

Obama, Democrats hail deal to slash unemployment benefits

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In the midst of the deepest economic crisis since the Great Depression, with long-term unemployment at record highs, the Obama administration has forged a bipartisan agreement with the Republicans that will sharply reduce the duration of jobless benefits.

The deal reached Tuesday by members of a House-Senate committee would extend through December a payroll tax cut and continue emergency unemployment benefits. It includes provisions that will cut off the financial lifeline for hundreds of thousands of unemployed workers and their families.

Presented by the Obama administration and the media as a boon to hard-pressed working Americans, the measure is in reality a cruel and punitive assault on the working class—in the first instance, those most severely impacted by nearly four years of mass unemployment.

It is expected that the agreement will be finalized, passed by both houses of Congress and signed into law by Obama by the end of the week. According to press reports, over the course of 2012 it will reduce the maximum duration of extended jobless benefits from the current 99 weeks to 73 weeks in those states with the highest unemployment levels. The 73-week maximum will apply only to states where the official jobless rate is above 9 percent.

In 36 of the 50 states, where the jobless rate is lower, the duration of benefits will be cut from the current maximum of 93 weeks to 63 weeks—a loss of 30 weeks of benefits!

In addition, more barriers will be placed in the way of workers seeking to obtain jobless benefits. They will be required to provide more proof that they are actively seeking work, and, in a particularly demeaning and vindictive move, states will be allowed to subject jobless applicants to drug tests.

The reactionary and anti-working class character of

the measure is underscored by the fact that the cost of the partial extension of federal jobless benefits, estimated at \$30 billion, will be imposed on workers. The agreement requires federal employees to pay a bigger share of their pension costs to offset the continuation of the federal unemployment benefit program.

Obama and the Democrats are well aware that this move will drive millions more people into the already exploding ranks of the poor, homeless and malnourished. But, as the agreement demonstrates, they, like their Republican counterparts, serve the class interests not of the “middle class” or the “people,” but of a ruthless corporate-financial oligarchy.

They have rejected any measures to create jobs or provide serious relief for the unemployed not just because the ruling elite opposes any reduction of its wealth to meet social needs. The ruling class has a deliberate strategy to keep unemployment high and use economic insecurity and social misery as battering rams to destroy the wages and conditions of the working class.

Obama personifies the cynicism and contempt of the ruling class for the broad mass of the people. He spoke Wednesday at a factory in Milwaukee, where he touted his policy of “in-sourcing” jobs from abroad. He omitted the fact that this is based on driving down the wages of US workers. “I’m glad to see that Congress seems to be on the way to making progress on extending the payroll tax cut... as soon as Congress sends the extension of this tax cut and unemployment insurance to my desk, I will sign it right away,” he said.

Just last Thursday, one week before cutting benefits for the long-term unemployed, Obama announced a settlement of charges of pervasive fraud committed by banks in the foreclosure and seizure of homes. The

settlement will save Wall Street untold billions in penalties and fines from law suits that have now been quashed. That too was presented by Obama as a boon to ordinary Americans.

The extension of the 2 percent cut in payroll taxes under the bipartisan deal reached Tuesday is also a fundamentally reactionary measure. While it cuts taxes for workers making \$50,000 a year by \$1,000, it drains resources from the Social Security trust fund, creating the conditions for massive cuts in the retirement program for the elderly.

The agreement also averts a 27 percent cut in the reimbursement rate for doctors who treat Medicare patients. This too is paid for by cutting social spending elsewhere, with some \$20 billion in Medicare cuts that will particularly impact rural hospitals and a preventive care and wellness program established as part of Obama's health care overhaul.

The Democrats are not even pretending that they only reluctantly agreed to Republican demands for reductions in the duration of jobless benefits. The *New York Times* reported Wednesday that Democrats were "elated" and "privately crowing" after the Republicans dropped their demand that the payroll tax cut, estimated to cost \$100 billion, be offset by cuts in social spending. The fact is, both political parties and the White House have been looking for an opportunity to reduce and ultimately eliminate the emergency jobless benefit program.

The pretext, to the extent that the White House bothers to provide one, is the recent improvement in official employment data and the non-existent "recovery," which is supposedly accelerating. The White House has touted the employment report for January, which showed a modest growth of 243,000 payroll jobs and a fall in the official jobless rate to 8.3 percent.

However, that still leaves 12.8 million workers without a job, according to the government's figures, and 24 million either unemployed or under-employed (15.1 percent of the labor force). A staggering 5.5 million workers have been out of work for more than six months, and 4 million for more than a year. The share of jobless workers who have been unemployed for more than six months actually rose in January to 42.9 percent—a level nearly double that of any previous recession since the 1930s.

Moreover, the decline in the official jobless rate is largely the result of the exit of hundreds of thousands of discouraged workers from the labor force. The rate of labor force participation, a more accurate gauge of the jobs crisis, fell in January to 63.7 percent, its lowest point since the slump began and its low-point since 1983.

There is also the very real possibility that the employment statistics were manipulated to obtain a result that could be presented as positive in advance of a deal to slash extended unemployment benefits. According to the Labor Department, the economy actually lost 2,689,000 jobs in January. The Labor Department arrived at its "seasonally adjusted" estimate of a net payroll gain of 243,000 by factoring in the normal loss of temporary holiday jobs.

In any event, the agreement to reduce the duration of jobless benefits is the result of calculated manipulation and deception on the part of both parties and the White House. The division of labor between the Democrats and Republicans is by now well established. The Republicans make demands for savage cuts, which then become the baseline for "negotiations" in which the Democrats offer a "compromise" that accepts brutal measures that would have been unthinkable even during the Bush administration.



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