

Extended jobless benefits end for 500,000 US workers

Andre Damon
11 August 2012

As 13 million people in the US languish without work, the federal government has intensified its drive to shut off extended unemployment benefits, ending the only source of cash income for millions of families.

Over 500,000 people have lost extended unemployment benefits since the start of the year, and two million more are scheduled to lose their benefits on January 1, 2013.

Idaho, the last state to offer extended jobless insurance under the federal government's Extended Benefits (EB) program, cut off emergency unemployment benefits last week, joining 31 other states that cut benefits since the start of the year.

The other federal unemployment benefits program, known as Emergency Unemployment Compensation (EUC), is scheduled to end completely on January 1, ending unemployment payments for 2 million more people overnight.

With the start of the new year, there will be no part of the country that offers more than 26 weeks of unemployment benefits. This is far less than the average duration of unemployment, which has hovered near 40 weeks for over a year.

“To put two million people out in the cold the week after Christmas seems unimaginably cruel. It would have a devastating impact on communities throughout the country,” said George Wentworth, Senior Staff Attorney at the National Employment Law Project, in a telephone interview Friday.

Yet despite the disastrous impact of the cuts, it has been largely ignored both by the major media and in the US elections. Moreover, the Obama administration has already let it be known that it will not seek a renewal of extended jobless benefits.

“Unemployment benefits are among the most stimulative and directly useful government programs.

Almost all unemployment dollars get poured right back into local economies,” said Mr. Wentworth. “The average unemployment check is only \$300 per week; this is what people rely on to survive.”

To extend the program for a year would cost under \$30 billion, less than the net worth of Oracle CEO Larry Ellison, who recently bought the Hawaiian island of Lanai for around \$600 million.

Since the initiation of the Emergency Unemployment Compensation program in 2008, it has been renewed by Congress ten times. But with every previous extension, it was passed with a phase-out of benefits for existing recipients. Yet when it was renewed at the beginning of this year, the law specified that all recipients would be cut off immediately once the law lapsed.

This was part of the deal worked out between Obama and congressional Republicans in February, where Obama agreed to the limitations on unemployment benefits in return for the Republicans signing off on a one-year extension of the payroll tax cut.

The benefits cutoff comes despite the fact that there has not been a significant improvement in the labor market. Last month, the US unemployment rate rose to 8.3 percent, while the “real” unemployment rate, which counts those not looking for work because there are no jobs, grew to 15.0 percent, up from 14.5 percent in March.

The scheduled final cutoff of the program is only the culmination of a longer-term phase-out of jobless benefits. In 2010, out of 15 million unemployed people in the US, 10 million received jobless benefits. Since that time, the number of unemployed has fallen by 15 percent, but the number of people receiving benefits has plummeted 46 percent. With 12.8 million unemployed, only 5.7 million are currently receiving benefits.

“In 2010, about two thirds of unemployed people received unemployment benefits. That number had fallen to 54 percent by 2011, and is down to about 45 percent now,” said Wentworth.

But when the extended unemployment benefits program lapses, according to Wentworth, only about 25-30 percent of the jobless will be receive any form of unemployment benefits.

Emergency federal unemployment benefits have been initiated in numerous previous recessions, but they were never cut off when the unemployment rate was as high as it is now. The closest was in 1985, when unemployment stood at 7.2 percent. Now, the unemployment rate is much higher, at 8.3 percent.

But that only tells part of the story. In 1985, the average duration of unemployment was around 15 weeks. Now, it is 38.8 weeks.

Currently 40 percent of the jobless population have been out of work for six months or longer, while 30 percent have been unemployed for a year or more. Prior to the present recession, the highest-ever recorded percentage of people out of work for more than 6 months was 26 percent.

The expiration of extended unemployment benefits—which will mean poverty and outright destitution for millions of people—is part of the bipartisan assault on the social position of working class.

In the ruthless calculations of the financial oligarchy, the elimination of unemployment benefits for most of the jobless population will make the unemployed even more desperate for work, accepting poverty wages and third-world working conditions. This, in turn, will swell corporate profits and the pockets of the cabal of multi-millionaires that dominate political life.



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