

Eight million plunged into poverty since US coronavirus aid ended

Patrick Martin

16 December 2020

The cutoff of federal supplemental unemployment benefits in July has driven eight million Americans into poverty in the ensuing five months, according to a study published Wednesday by the University of Chicago and the University of Notre Dame.

The increase of 2.4 percentage points in the poverty rate, in the space of only five months, is the fastest increase since the US government began collecting figures on poverty in 1960. It is twice the size of the worst previous increase, during the 1979–1980 oil crisis.

The increase in poverty is greater for African Americans (3.1 percentage points) and for those with only a high school education or less (5.1 percentage points). The biggest increases in poverty were found in those states with the most primitive unemployment compensation systems, such as Florida.

Even these figures grossly understate the colossal impact of the coronavirus pandemic on working-class living standards. The official US poverty line stands at \$26,200 for a family of four, an income that would leave such a family homeless or near starvation in most major US metropolitan areas.

The study confirms that driving workers and their families into poverty is the deliberate policy of the US government and the two corporate-controlled political parties. The bipartisan CARES Act, adopted in March, led to a significant decline in poverty during the first three months of the pandemic.

The \$600-a-week federal supplemental benefit and other subsidies, such as the one-time \$1,200-per-person check from the Treasury, were more than many workers had received in low-paying jobs which they lost because of the coronavirus pandemic.

Once the back-to-work drive began in May, employers began to complain that workers would not

go back to their jobs, mainly out of fear of contracting coronavirus, but in part because they would actually lose money. Senate Republicans and the Trump administration blocked any extension of the federal benefit past the July 31 deadline which they had agreed on with the Democrats, and the federal supplement expired, leaving most workers with nothing more than state unemployment compensation.

US state-paid unemployment insurance is among the worst of any industrialized country and expires after six months in most states, and even sooner in some. In many European countries, by contrast, unemployment benefits can last for as long as two years and pay 80 percent of lost wages, while US jobless benefits average only 20 percent.

With workers reduced to benefits as low as \$100 a week, the poverty rate accordingly began to increase significantly. As the study details: “Poverty rose by 2.4 percentage points from 9.3 percent in June to 11.7 percent in November, adding 7.8 million to the ranks of the poor.” The increase comes despite the decline in the official unemployment rate from 11.1 percent to 6.7 percent during this period. This latter figure is a dubious one, since millions of workers dropped out of the labor force and are no longer being counted.

The unbridgeable class divisions which have been laid bare during the COVID-19 pandemic are documented in another study made public Wednesday. The *Washington Post* analyzed the financial reports of the 50 largest US companies, and found that while 45 were profitable during the pandemic, 27 nonetheless carried out layoffs, cutting a combined total of 100,000 workers. At the same time, they delivered \$240 billion to shareholders through buybacks and dividends between April and September.

The *Post* report observed: “The data reveals a split

screen inside many big companies this year. On one side, corporate leaders are touting their success and casting themselves as leaders on the road to economic recovery. On the other, many of their firms have put Americans out of work and used their profits to increase the wealth of shareholders.”

One of those “shareholders,” of course, was Jeff Bezos, CEO of Amazon and owner of the *Washington Post*, the richest man in the world, whose personal wealth increased by more than \$80 billion while countless small businesses closed their doors permanently—and 300,000 Americans died.

This social catastrophe is set to worsen imminently. Twelve million more workers face a final cutoff of all benefits on December 26, barely a week from now, when special pandemic-related unemployment relief expires for “gig” and other self-employed workers, who are not eligible for state-paid unemployment compensation. Many of these are among the five million renters for whom a moratorium on evictions will expire December 31.

America is headed into a winter of homelessness, hunger, sickness and mass death without any parallel in the country’s history, with not the slightest hint of serious action to forestall it, from either the Trump administration or its Democratic Party replacement under Joe Biden.

The two capitalist parties are wrangling over “stimulus” legislation that is barely even a fig leaf to disguise their indifference to the coming calamities. The latest version of the bill, outlined Wednesday morning, would provide extended benefits of only \$300-a-week for a smaller number of unemployed workers, plus a one-time check of \$600 per person. Both amounts are half those provided in the CARES Act, although the social need is greater.

The largest chunk of funding would go to various business groups, including \$300 billion for the misnamed Paycheck Protection Program, which was heavily skimmed by large corporations, not small businesses, and provides windfall fees for major banks. There will be no money for state and local governments to avert impending mass layoffs of public employees.

Only the intervention of the working class, through protests, strikes and establishment of new and independent forms of mass organization, can provide an alternative. The working class must put forward a

revolutionary socialist program based on taking hold of the resources of society, created by the labor of working people, and putting them to use to save lives and prevent mass immiseration.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact