Budget deal intensifies attack on US workers

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The bipartisan budget deal passed by the US House of Representatives Thursday, and expected to be passed by the Senate next week, constitutes a pact between the Obama administration and Congress to attack the American working class.

The keystone of the agreement was the decision by the Obama administration and congressional Democrats to drop a proposed renewal of extended unemployment benefits for the long-term unemployed. As a direct consequence, 1.3 million workers will receive their last unemployment compensation check the week of December 28.

In the course of 2014, another 3.6 million workers will exhaust their state unemployment benefits. In the absence of the federal extended benefits program, they will have nothing to fall back on. They and their families—nearly 5 million workers and a total of 15 million people, some five percent of the US population—will be plunged into poverty, with the threat of bankruptcy and homelessness.

The total cost of extended unemployment benefits would be $25 billion in 2014, just over two percent of the discretionary spending authorized in the budget deal and less than one percent of overall federal spending. It is less money than the Pentagon spends in two weeks.

An analysis by the Center on Budget and Policy Priorities (CBPP) notes that federal emergency unemployment benefits have never been cut off in any previous recession since the end of World War II when the long-term unemployment rate was more than 1.3 percent. The official long-term unemployment rate today is 2.6 percent, double that level.

The CBPP report gives a breakdown of the state-by-state total of unemployed workers who will lose all benefits in the course of 2014 as a result of the congressional refusal to extend the program. These include:

- California – 836,100
- New York – 383,000
- Texas – 285,200
- Pennsylvania – 262,500
- Florida – 260,400
- New Jersey – 260,100
- Illinois – 230,500
- Michigan – 189,700
- Georgia – 164,700
- Massachusetts – 141,000
- Ohio – 128,600

With consummate cynicism, President Obama emerged Friday from a meeting with 16 newly elected US mayors declaring that he was committed to enacting an extension of emergency federal unemployment benefits as soon as Congress reconvenes in January.

"You've got potentially 1.3 million people who, during Christmas time, are going to lose their unemployment benefits, at a time when it's still very difficult for a lot of folks to find a job," Obama said. "And that's not just bad for those individuals and for those families. That's bad for our economy and that's bad for our cities.

Obama was silent on the fact that his own administration and his party's representatives in Congress had just signed off on a budget deal that excluded the long-term unemployed and condemned them to a Christmas cutoff of benefits.

Neither the administration's media acolytes or the 16 mayors, nearly all Democrats, took note of the glaring contradiction between Obama's rhetorical sympathy for the unemployed and the actual policy pursued by the White House.

Speaking for the group of mayors, Bill de Blasio, the Democratic mayor-elect of New York and the darling of liberal publications such as the *Nation* magazine, hailed Obama for embracing measures to reduce income inequality and improve the conditions of life for the poor. "There was real passion in the president's voice," de Blasio told the press outside the White House. "We all now know clearly that he will be a partner in all we do."

The reactionary significance of the "partnership" between Obama and big-city mayors was suggested by the presence at the White House of Detroit Mayor-Elect Michael Duggan, a Democrat who is working closely with emergency Financial Manager Kevyn Orr, the architect of Detroit's bankruptcy filing. Using the bankruptcy process—with the full support of the Obama administration—Orr has demanded drastic cuts in city workers' pensions and the sell-off of public assets such as the city's water and sewerage plants and masterpieces from the collection of the Detroit Institute of Arts.

The bipartisan budget bill faces a Senate vote to cut off debate December 17, with all 55 Democrats expected to support it and at least half a dozen Republicans, if not more. Once debate is cut off, some of those Republicans will cast a vote against final passage, but majority approval is all but certain.

A critical factor in ensuring the top-heavy vote in the House of Representatives, including large majorities of both Republicans and Democrats, was intense pressure from business lobbies, which see the deal as clearing the way in the coming year to a frontal assault on basic social programs such as Medicare, Medicaid and Social Security as well as a cut in corporate taxes.

Virtually all of the business lobbies lined up behind House Speaker John Boehner as he denounced the right-wing Tea Party faction for opposing the deal. "Business lobbyists are pumping their fists" over Boehner's criticism of Tea Party groups, according to a report in the *Hill*, which quoted several prominent spokesmen for business groups.

The budget deal effectively cements the cuts imposed under the "sequester" process established in 2011. According to a tabulation released by House Budget Committee Chairman Paul Ryan, co-author of the deal, the agreement preserves 70 percent of the sequester cuts for 2014 and 92 percent of the sequester cuts for the ten-year period 2014-2023.

It also sets the stage for a Detroit-style attack on the pensions of federal government workers by sharply increasing the proportion of their salaries that new federal employees will pay into the pension fund, without any increase in benefits. Newly hired workers will be compelled to pay five times as much of their salaries as workers hired in 2012 or earlier.