As unemployment claims surge and mass evictions loom, Louisiana becomes first Democratic-run state to impose early end to federal jobless aid

Jacob Crosse
20 June 2021

Last week, Louisiana became the first Democratic-led state to end the $300-a-week federal unemployment supplement, joining 25 Republican-led states that had previously announced the termination of the vital lifeline prior to its September 6 national expiration.

Governor John Bel Edwards did not release a statement after signing HB 183 late Wednesday night, but during the prior week Edwards described the termination of 48,000 jobless Louisianans' unemployment benefits on July 31 as a reasonable "compromise." He explained that that he was trying to find a "reasonable balance" between helping the jobless and helping business owners.

Edwards announced that by ending the benefits five weeks early, he had secured an agreement from Republican lawmakers to raise the state's weekly maximum unemployment benefit by $28, bringing it to $275 a week, beginning in 2022.

Louisiana's current maximum benefit of $248 a week is one of the lowest in the nation. The $28 increase will still leave jobless workers with next to nothing to survive on, assuming they are able to navigate the state's broken unemployment system.

This cruel maneuver is driven entirely by the profit interests of the energy, chemical, commercial fishing and agribusiness interests that dominate the state. It is the latest salvo in the bipartisan campaign to eviscerate pandemic-related social programs in order to blackmail workers into accepting low-paying, dangerous work and undermine their increasingly militant demands for wage increases in the face of soaring inflation.

The early termination of the federal unemployment benefit by state governments has been publicly endorsed by the Biden administration, which has affirmed its intention of ending the program nationwide on September 6.

One day after Edwards terminated the jobless benefit in his state, the Department of Labor (DOL) announced a sharp and unanticipated surge nationwide in new unemployment claims for the week ending June 12. The DOL reported over 412,000 first-time claims, 37,000 higher than the week prior and nearly twice the pre-pandemic average.

The DOL also reported over 118,000 initial claims through the Pandemic Unemployment Assistance (PUA) program, driving the combined claims figure to roughly 530,000. The PUA program is being prematurely terminated in over 80 percent of the states that have announced plans to end federal pandemic-related programs early.

In Michigan last week, House lawmakers passed HB 4434, which, as in Louisiana, would prematurely end the federal $300 weekly jobless pay boost. Giving voice to the rapacious demands of Wall Street and big businesses, Republican Representative TC Clements absurdly claimed that eliminating the $300 supplement "doesn't hurt anybody, it empowers everybody."

"This is a step that we are taking along with steps this body has taken to get to normal," he added.

Michigan's Democratic Governor Gretchen Whitmer, in a statement issued last Wednesday, suggested that the $300 per week federal supplement be used not for those who remain out of work, but instead be turned into an inducement for workers to take jobs under conditions where all pandemic health restrictions and job safety mandates are being lifted even as the more infectious and deadly Delta variant spreads across the US. She suggested the benefit be given through September 4 to those who take a job.

"By deploying this critical federal aid, we can set up our state for success and ensure that Michigan's families, small businesses and communities emerge stronger than ever from this pandemic," Whitmer said in her statement.

Later in the week, she announced that she was moving the date to end pandemic social distancing measures forward from July 1 to June 22.

The Biden administration has said nothing about Democratic governors ending federal unemployment payments early. White House Press Secretary Jen Psaki, in a statement earlier this month, made clear that President Biden would not seek to block Republican governors from ending the payments, telling reporters that the governors "had every right" to end the programs early, i.e., turn down federal funds allocated to provide a measure of relief, however inadequate, for workers devastated by the collapse of employment during the pandemic.

Meanwhile, the White House has not given any indication that Biden will extend the Centers for Disease Control and Prevention eviction moratorium, which is set to expire in less than 10 days, on June 30.

The ending of the moratorium could send millions of people into the streets within a matter of weeks, a recent report from the Joint Center for Housing Studies at Harvard University found. The report estimates that "2.3 million borrowers in forbearance that have yet to resume their mortgage payments" could be affected by the expiration of the moratorium.

Citing census data, the report also concludes that some 6 million households are behind on rent and could be facing eviction at the end of June. The study states further that 4.2 million Americans report it is "very likely or somewhat likely" they will face eviction or foreclosure in the next two months.

Earlier this month, the government reported that the US inflation rate reached a 13-year high of 5 percent in May, while workers have seen their real wages decline by more than 3 percent.

The data contained in the Harvard report confirms that the pandemic has exacerbated the already staggering levels of economic inequality and the social crisis confronting the working class, especially in regards to affordable housing.

Quoting findings from the S&P CoreLogic Case-Shiller Home Price Index, the study reports that home prices rose by an astonishing 13.2 percent nationally in March of 2021, up from 4.2 percent on average in the first quarter of 2020 and 3.5 percent on average throughout 2019.

The biggest price rises were in Western states, led by Boise, Idaho, which saw a 28 percent jump in home prices. Austin, Texas, and Tacoma, Washington, registered increases of 22–23 percent.

However, increases were observed virtually across the board. The Federal Housing Finance Agency (FHFA) Price Index showed that 85 of the 100 largest metropolitan areas saw double-digit percentage increase in housing prices in the first quarter of 2021.

Soaring consumer prices are eating away at workers' wages. Citing data from Moody's Analytics, the Harvard report finds that in 2020, for the fifth year in a row, the median home price was more than four times the median income, jumping from 4.14 in 2019 to 4.37 in 2020.

The report states, "Price ranges in the nation's 100 largest metros are expected to range as high as 10.9 in San Jose, 9.5 in Honolulu and 9.4 in Los Angeles."

The report cites a 2019 analysis by the Federal Reserve Bank of Philadelphia and PolicyMap, which found that "more than a third of all occupied homes in 2017 had structural, plumbing, electrical, heating problems, leaks and/pest infestations." The total cost of addressing these deficiencies was estimated at $127 billion, or $50 billion *less* than the $177 billion increase in the wealth of Amazon CEO Jeff Bezos in 2020.