Democrats propose cut in extended unemployment benefits

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Democratic members of a House-Senate conference committee proposed Thursday that the maximum duration of federal extended unemployment benefits be cut by six weeks, from 99 weeks to 93 weeks.

The conference committee is negotiating on legislation that would extend a payroll tax cut for 160 million people, as well continuing the extended unemployment benefits that are now scheduled to expire March 1 for three million workers.

The Republican-controlled House of Representatives has already approved a plan to slash extended benefits from 99 weeks to 59 weeks. The Democratic counter offer was described as “an opening position” by one Republican negotiator. It demonstrates that the Democrats accept the basic principle of the Republican plan, which is to claim that the slight reduction in the national unemployment rate justifies cutting benefits to those out of work for a protracted period of time.

Some House Republicans have called for terminating extended unemployment benefits entirely, claiming that they are a “disincentive” for workers finding jobs. In other words, they claim that the unemployed are deliberately refusing work because they prefer to live on the pittance—averaging $300 a week, or 70 percent of poverty level—available from unemployment compensation.

The current economic slump is so deep that the proportion of the unemployed who are jobless for more than six months is far higher than in any recession since the Great Depression of the 1930s. No recession since then has seen long-term unemployment affecting more than 25 percent of all the jobless. But in the slump which was triggered by the Wall Street crash of 2008, the long-term unemployed make up as much as 45 percent of the total jobless. This makes extended unemployment benefits more rather than less necessary.

The House Republicans have also proposed demeaning measures such as mandatory drug testing for recipients of unemployment compensation, as well as a requirement that all those receiving benefits enroll in a GED program if they have not graduated from high school.

The payroll tax cut, long-term unemployment benefits and a measure to prevent a cut in reimbursements for doctors who treat Medicare patients were all extended for two months in legislation passed by the House and Senate and signed into law by President Obama just before Christmas. All three measures expire February 29.

The House-Senate conference is discussing legislation that would extend the three programs for the rest of the year. This bill is expected to be the only significant legislation that passes this year in view of the deadlock between the Republican-controlled House and the Democratic-controlled Senate.

For somewhat different electoral reasons, both big business parties seem prepared to allow the extended unemployment benefits to expire March 1, as they did on several occasions last year, only to be restored later.

The Democrats aim to use the expiration of the payroll tax cut and extended unemployment benefits as a political campaign issue against the Republicans in the November elections. Some of the Republicans favor terminating the program outright, while others are pushing for state governments to make use of the interval between the expiration of extended benefits March 1 and any subsequent restoration to disqualify as many jobless workers as possible.

Aside from their electoral differences, both parties are committed to the reduction of unemployment benefits as part of an overall attack on the working class.

Other administrative measures are being taken to deprive the long-term unemployed of their benefits. In Michigan, for example, some 30,000 workers are losing unemployment benefits as of February 18, because the state's official unemployment rate has dropped from a high of 13.9 percent in 2009 to 9.9 percent.

The result is that Michigan is no longer in the highest-rate bracket as defined by the federal Bureau of Labor Statistics. The maximum length of extended benefits in the state will drop from 99 weeks to 79 weeks, affecting between 20,000 and 30,000 workers.

The main issue before the House-Senate conference committee is how to pay for the extension of the payroll tax cut, which accounts for about $90 billion out of the total $150 billion cost. Republicans have rejected a Democratic proposal—never intended seriously—to cover the cost through a surtax on the wealthy.

Most Senate Democrats have opposed a Republican plan to freeze pay for federal workers and raise premiums for upper-income Medicare beneficiaries. However, 72 Democrats in the House voted for a Republican bill to impose the federal pay freeze, which passed on a 309-117 vote.

The expiration of the tax cut extension on February 29 will raise the payroll tax rate from 4.2 percent to 6.2 percent—effectively, an across-the-board two percent wage cut for every worker in America. This, along with the devastating cutoff of extended unemployment benefits, is what the two corporate-controlled parties are preparing for the working class.