

# Senate Democrats and Obama abandon the jobless

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Senate Democrats gave up efforts to extend unemployment benefits for millions of jobless workers after the third vote on overcoming a Republican filibuster failed. The final vote Thursday was 57 to 41, three votes short of the 60 necessary to cut off debate, with one Democrat, Ben Nelson of Nebraska, joining a unanimous Republican opposition.

Senate Majority Leader Harry Reid, whose home state, Nevada, has the highest unemployment rate in the country, indicated there would be no further effort to revive the unemployment benefit extension unless one or more Republican senators expressed willingness to change their position. “We can’t pass it unless we get some Republicans,” Reid told reporters. “It’s up to them.”

Reid said that rather than continue efforts to pass the extension, he would move on to legislation cutting taxes for small business. “We’ve tried and tried. This is our eighth week on this legislation,” he complained.

While the Democrats, who control the Senate by a 59 to 41 majority, whine about Republican opposition, some 200,000 unemployed workers are losing extended benefits each week. The total number cut off benefits since June 2, when the last such extension expired, reached 1.2 million Friday. Assuming the deadlock continues, a total of 5.7 million workers will lose extended benefits by the time the program expires completely in November.

The benefit cutoff takes place in the midst of the deepest jobs crisis since the Great Depression, with the official jobless rate at 9.7 percent and the “underemployment” rate at 16.6 percent. It coincides with mounting signs that the “economic recovery” touted by the Obama administration has stalled. The Commerce Department issued revised figures showing GDP growth during the first quarter was only 2.7 percent, less than half the 5.6 percent rate posted in the fourth quarter, and below the level required to reduce unemployment rates to any significant extent.

Business spending rose only 2.2 percent, instead of the 3.1 percent initially reported, and state and local government spending fell at the fastest rate in 29 years. With the expiration of a federal tax credit for new home purchases,

sales of new homes plunged 33 percent from April to May, and sales of existing homes also declined by 2.2 percent. Only one economic figure was revised sharply upward: corporate profits rose 5 percent in the first quarter, more than double the initial estimate of 2.1 percent.

The Senate stalemate gives a glimpse of the political physiognomy of all three major actors in the bill’s demise. The Senate Republicans are adamant in their insistence that the pittance provided for the long-term unemployed should be sacrificed on the altar of deficit reduction.

The Senate Democrats cajole, wheedle and occasionally engage in populist demagoguery, as when Reid declared, in the course of the final debate, “Those who want to help middle-class America will vote ‘yes.’ Those who want to protect corporate America will vote ‘no.’” But all this is to no effect, because the Democrats accept the deficit reduction imperative themselves.

The Obama administration, while nominally in favor of the extended benefits, did little or nothing to ensure passage. As the *New York Times*, a reliable supporter of the White House, was compelled to admit, “The Obama administration has not fought aggressively for the legislation.”

The extension of unemployment benefits was part of a larger bill that was repeatedly whittled down and narrowed in a futile effort to win the vote of even a single Republican senator. Senate Democrats cut the average benefit by \$25 a week—a significant amount for the long-term jobless—and made other reductions in the overall cost of the bill, including cutting the proposed Medicaid assistance to near-bankrupt state governments from \$24 billion to \$16 billion.

The bill would also have paid for Medicaid assistance to the states by using money from last year’s stimulus bill, not yet expended for a planned increase in food stamp benefits. If the bill had passed the Senate and become law, there was to be a reduction of \$11 a week for each food stamp beneficiary.

In other words, one low-income group, those on food stamps, was to pay for the extension of benefits for another low-income group, the long-term jobless. In many cases, of

course, the two groups overlap, so that a jobless worker on food stamps could find his or her children's food stamps cut to pay for the unemployment check.

Rather than attack the Republicans for their brutal treatment of the unemployed, the Democrats sought to mobilize sections of big business to lobby for passage of the bill, citing a series of tax breaks incorporated into the legislation. But business lobbyists focused instead on several proposed tax increases on hedge fund managers and multinational corporations.

As the *Washington Post* noted, "So far, business groups have complained loudly about the tax increases but have done little to build Republican support for the tax cuts." Bloomberg News reported, "The legislation's failure is a win for US-based multinational companies such as International Business Machines Corp., which lobbied against proposals to increase taxes on their international operations."

Besides aid for the long-term unemployed and bankrupt state governments, the bill also included a youth summer jobs program, already delayed beyond the beginning of summer, and now canceled altogether. There were also provisions for farm disaster aid, and \$4.6 billion to settle a long-running discrimination lawsuit brought by black farmers against the Agriculture Department and another suit by American Indians against mismanagement of trust funds by the Bureau of Indian Affairs.

According to an analysis by the Center on Budget and Policy Priorities, the defeat of the legislation significantly raises the risk of a double-dip recession as the "loss of spending power ripples through the economy," both from the lost income of the long-term unemployed and the expected mass layoffs by state governments, which had been counting on passage of the bill to help them meet a July 1 deadline for balancing their budgets.

Six Republican senators had supported cloture resolutions on earlier extensions of unemployment benefits, in February and March. Three of them—Olympia Snowe and Susan Collins of Maine, and Scott Brown of Massachusetts—continued to negotiate and extract concessions from Reid & Co. right to the last minute. Then they joined the unanimous Republican bloc, backed by Nebraska Democrat Ben Nelson, who was seeking to block tax increases for several real estate companies based in his state.

Democratic Senator Patty Murray of Washington state summed up this protracted process by lamenting, "They asked to have it reduced, we did it. They asked to have it paid for, we did it."

Media commentators invariably described the stance of the Republicans as a response to popular concerns about the

growing federal deficit. This is a grotesque distortion. Opinion polls show that jobs and the plight of the unemployed are the greatest concerns, particularly among working people.

"Deficit reduction" has been raised as a mantra by the Democrats as well as the Republicans in response to demands by the ruling elite that the enormous cost of the bailout of the financial system be imposed on the working class in the form of reduced consumption. This is to be accomplished both by cutting jobs and wages directly and by slashing public spending on social services like education, health care and retirement benefits.

No such concerns were raised over Bush's gargantuan tax cuts for the wealthy, or the trillions expended on the wars in Iraq and Afghanistan. The deficit becomes the focal point of official Washington only when it is a matter of aid to the long-term unemployed or other forms of relief for the working class. The amount in question, \$3 billion a year (\$30 billion over ten years), is less than the money squandered in a week on the war in Afghanistan.

The role of the Obama administration in this debacle has been particularly odious. The White House put on a full-court press to ensure passage of its cost-cutting healthcare reform legislation, but could not be bothered to make any significant effort to prevent a brutal attack on a most vulnerable section of the working class.

Only hours after the Senate killed the extended unemployment benefits, Obama made a public appearance—not to denounce the Senate action, but to hail the House-Senate conference agreement on the terms of financial "reform" legislation which does nothing to restrain the speculative mania and corrupt self-dealing practices that precipitated the Wall Street crash of 2008. Bank stocks rose sharply on Friday after the agreement was announced.



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