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The American ruling class “experiments” with eliminating unemployment benefits for millions of workers

Governors in 25 US states have already eliminated or will soon begin eliminating pandemic related supplemental unemployment benefits, depriving some four million jobless workers of \$22 billion in additional assistance according to the Century Foundation.



Homeless campers in Seattle. (David Lee, Flickr Creative Commons)

The elimination of the \$300 a week federal unemployment benefits began this past Saturday in Mississippi, Missouri, Iowa and Alaska. The other 21 states are set to remove the assistance by July 10. Twenty-one out of the 25 states, including Maryland, Texas and

Tennessee, will be ending all pandemic related program, such as Pandemic Unemployment Assistance (for “gig workers”) and the Pandemic Emergency Unemployment Compensation program.

The states taking these drastic actions are led by Republican governors. The policy, however, is bipartisan. Last month, President Joe Biden signaled his support for the ending of benefits by allowing the resumption of work-search related requirements. He also stated his support for letting federal unemployment benefits expire for the entire country on September 6, in less than three months.

This was followed by a statement from White House Press Secretary Jen Psaki on June 4 in which she stated that Republican governors “have every right” to “not accept” the federal benefit, adding, “That’s OK.”

In the capitalist press, the move to eliminate unemployment support for millions of workers and their families has been described as an “experiment.” NBC News declared on June 11: “It’s the beginning of a bold, mass, social and economic experiment to see if turning off federal unemployment benefits early for half the country will prod people in those states back to work.”

This “bold experiment” will mean, in practice, throwing millions of people into poverty and destitution while facilitating the further spread of the coronavirus pandemic.

Take, for example, Mississippi, where less than 29 percent of the population has been fully vaccinated and where roughly 70,000 unemployed workers were cut off from unemployment payments Saturday. Nearly 15 percent of adults in Mississippi surveyed by the US Census Bureau last month reported “sometimes or often” not having enough food to eat in the last seven days. In addition, nearly 37 percent of adults said it has been “somewhat or very difficult” to pay for usual household expenses in the last week.

The conditions in Mississippi are repeated throughout the country. The slashing of federal benefits will be catastrophic for jobless workers and their families, many of whom are unable to find work for health reasons, lack of child care or livable wages.

There are two, interrelated motivations driving the cutoff of unemployment benefits.

First, there is the imperative of the ruling class to get workers back on the job, even as the pandemic continues to claim hundreds of lives every day and dangerous new strains, such as the Delta variant, are spreading rapidly. The ruling class, with the Biden administration at its head, has proclaimed the pandemic “over.”

Supplemental federal unemployment benefits of \$600 a week were included in the CARES Act, which was passed in late March 2020. The temporary assistance provided to those devastated by the economic impact of the pandemic was intended as a stopgap measure and a cover for the act’s main purpose: the multitrillion bailout of Wall Street.

Once this massive handout to the rich became law, the demands for workers to get back on the job began, coupled with bipartisan denunciations of the \$600-a-week subsidy for creating a “disincentive” to work. The program was allowed to expire in July 2020 and was later replaced under Trump by a temporary program paying half as much, \$300 a week. The \$300 a week supplement was again extended in March of this year, under Biden, providing benefits through September.

The unanimous agreement within the ruling class that all benefits must come to an end coincides with the Biden administration’s campaign to remove all remaining restrictions on the spread of the virus.

The decision by the Centers for Disease Control and Prevention to eliminate mask mandates and reduced social distancing guidelines last month has been followed by the release of the Labor Department’s workplace safety guidelines that only apply to health care facilities. The rest of the working class will be left defenseless at workplaces that will not be obligated by law to enact basic safety measures, such as mandatory mask-wearing, social distancing or requirements to inform workers when they may have been exposed to the virus.

Second, the ruling class is concerned that the relative shortage of labor in some industries is contributing to rising wages. “The Fed could be facing a jobs headache in its inflation fight,” wrote CNBC last week. “The longer it takes to get people back to work,” it declared, “the more employers will have to pay.”

CNBC quotes Ian Shepherdson, chief economist at Pantheon Macroeconomics: “Unfortunately, we see good reasons to think that labor participation might not return quickly to its pre-Covid level. Whatever is happening here, the Fed needs large numbers of these people to return to the labor force in the fall.”

Behind the coded language is a ruthless class logic. The ruling class wants to create pressure for lower wages by forcing millions of workers to accept poverty-level jobs, under dangerous conditions, by cutting off unemployment benefits.

As for inflation, the ruling class is not concerned with “inflation” in general, but with demands by workers for increased wages in line with soaring costs of consumer goods. This would cut into corporate profits.

Over the past year, there has been a massive inflation in prices of nearly every financial asset, driven by the limitless infusion of money from the Federal Reserve into the stock markets. This has produced a corresponding growth in the wealth of the oligarchy, with the wealth of global billionaires skyrocketing from \$8 trillion to \$13.1 trillion. Just the increase in wealth for the oligarchy during this period is 227 times more than the cost of the federal unemployment benefits that are being cut off.

While there are daily articles bemoaning the fact that some jobless workers are able to survive on the meager benefits provided, no one in the capitalist press is suggesting that the spigot to Wall Street be shut off. This is an “experiment” that they are not interested in carrying out.

The ruling class’s “experiment” with its homicidal herd immunity policy has led to the deaths of more than 600,000 people in the US. Now, the cutoff of unemployment assistance will mean social devastation for millions. In both cases the reality of capitalism and the consequences of the subordination of society to the interests of the financial oligarchy is exposed.

The cutoff of unemployment benefits will fuel mounting opposition in the working class. The ongoing strikes of workers at Volvo in Virginia, ATI steelworkers in Pennsylvania and Massachusetts nurses are initial expressions of a developing explosion. These struggles must be expanded and taken out of the hands of the corporatist trade

unions, which have worked systematically for decades to suppress working class opposition to the policies of the ruling elite.

The fight against the cutoff of unemployment benefits, against herd immunity and against exploitation must be connected to a revolutionary movement of the working class, in the US and internationally, to expropriate the oligarchs, establish public ownership of the giant banks and corporations, and abolish the capitalist system.

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