

\$600-per-week jobless benefit expires for 20 million US workers

By Patrick Martin
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Sunday, July 26 marked the beginning of the first week in which 20 million American workers are deprived of a \$600-per-week federal supplemental unemployment benefit that has served as a lifeline under conditions of Depression-era levels of joblessness triggered by the coronavirus pandemic.

The benefit was terminated as a result of the failure of the White House and Democratic and Republican leaders in Congress to extend it beyond the deadline set in the CARES Act corporate bailout passed at the end of March. The cutoff was dictated by the corporate-financial elite that controls both political parties.

There is no cutoff of the trillions of dollars in handouts to giant corporations and banks enacted in a near-unanimous bipartisan vote, despite the fact that many of the same companies have announced massive permanent layoffs.

Over the past four months, while the financial aristocracy has actually increased its wealth, the severe limitations in the benefits provided to working people under the CARES Act have become apparent. Some 53 million people filed new claims for unemployment insurance during that period, and at least 32 million are still out of work, but only 20 million are currently receiving the \$600-per-week federal supplement.

Millions of workers lost their benefits when they were forced to return to work at unsafe workplaces. Many more lost their benefits because they refused to go back to work, fearing their health and lives were in danger. Many others never received the federal supplement in the first place because their state unemployment compensation systems were so decrepit they could not program the additional payments.

The federal supplement expires on July 31, but since state systems pay benefits on a full-week basis only, with the benefit week ending on a Saturday or Sunday, benefits stopped for nearly all eligible workers on July 26 or July 27, for the week that ends August 1 or August 2.

The consequences of this cutoff will be felt in mass impoverishment, hunger, foreclosures, evictions and a

dramatic increase in homelessness. This in turn will provide additional fuel for the coronavirus pandemic, which has a hugely disproportionate impact on the most vulnerable sections of working people.

The cutoff comes as the number of jobless continues to climb, with 1.4 million workers filing new claims for unemployment compensation for the week ending July 17, a figure that is widely expected to rise even further in subsequent reporting periods.

In the month of July alone, dozens of mass layoffs and furloughs have been announced by major corporations, most recently by the oilfield services company Schlumberger, which said on July 24 it was cutting about 21,000 jobs and reported a second-quarter loss of \$3.4 billion.

Other mass job cuts and closures were announced in July:

- * Tailored Brands, the parent company of Men's Wearhouse and Jos. A. Bank, will cut 20 percent of its workforce and close 500 stores.

- * LinkedIn is cutting 960 jobs.

- * Southwest Airlines is offering incentive packages, already accepted by 28 percent of its workers, to quit or take extended leave.

- * American Airlines will lay off 25,000 workers, 20 percent of its total.

- * JC Penney, which filed for bankruptcy in May, announced this month it will close 152 stores and lay off 1,000 workers.

- * PVH Corp, parent company of the Calvin Klein and Tommy Hilfiger brands, will close 162 stores and cut 450 jobs.

- * Walgreen's announced a quarterly loss of \$1.7 billion and said it will cut 4,000 workers.

- * Wells Fargo bank is reportedly planning to cut unspecified "thousands" of jobs.

- * United Airlines announced it will issue layoff and furlough notices to 36,000 workers, more than one-third of its workforce, to take effect October 1.

- * Levi's, the jeans manufacturer, said it will cut 750 jobs, about 15 percent of its workforce.

In the face of this social catastrophe, the policy of the multi-millionaire corporate politicians in Washington, including President Trump, Republican Senate Majority Leader Mitch McConnell and Democratic House Speaker Nancy Pelosi, is to protect the capitalist system and block any revolt from below by the working class.

The two capitalist parties proceed in a complementary fashion. The Republicans emphasize the build-up of repressive forces and use the whip of unemployment and poverty to drive workers back to their jobs. The Democrats join in the back-to-work campaign while seeking to delude workers with promises of reform they know will never take place, in order to dissipate and diffuse popular resistance.

After McConnell failed last week to reach a consensus within the Senate Republican caucus on the outlines of an extension of the federal unemployment benefit—mainly because of hard-line free market advocates like Ted Cruz and Rand Paul, who want no extension at all—the White House sent out its spokesmen on the Sunday morning television talk shows to promise a Republican Party plan by Monday.

Treasury Secretary Steve Mnuchin and White House Chief of Staff Mark Meadows are the lead negotiators on this issue for the Trump administration. Speaking on Fox News Sunday, Mnuchin was asked about a projection by the Atlanta branch of the Federal Reserve Board that the US economy contracted by 33 percent in the second quarter. He demurred, suggesting the slump would be “only” 17 percent, which would still be the largest ever for a single three-month period.

Meadows, on ABC’s “This Week,” voiced the complaint of employers and most Republicans that “the original unemployment benefits actually paid people to stay home and actually a lot of people got more money staying at home than they would going back to work.”

This statement is really an indictment of American capitalism, since it acknowledges that for many millions of workers, the combination of federal and state benefits, averaging about \$980 a week, is more than the pittance they were being paid before the coronavirus pandemic hit.

Meadows claimed there would be agreement among Senate Republicans Monday on a plan to extend the federal supplement, but limiting it to no more than 70 percent of previous wages. He did not address the fact that many state governments have complained that it would take many weeks, even months, to reprogram their systems to make such individualized payments, rather than an across-the-board supplement.

Both Mnuchin and Meadows said any extension of supplementary unemployment benefits would be linked to a liability waiver for employers, giving corporations and

businesses blanket immunity against lawsuits if their neglect of safety precautions led to outbreaks of COVID-19 among their workers.

Another White House aide, economic adviser Larry Kudlow, speaking on CNN’s “State of the Union” program, described the 70 percent cap as “quite generous by any standard,” adding that the Republicans would also propose a “reemployment bonus,” i.e., an incentive payment for workers to risk their lives by going back into unsafe workplaces.

The top Democrat in Washington, Speaker Nancy Pelosi, appearing on the CBS program “Face the Nation,” defended—in words—the \$600-per-week federal supplement, although she declared, “The reason we had \$600 was its simplicity.” In other words, an across-the-board payment was easier to administer than a percentage payment.

Asked directly if she would accept a much lower figure for the across-the-board figure, with some Republicans suggesting \$200-per-week, Pelosi did not reject the suggestion, merely saying that she would not negotiate on television. Behind closed doors with White House aides and Senate Republicans, she will be more than willing to deal.

Another Democratic Party official, Representative Karen Bass of California, the chair of the Congressional Black Caucus, who is on former Vice President Joe Biden’s short list for his running mate, agreed that the \$600-per-week payment might be too high. “It might be a problem in some places,” she told CNN.

Senator Ted Cruz repeated the crudest version of this argument on CBS, declaring that “for 68 percent of people receiving it right now, they are being paid more on unemployment than they made in their job. And I’ll tell you, I’ve spoken to small business owners all over the state of Texas who are trying to reopen and they’re calling their waiters and waitresses, they’re calling their busboys, and they won’t come back. And, of course, they won’t come back because the federal government is paying them, in some instances, twice as much money to stay home.”

Economist Heidi Shierholz of 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. Cutting off the \$600 cannot incentivize people to get jobs that aren’t there.”

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