A holiday “gift” for the jobless

US Congress blocks extension of federal unemployment benefits

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Signaling that there will not be the slightest let-up in the relentless pressure on workers living standards, Republicans in Congress—before adjourning for the holiday break—blocked attempts to extend federal unemployment benefits. As a result, starting December 21, four days before Christmas, some 80,000 to 90,000 jobless workers a week will be cut off after exhausting state benefits. In California alone an estimated 66,696 people will run out of state benefits in January.

In response to the ongoing mass destruction of jobs Congress acted in March 2002 to supplement state payments, which typically provide 26 weeks of regular unemployment benefits, by offering an additional 13 weeks of benefits to people who had still not had found jobs after their state benefits had ended. Under the same program, a second 13-week period of benefits was made available to the unemployed in a handful of states with high jobless rates.

The Temporary Emergency Unemployment Compensation (TEUC) has been extended two times since March 2002, most recently last May. Congress also adjourned last December without renewing the program, but after widespread criticism of their heartlessness the Republicans felt obliged to support renewal of the program soon after the House and Senate reconvened in January 2003. The TEUC program has cost the federal government $900 million a month.

This year Bush officials and Republicans in Congress are claiming that the economic upturn has eliminated the need for the benefits. George W. Bush, in his weekly radio address, touted the state of the economy. “During this season,” he declared, “America’s families are planning for the year ahead, and they have reason to be optimistic. The American economy continues on a solid path of recovery. With strong sales and improving profits, companies will continue to hire new workers in the coming year.”

Up until the moment House Republicans killed efforts to continue the federal jobless benefits on December 8 Bush administration officials claimed they had not yet decided whether to support or oppose another extension. As late as December 5 Treasury Secretary John Snow told reporters in St. Louis, “We haven’t taken a position on that as yet.”

When Democrats raised the issue Monday, Republican leaders made their views plain. House Republican Whip Roy Blunt of Missouri said that extending the benefits was no longer justified because unemployment rates were going down in the country. “It’s a question of whether we continue to be in an extraordinary unemployment environment, and we are not,” he said.

Rep. John J. Portman, Republican of Ohio, told the press, “I think it’s better to wait and see. We’ll see what the economy does. We’ve just begun to turn the corner ... You don’t want to encourage people not to seek work.”

Portman’s implication that continuing benefits decreases the number of people desperate enough to work for low wages jibes with a comment from Mark Gongloff, a journalist for *CNN/Money*, that “from a cold-hearted, academic point of view, the total economic impact of ending the benefit seems unlikely to be great, some analysts said, in part because many of those out of work will at least be able to find lower-paying jobs, meaning they will be able to survive—though precariously.”

Rep. Jim McCrery, Louisiana Republican, suggested that “we ought to give the economy a chance” to provide jobs without federal intervention. House Leader Tom DeLay of Texas recently told the Bureau of National Affairs that the economy was in better shape than in 1993 when the Democratic-led Congress ended its own emergency benefits program, and it was time to do the same thing again.

Certain economists opposed an extension of federal benefits on even harsher grounds: that there is little purpose in extending benefits until employment rebounds, because millions of jobs are not going to return. Citigroup senior economist Steven Wieting told *CNN/Money*, “It comes down to a political choice, whether this is the kind of thing where you happily wait and continue unemployment insurance in the hope that certain industries bounce back cyclically, or you accept the fact that certain job categories are gone for good.”

The notion that the unemployment crisis has passed for millions of Americans is ludicrous. The Center for Budget and Policy Priorities (CBPP) recently pointed out that several

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economic indicators were worse in late November 2003 than they were in March 2002 when the program was initiated: the official unemployment rate was higher, 6 percent vs. 5.7 [it is now 5.9 percent]; the number of unemployed was greater, 8.8 million vs. 8.2; the number of long-term unemployed was greater, 2 million vs. 1.3; the number of jobs available was smaller, 130.1 million vs. 130.5; and the number of jobs outside the farm sector was 2.4 million lower than in February 2001. Both the number of long-term jobless and the average length of joblessness remain at 20-year highs.

