

Senate blocks extension

Nearly one million US workers cut off unemployment benefits

By Patrick Martin
18 June 2010

With 12 Democrats joining a unanimous Republican bloc, the US Senate voted Wednesday to defeat a proposed extension of unemployment benefits for workers who have been jobless for nearly two years. The bill would have extended unemployment benefits for those out of work more than six months, until November 30.

In the two and a half weeks since June 1, when the last extension expired, some 903,000 workers have seen their benefits cut off. By June 26, that number will top 1.2 million.

Meanwhile, the Labor Department reported that the number of new claims for unemployment compensation jumped to 472,000 last week, the highest figure in several months.

The result is that a Congress that rushed through a \$700 billion bailout of Wall Street in October 2008 in a matter of days, and authorized a further financial windfall to the banks and speculators five months later, cannot bring itself to support even the most meager subsistence for the unemployed workers who are the victims, not the perpetrators, of the economic crisis.

The vote was taken under Senate rules, not to pass the legislation itself, but to “waive budgetary discipline” and allow passage by a simple majority rather than 60 votes out of 100. The result was 45 in favor and 52 against, with three senators absent. Senate Majority Leader Harry Reid had already abandoned an effort to adopt a cloture motion, closing debate, for lack of the necessary 60 votes. Three months ago a similar extension bill passed the Senate easily.

The unemployment extension is part of a larger bill that includes additional aid to state governments to cover Medicaid, the healthcare program for the poor, and to offset a potential 21 percent cut in reimbursements to doctors who treat Medicare patients.

The House of Representatives passed a version of the bill May 28 costing \$113 billion, but without the Medicaid assistance to the states. The Senate version includes the

Medicaid support, and costs a total of \$140 billion, which sparked the unanimous no vote of the Republicans, as well as the opposition of the 12 Democrats, mainly conservatives, but including liberals like Russ Feingold of Wisconsin.

According to press reports, leading Senate Democrats are seeking to win votes from the bill’s opponents by eliminating a \$25 a week increase in jobless benefits that was part of the 2009 stimulus package. In other words, either all 10 million jobless workers would see a \$25 cut in benefits, from checks averaging \$309 a week, or benefits for the 5.7 million long-term unemployed would be cut off completely. Either way, those deprived of work by the economic crisis of capitalism, the most vulnerable section of the working class, will be made to pay.

One of the dozen right-wing Democrats who voted against the bill, Senator Ben Nelson of Nebraska, reiterated his opposition to Capitol Hill reporters. He cited concerns about the federal deficit, after rejecting a new version of the bill that would cost \$20 billion less.

“Borrowing and deficit spending at the point of an economic crisis—and we were in a severe one in late 2008 and early 2009—is one thing,” Nelson said. “But when you’re in an economic recovery, as we are today, borrowing and deficit spending is another thing.”

Another Democratic “no” vote, Senator Mary Landrieu of Louisiana, told Fox News through a spokesman that she was particularly opposed to a provision in the bill that would have raised taxes on the oil and gas industry from 8 cents a barrel to 49 cents, raising \$18.3 billion to replenish the Oil Liability Trust Fund.

Besides the oil industry tax, there is enormous business opposition to a proposed increase in the tax on the compensation of hedge fund managers—much of it currently taxed not as income but at the much lower capital gains rate—as well as a tax increase on investment partnerships. Lobbying against this provision was said to be especially heavy on the part of companies like Blackstone.

A Republican alternative, introduced by Senator John Thune of South Dakota, would have extended jobless benefits and selected tax credits for business, but at the price of a 5 percent across-the-board cut in all federal discretionary spending (with the military-intelligence apparatus excluded, of course). This was defeated by a 41 to 57 margin.

Big business politicians of both parties have expressed their disdain for the unemployed, suggesting that extended unemployment benefits, now set at 99 weeks, are encouraging jobless workers to stay home and not look for work. Georgia Republican Congressman John Linder said that extended benefits were “too much of an allure.”

Senator Diane Feinstein, a multi-millionaire Democrat from California, complained, “We have 99 weeks of unemployment insurance. The question comes, how long do you continue that before people just don’t go back to work at all?” California has a 12.6 percent unemployment rate, with 880,000 workers unemployed for 27 weeks or more, and receiving extended benefits.

Senator Claire McCaskill, a Missouri Democrat with particularly close ties to the White House, voted against the unemployment extension and backed the \$25 a week cut. “This is not something that can go on indefinitely,” she said. Otherwise, “it begins to look like a brand-new level of entitlement program, which is something that we really can’t afford to do right now.”

Reports in the corporate-controlled media invariably cite mass popular opposition to higher federal deficits as the reason for the shift by a section of the Democratic Party to opposing extended unemployment benefits. However, the claim that working people are up in arms over deficit spending is a spurious one, identifying the media-promoted antics of the Tea Party and other right-wing groups as a genuine popular movement.

The same polls that document overwhelming popular hostility to the bailout of Wall Street and the Obama administration’s kid-glove treatment of BP show that the vast majority believe that jobless benefits should be extended and that emergency measures should be taken to provide jobs for the unemployed.

While the White House and Congress wrangle over the smallest of subsistence measures for the jobless, neither party nor the corporate elite as a whole propose to do anything to provide jobs for the unemployed. The *Wall Street Journal* reported last week that American corporations have increased their cash reserves to \$1.84 trillion, the highest figure in history.

In other words, big business and the banks, after an unprecedented bailout by the public treasury, are hoarding the funds that could put millions back to work. The cash

reserves of major corporations have jumped 26 percent in one year, the largest percentage increase in nearly 60 years. The cash reserves of working people, and particularly the unemployed, have not been so fortunate.

While the treatment of the unemployed is the most glaring expression of the callousness and indifference of the wealthy, the opposition to the Medicaid assistance to the states is not far behind. Medicaid, which pays for medical care for the poor, is the largest single budgetary item in most states, with 80 percent of the cost borne by the federal government and 20 percent by the states.

Most US states must balance their books for a fiscal year that ends June 30, and many have already included the promised Medicaid assistance as part of their financial planning. After the House stripped the Medicaid spending from its version of the bill, Obama sent a letter to House and Senate leaders on June 13, urging them to restore the aid to the states and warning that without it there would be “massive layoffs of teachers, police and firefighters.”

According to the National Governors Association, total state government spending has dropped for two years in a row, the first time such a decline has been recorded. State governments eliminated \$300 billion in cumulative deficits over this two-year period, through a combination of spending cuts and tax increases, usually in regressive sales and excise taxes.

A report issued by the Center on Budget and Policy Planning, a liberal Washington study group, warned that without federal aid, as many as 34 states could impose drastic and unprecedented budget cuts beginning July 1, cutting as many as 900,000 jobs in education and other public services.

Already, 28 states have ordered across-the-board budget cuts, 22 states have imposed payless furloughs on employees, and 25 states and Puerto Rico have laid off state workers.

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>