits over the course of this year from 99 weeks to 73 weeks in states with official jobless rates above 9 percent. In most other states, the maximum will be slashed from 93 to 63 weeks. It also incorporated provisions making it harder to obtain benefits, including allowing states to carry out the demeaning practice of drug-testing laid-off workers applying for relief.

The June cutoffs will bring the number of people stripped of benefits thus far due to the bipartisan assault on jobless pay to nearly half a million. This is in addition to the millions of workers who exhausted their benefits prior to the enactment of the February bill. A report issued earlier this year by the Government Accountability Office estimated that 5.5 million workers who lost their jobs between 2007 and 2009 had exhausted their benefits by the end of 2011.

Thirty-three states have thus far cut back on federally-funded extended benefits, and all fifty will do so by September. This is in addition to a growing number of states that have cut the traditional 26 weeks of regular state-provided benefits.

Michigan, Missouri, and South Carolina have all reduced the length of basic benefits to 20 weeks. In Michigan 12,000 of 200,000 long-term unemployed workers will lose their benefits in June.

Arkansas and Illinois have cut the duration to 25 weeks, and Florida to 23 weeks. The bipartisan character of the

assault on the unemployed is underlined by the fact that three of the governors in these states are Republicans and three are Democrats.

States are also imposing new restrictions to make it easier to reject applications for benefits or disqualify workers after they have been granted relief. In Florida, onerous rules have pushed up the rejection rate to more than 50 percent.

The cutting of unemployment benefits in the midst of the deepest jobs crisis since the Great Depression is a class-war measure. It deprives millions of workers and their families of any cash income and consigns them to overnight destitution. It is unprecedented for a US administration to slash federal emergency jobless benefits under conditions of continuing mass unemployment. In previous recessions, Republican and Democratic administrations alike have maintained the extended benefits until jobless rates returned to more normal levels.

This offensive will be intensified after the November elections, regardless of which big business candidate—Obama or his Republican opponent Mitt Romney—emerges victorious. The *New York Times*, which reported the ongoing loss of benefits on Tuesday, signaled that the entire program of extended benefits will be wound up at the end of the year. The newspaper, which generally reflects the thinking of the White House, wrote: “After the most recent compromise reached in February, another renewal seems unlikely.”

Stripping unemployed workers of benefits is part of a calculated ruling class policy to keep unemployment high, while providing no serious relief for the jobless, so as to use economic insecurity and social misery as battering rams to destroy the wages and conditions of the working class. Workers are being confronted with the “choice” of accepting near poverty-level wages and brutal speedup or losing their homes and seeing their families go hungry.

Obama has repeatedly hailed the “in-sourcing” of

manufacturing back to America, omitting to mention that the basis for the modest increase in US manufacturing jobs is the slashing of wages and benefits. With the indispensable assistance of the United Auto Workers union, Obama in 2009 imposed a 50 percent wage cut on all new hires as well as cuts in benefits for active and retired workers as part of the bailout of General Motors and Chrysler. This was the signal for a campaign of wage-cutting that has spread throughout industry and from the private to the public sector.

On Tuesday, the *Wall Street Journal* ran a front-page article headlined “Flat US Wages Help Fuel Rebound in Manufacturing.” The article, part of an ongoing series entitled “Remade in the USA,” noted that US manufacturers’ labor costs were down 2.7 percent in the first quarter of 2012 as compared to 2005, and labor costs for all employers were lower as well. The article gloated over the collaboration of the trade unions in imposing two-tier wage contracts in industry after industry, and gave examples of laid off workers forced to accept pay cuts of 50 percent or more in order to obtain new work.

Jobless benefits are being cut despite continuing mass unemployment and an explosive growth of poverty, hunger and homelessness. The official jobless rate, 8.1 percent, is extraordinarily high entering the fourth year of a supposed “recovery.” However, that figure obscures the actual prevalence of unemployment and underemployment. Some 24 million workers are either unemployed or involuntarily working part-time, 15 percent of the labor force. The recent drop in the official jobless rate is mainly due to the exit of millions of laid off workers from the labor force. Long-term unemployment remains at or near post-Depression records.

Mass layoffs are continuing. Last week Hewlett Packard announced the elimination of 27,000 jobs. The US Postal Service offered to buy out 45,000 mail handlers for the paltry sum of \$15,000 as part of its plans to close 48 mail processing centers starting this summer and slash 150,000 jobs.

A measure of social distress is the growth of the food stamp program by 47 percent over the past three years. Earlier this year, the National Poverty Center reported that 1.46 million US households (some 4 million people) were living in “extreme poverty,” subsisting on less than \$2 per day per person, more than double the number in 1996, the year the Clinton administration abolished the welfare entitlement.

Meanwhile, banks and corporations are recording bumper profits as a result of trillion-dollar bailouts, cheap

credit from the Federal Reserve, tax breaks and the gutting of business regulations. Just last week US banks reported their highest quarterly profits since 2007, prior to the Wall Street crash. CEO pay continues to climb to the tens and even hundreds of millions. A recent study showed that CEO compensation at major corporations in the US increased 2.8 percent last year to a median of \$10.3 million.

The cruel assault by the Obama administration on the unemployed underscores the lack of any choice for working people between the Democratic and Republican presidential candidates in the upcoming elections. The Socialist Equality Party is running Jerry White for president and Phyllis Scherrer for vice president in order to advance a socialist program to secure the social rights of working people for decent-paying jobs, education, housing and a secure retirement.

The SEP candidates call for the nationalization of the banks and corporations under the democratic control of the working class in order to reorganize the economy to meet social needs, rather than private profit. They propose a multi-trillion-dollar public works program to provide good-paying jobs for the unemployed building homes and schools and rebuilding the country’s crumbling infrastructure.

The fight for this program requires the building of a mass socialist movement against the two parties of big business and the corporate-financial oligarchy that controls them. The SEP campaign is dedicated to providing the political and organizational basis for this movement. We urge all those who are looking for a way for fight the assault on jobs and living standards to actively support the SEP campaign.



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