

More than 1 million in US scheduled to lose unemployment benefits

Andre Damon
4 December 2013

More than 1 million people in the US are slated to lose unemployment insurance benefits the week after Christmas, when the federal Emergency Unemployment Compensation (EUC) program is scheduled to expire.

The EUC benefits program provides unemployment insurance payments to the long-term unemployed who have exhausted state unemployment assistance, which usually lasts for only 26 weeks.

The program has been extended by Congress 11 times since it was first introduced in 2008. Recent extensions have included cuts in eligibility, bringing the total number of people receiving these benefits down from over 5 million to 1 million, according to George Wentworth, Senior Staff Attorney at the National Employment Law Project.

While the White House has nominally called on Congress to prevent the program's expiration, it put forward no specific proposals to renew it. In fact, according to a review of the White House website, the administration has officially mentioned the issue only once in the past month: in response to a reporter's question during a press briefing by White House spokesman Jay Carney on November 15.

Democratic officials have hinted that any extension of federal jobless benefits would be tied to a broader agreement on the budget. However, with the conference committee tasked with working out a budget deal by December 13 deadlocked, any such agreement is looking increasingly unlikely.

The expiration of extended jobless benefits is scheduled to take effect within two months of cutbacks in food stamp benefits that began in November, eliminating the equivalent of two days of food every month for 47.7 million people.

In addition to the 1.3 million who will lose their

benefits at the end of this year, some 850,000 are scheduled to run out of state unemployment benefits in the first part of next year, bringing the total number of unemployed workers affected by the expiration of the program to over 2 million.

If extended unemployment benefits are allowed to expire, it will mean that the maximum amount of time any unemployed person would receive benefits would fall to 26 weeks, and even less in some states. The average duration of unemployment in the US currently stands at over 26 weeks.

"The labor market is still in much worse shape than it was when the program was first authorized," said Wentworth, who spoke to the WSWWS in a telephone interview Tuesday. In February 2008, when the benefits were implemented, the number of people officially unemployed was 7.4 million. It now stands at 11 million.

As the National Employment Law Project noted last month, "The most recent data show that nearly half of workers receiving state jobless aid are still looking for work when that state aid ends; absent the federally-funded EUC benefits, they would be without any additional means of income support."

"The labor market has not recovered sufficiently that the average unemployed person can find work before their state benefits run out," said Wentworth. In fact, the number of long-term unemployed workers, which stands at 4.1 million, is higher than at any point during the official recession, which was proclaimed over by the government in June 2009.

The cuts in benefits will mean that workers will be pressured to accept far worse jobs than they had originally lost. "Unemployment insurance benefits are intended to create a means for workers to feed their families while they get to their next job. When you

have benefits that are less than it takes to find a job, it puts pressure on people to take a worse job,” Wentworth said.

The official number of people out of work vastly underestimates the extent of the crisis, since millions of workers have fallen out of the labor force after having given up finding a job. In 2008, the US labor force participation rate was 66 percent, but it has since fallen to 62.8 percent.

Officials have sought to palm off the continued fall in the labor force participation rate as being largely due to the retirement of the baby boomer generation. But this claim is undermined by the fact that the labor force participation rate for prime working-age adults—those between 25 to 54 years old—has fallen over two full percentage points since 2008.

Extending federal unemployment benefits through 2014 would cost \$25.2 billion, according to the Economic Policy Institute (EPI). Conversely, allowing the program to lapse would take the same amount of money from some of the most vulnerable sections of society. The cuts will have an even more dramatic impact on the whole economy

Since the initiation of the EUC program in 2008, it has been renewed by Congress 11 times. In February 2012, the White House agreed to significant reductions in unemployment benefits in return for the Republicans’ signing off on a one-year extension of the payroll tax cut.

As a result of those reductions, the availability of federal extended jobless benefits has been scaled down significantly. In May 2012, 40 states provided up to 47 weeks of extended jobless benefits. By October of this year, only two states provided up to 47 weeks.

As a result, “since March 2012, the average number of long-term unemployed receiving EUC benefits has declined 50 percent, twice the rate of decline in the number of long-term unemployed workers,” according to the National Employment Law Project.

In 2010, about two thirds of long-term unemployed people received benefits. That number had fallen to 54 percent by 2011 and was down to about 45 percent in 2012. Now, only about one in three of the long-term unemployed receive benefits at all.

Currently 36 percent of the jobless population has been out of work for six months or longer. Prior to the 2008 crisis, the highest-ever recorded percentage of

people out of work in the US for more than six months was 26 percent.

The systematic reduction of extended unemployment benefits and their planned elimination—which will mean poverty and outright destitution for millions of people—is part of the bipartisan assault on the social conditions of the 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 wealth of the financial oligarchs that control political life in the US.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact