

Cuts in US jobless pay, government layoffs throw 1.5 million more people into poverty

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One day after the conclusion of the Democratic Party convention, the Center for Budget and Policy Priorities (CBPP), a nonprofit think tank, released a report showing that cuts in jobless pay and mass layoffs of public-sector workers threw over 1.5 million more people into poverty last year.

The CBPP survey, coming on the same day as the Labor Department's dismal jobs report for August, shattered the cynical and dishonest attempt by President Obama and the Democrats to present themselves as defenders of ordinary "middle class" Americans and a genuine alternative to the Republicans.

Only 96,000 net new jobs were created in August, according to the Labor Department, and 368,000 more unemployed people gave up looking for work. These figures refute the claim, repeated ad nauseam at the Democratic convention, that the American people are better off today than they were four years ago and that Obama's policies have brought about an economic recovery.

The CBPP report points even more directly to the anti-working class character of the Obama administration and the right-wing policies it has pursued. Far from defending working people against the corporations and banks, Obama has engineered cruel cuts in jobless benefits, depriving millions of laid-off workers of their only source of cash income, while tacitly supporting the firing of hundreds of thousands of government employees.

The CBPP study, based on data for the first 11 months of 2011, found that 900,000 people dropped below the official poverty line over that period due to cuts in the duration and level of unemployment benefits, and another 666,000 fell into poverty due to lost family earnings resulting from state and local government layoffs. The CBPP concluded that jobless

pay cuts and government layoffs combined raised the average monthly poverty rate by 0.5 percent.

In 2010, 9.8 million people received state or federal unemployment benefits. In 2011, this figure dropped to 7.7 million, a 21 percent decline. The total amount of benefits paid out fell by 25 percent, or \$36 billion.

This enormous drop in unemployment insurance payments took place as the number of unemployed people declined by only 569,000, a drop of 4.2 percent. These figures indicate that for every one person who became ineligible for unemployment benefits because he or she found a job, three more were cut off of benefits without finding work.

A significant factor in the decline in the total amount paid out in unemployment benefits in 2011 was the expiration of a \$25 monthly bonus in jobless benefits included in the stimulus bill passed in 2009, which the Obama administration made no attempt to extend.

This year, the administration has gone further in attacking jobless benefits. It engineered a bill passed last February sharply reducing the duration of federally funded extended jobless benefits from a maximum of 99 weeks to a maximum of 66 weeks.

Over 500,000 people have lost extended unemployment benefits through August, and another 500,000 are expected to lose benefits by the end of the year, according to the National Employment Law Project. Obama has given every indication that he intends to allow the extended unemployment benefits program to expire on December 31 when the current funding ends. That will immediately throw another 2 million people off of benefits.

Such an attack on the long-term unemployed is unprecedented in post-World War II America. No previous administration, Republican or Democratic, has terminated federal extended jobless benefits when the

official unemployment rate was above 7.2 percent. The current rate is 8.1 percent.

The elimination of government jobs has likewise had a disastrous impact. State, local and federal governments slashed 386,000 jobs between 2010 and 2011. Since his election, Obama has presided over the elimination of 676,000 government jobs. This is nearly twice the number of jobs eliminated in the first full term of the Truman Administration, when the US was demobilizing after World War II. By way of comparison, the Reagan administration oversaw an increase of 161,000 government jobs in its first term.

Public-sector job cuts will continue, with both Obama and his Republican opponent Mitt Romney making clear that the 2012 election will be followed by deeper cuts in social spending, no matter which party takes control of the White House.

The CBPP report was based on preliminary data compiled for the first 11 months of 2011. The Census Bureau's official poverty report, based on a larger survey and covering the whole of 2011, will be released this Wednesday.

The cutback on unemployment benefits and the attack on public-sector jobs are component parts of the drive, led by the Obama administration, to use mass unemployment to drive down the wages and benefits of American workers to levels closer to those of workers in India and China.

These measures underscore the deeply reactionary character of this administration and the fact that the Democrats offer no alternative for workers to the Republicans. Whatever differences exist between the two parties are of a tactical nature. Both carry out the dictates of the financial elite.



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