

As stock indexes continue their climb

# US unemployment supplement expires, setting the stage for mass hunger and homelessness

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1 August 2020

The \$600 weekly unemployment insurance supplement enacted in March as part of the bipartisan multi-trillion-dollar bailout of Wall Street expired Friday, leaving some 25 million US workers laid off due to the coronavirus pandemic facing destitution.

The loss of the federal supplement to state jobless insurance will cut benefits by up to 80 percent in some states, dropping the average national payment from \$920 a week to \$330, according to most estimates.

In addition, a moratorium on evictions of tenants in buildings with mortgages backed by the federal government, affecting 18 million of the 44 million renter households in the US, expired last week. This means that 11 million households could be served with eviction papers over the next four months, according to the global advisory firm Stout Risius Ross LLC.

With home mortgage payment moratoriums also expiring, a vast growth of homelessness is looming.

Mile-long lineups of cars at food distribution centers have already become commonplace. A cutoff or reduction in the unemployment pay supplement will greatly increase the spread of hunger and even starvation in the US. Already, almost 40 million people do not expect to be able to make their next rent or mortgage payment, and nearly 30 million say they did not have enough to eat during the week ending July 21.

The official unemployment rate, at 11.1 percent, remains the highest since World War II, and the government reported Thursday that new jobless claims for the week ending July 18 rose for the second week in a row, climbing to 1.43 million.

The Labor Department reports that 33.8 million workers are either receiving jobless benefits or have applied and are waiting to see if they will receive them. These workers account for fully 20 percent of the US labor force.

Moreover, the expiration of the unemployment supplement follows Thursday's report from the Commerce Department

that the nation's gross domestic product fell at a record annualized rate of 32.9 percent in the second quarter, a decline of 9.5 percent from the first quarter of 2020. And this past week, Levi's, United Air Lines, American Air Lines and Wells Fargo added to the wave of layoff announcements with the warning that tens of thousands of their employees face being furloughed or terminated in the near future.

Under these conditions, the stalemate in Congress over an extension of the unemployment pay supplement, which is certain to result in either the total elimination or a major cut in the benefit, amounts to a declaration of war by the capitalist ruling elite against the entire working population.

This was underscored by the response on Wall Street, where the financial oligarchy reacted to the expiration of benefits on Friday by driving up stock prices on all of the major indices. The Dow climbed by 114 points and Nasdaq shot up by 157 points.

The ruling class is demanding the elimination of the \$600 benefit or its reduction in order to carry through its drive to force workers back to work under conditions where its incompetence, indifference and sheer greed have led to the uncontrolled spread of the coronavirus pandemic and the deepest social crisis since the 1930s Depression. Workers are being given the "choice" of going back to factories and workplaces that are breeding grounds for the virus, without any serious protection for themselves or their families, or seeing their families go homeless or hungry.

The Republicans openly denounce the \$600 benefit as a "disincentive to work," because a majority of workers laid off due to the pandemic are receiving more income in jobless pay than they did when they were working. This fact is a stark commentary on the near-poverty wages of most American workers.

But the Democrats echo the Republican line, agreeing, as in the *New York Times* editorial of July 30, that replacing only "a portion of the income of the average unemployed

worker” is “reasonable in normal times,” because it “encourages people to find jobs,” but not in the midst of a pandemic.

In any event, there are no jobs for millions of laid-off workers to return to. As the Economic Policy Institute noted: “There are 14 million more unemployed workers than job openings, meaning millions will remain jobless no matter what they do. Slashing the \$600 cannot incentivize people to get jobs that are not there.”

The Republican leadership of the Senate on Monday put forward a series of bills that would immediately slash the federal jobless benefit from \$600 to \$200 a week through September, and thereafter calibrate the federal addition to state benefits to provide 70 percent of the worker’s previous pay, with a combined maximum of \$500.

The Democrats, who passed their so-called HEROES Act in the Democratic-controlled House in May, which would extend the \$600 benefit until January, rejected the Republican proposal, setting off negotiations between House Speaker Nancy Pelosi and Senate Minority Leader Charles Schumer on one side and Treasury Secretary Steven Mnuchin and White House Chief of Staff Mark Meadows on the other.

President Trump weighed in this week, calling for a stopgap measure that would temporarily extend the federal jobless benefit, at an unspecified amount, as well as the federal moratorium on evictions. In talks on Thursday and Friday, the Democratic leadership rejected a piecemeal deal, nominally insisting on other components of their HEROES Act, including federal aid to state and local governments and additional funding for coronavirus testing.

With no settlement in sight, Senate Republicans adjourned for the weekend, while it was reported that talks would continue between the representatives of the White House and the Democratic leadership.

CBS News reported Friday, citing an unnamed source “with knowledge of the negotiations,” that Meadows first proposed a simple one-week extension of the \$600 supplement and then put forward a scaled back bill that would include four months of benefits at \$400, along with funding for the reopening of schools and additional funding for the corporate slush fund known as the “small business” Paycheck Protection Program. He agreed, as part of the latter proposal, to strip out the Republican demand for a five-year legal immunity for businesses from lawsuits related to the pandemic.

The Democrats reportedly rejected these offers. However, they made clear they were prepared to accept a substantial reduction in the federal jobless pay supplement.

House Majority Leader Steny Hoyer of Maryland said Tuesday on CNN, “Look, it’s not \$600 or bust.” He went on

to signal his agreement with the Republicans that the current benefit was a “disincentive to work,” saying, “I think that’s an argument that... has some validity to it, and we ought to deal with that.”

Schumer is jointly sponsoring a bill along with Senator Ron Wyden (Democrat of Oregon) that would progressively cut the federal unemployment supplement by \$100 for every drop of 1 percentage point in a state’s unemployment level.

And on Friday, Pelosi reiterated on CNN her position that, prior to the August 7 adjournment of Congress for the party conventions, “We’ll find our common ground” on a relief bill.

Any cut in the benefit, already inadequate given the added costs of dealing with the pandemic and rising staple goods prices, will have devastating consequences for workers already struggling to pay rent and put food on the table.

Bonnie Armstrong, a laid-off server from Naples, Florida, told the local CBS television affiliate WINK, “I won’t be able to pay my rent. The fact is, if you’re offered your position back and you say no, you don’t get any more unemployment.”

Saying she would be glad to return to work, she added, “For every job, there are hundreds of people applying. It’s going to be difficult.”

There are tens of thousands of laid-off workers who have not received any unemployment benefits because their state unemployment offices failed to process their claims. In Wisconsin, where 13 percent of claims were still not processed as of July 7, workers have set up a Twitter group called “Empower Wisconsin.”

One member recently posted: “I haven’t received any money either and I filed on March 24th. Friday I called the phone line and actually got through. I was very nice and respectful and I asked, ‘This Sunday will be week #13, when will I receive benefits?’ Guess what!? She hung up on me... no lie.”



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