The Economic Policy Institute (EPI) in its December 5 "Jobs Picture" notes that the "fact that historically large shares of the unemployed face long-term joblessness reveals the continued mismatch between the number of job seekers and the number of available jobs. In other words, two years into the recovery, the supply of labor far outpaces the demand for workers."

The EPI comments further: **"**Another indicator of current weak conditions is the increase in involuntary part-time workers (i.e., those who would prefer a full-time job). There are now 4.9 million of these workers, up 97,000 since last month and 1.6 million since the recession began. While the unemployment rate does not include involuntary part-time workers, they are counted in the 'underemployment rate,' which was 10.1 percent in November."

Less than 40 percent of jobless US workers currently receive unemployment benefits, a figure down from approximately 50 percent in the 1950s.

In its "Job Watch," the EPI comments, "Since the recession ended 24 months ago in November 2001, 726,000 jobs have disappeared, a 0.6 percent contraction. This is the first time since monthly job statistics began in 1939 that there has not been positive growth in jobs for two years after a recession ended. Two years into the 'jobless recovery' of the early 1990s, jobs had grown by 1.3 percent. In every other recovery, jobs had grown by at least 5.0 percent by this stage. If jobs had grown by 5.0 percent in the last two years, there would have been 7.3 million more jobs in November."

The CBPP in October noted that far from having been made redundant by renewed economic activity and therefore ripe for elimination, the TEUC program had proven woefully inadequate to the nation's unemployed. It explained that the "duration of TEUC benefits has recently been insufficient for three out of four recipients. They have not been able to find a job before their benefits ran out. Since the TEUC program began, some 3.8 million people have been unable to find work before their benefits ended. The number of unemployed workers exhausting all their benefits has been substantially higher than in the wake of the downturn of the early 1990s."

They add: "In addition, this analysis finds that the percentage of recipients who are exhausting their TEUC benefits in recent months appears to be higher than earlier this year. That is, in recent months, if anything, the TEUC program has proven to be less adequate than before."

The actual number of unemployed in the US is itself a bone of contention. Millions of American workers and young people are excluded from government figures and from receiving any assistance because they are considered "discouraged" or "out of the labor force"; indeed, large numbers have never been able to enter the labor force in the first place. In April 2003, for example, it was estimated that in addition to the 8.8 million officially unemployed, there were some 4.4 million "discouraged workers," i.e., those who had giving up looking for work. An additional 4.8 million people were working part-time even though they would have preferred full-time jobs. The total "real" unemployed or underemployed, therefore, added up to some 18 million people, or nearly 12 percent of the labor force.

While the news of the refusal to extend the special benefits was still in the air, a host of large corporations and governments announced thousands more job cuts. December 9 was a black day for thousands of workers:

* Telecommunications giant SBC reported plans to slash 3,000 to 4,000 jobs in the fourth quarter to reduce costs.

* Financial services retailer Washington Mutual made public its decision the same day to cut 2,900 jobs, or nearly 6 percent of the company's workforce.

* America Online laid off 350 workers in California and informed another 100 that they would have to move to the East Coast or lose their jobs too.

* Washington D.C. school officials announced plans to dismiss an estimated 771 employees by the end of January.

The same Congress that this week denied an extension of the miserly benefits available to the jobless has been engaged recently in the business of handing out vast sums to its friends in corporate America. The Medicare "reform" bill alone will mean billions in additional profits for the pharmaceutical, health care and insurance industries. The bill provides $400 billion for drug subsidies and $12 billion in subsidies to private health plans over the next ten years.

The $373 billion omnibus spending bill passed by the House December 8 provides $2.9 billion in "corporate welfare" for oil companies and provides $20 billion in taxpayers' money for a corporate-owned 3,500 mile natural gas pipeline.

The Center for Public Integrity in late October reported that 71 companies and individuals had received a total of $8 billion worth of contracts in "post-war" Afghanistan and Iraq. These same interests have contributed more money to Bush than to any other federal candidate since 1990.

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