

Trump, Republicans demand \$400-a-week cut for the unemployed

Patrick Martin
28 July 2020

Senate Republicans unveiled plans Monday to slash federal supplemental unemployment compensation by \$400 a week, a two-thirds reduction, in a savage attack on the lifeline that 20 million workers across the United States have relied on to survive for the past four months.

The \$600-a-week benefit for workers laid off because of the coronavirus crisis was established in the CARES Act passed in March. It has an official expiration date of July 31, but effectively ended this weekend, given how state-run unemployment compensation systems calculate the benefit week.

Senator Charles Grassley of Iowa, outlining the unemployment compensation plan, denounced the \$600-a-week benefit as an incentive for idleness that had caused many people to refuse jobs. “We’ve learned a tough lesson,” he said. “If you pay people not to work, what do you expect?” He went on to hail the bill for providing “further tax relief for businesses to encourage hiring and rehiring.”

The Republican bill is a political provocation against the working class. In the CARES Act, the Democrats and Republicans combined limited subsidies to the unemployed with trillions for corporations and banks, using the increased unemployment compensation as a screen to disguise the real nature of the CARES Act as a handout to the multimillionaires.

The legislation unveiled Monday would strip away the disguise, combining further subsidies for the wealthy and corporate America with a \$400-a-week cut in benefits for millions who have only barely been able to pay urgent and pressing bills. Even with the federal extended benefits, some 12 million people failed to make rent payments due by July 1, and 23 million said they feared missing rent payments due August 1.

White House officials had hinted on the weekend that the moratorium on evictions and foreclosures of properties that are insured or otherwise underwritten by

federal agencies, which has just expired, would be renewed and extended, perhaps through the end of the year. But the Senate Republicans made no mention of evictions and seemed willing to allow them to resume at top speed, or else hold those facing eviction, now more than 20 million, as hostages for further concessions from the Democrats in the ongoing talks.

They have little need for such additional leverage, since the Democratic leaders have already indicated their willingness to “compromise,” which means accept a far lower level of federal supplemental benefits, as well as cave in to other demands from McConnell and the White House. House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer are interested in posturing as defenders of the unemployed and low-paid workers for electoral purposes, but they defend the same class interests as the Republicans: Wall Street and the financial aristocracy.

The Republicans portrayed even the \$200-a-week pittance for the unemployed as a generous concession, made unavoidable because state unemployment compensation systems would be unable, for technical reasons, to quickly implement the policy really advocated by McConnell & Co.—to establish a ceiling of 70 percent of previous salary for any worker collecting unemployment benefits, from both state and federal sources combined.

This limit was aimed at preventing the abomination—as the millionaire senators see it—of low-paid workers getting more money from unemployment compensation than from their jobs in fast-food restaurants, warehouses, sweatshop factories and retail outlets.

Or, as Treasury Secretary Steven Mnuchin put it, “It just wouldn’t be fair to use taxpayer dollars to pay people more to sit home than they would working and get a job.” Mnuchin, of course, sees nothing wrong with handing out billions in federal subsidies to millionaire CEOs, bankers

and hedge fund bosses who already make more in a day than the workers they exploit make in many years.

As it is, there are states like Tennessee where the average state unemployment compensation payment is only \$144. The additional federal \$200 would bring the total to \$344 a week, about \$8.50 an hour, less than the minimum wage in many cities and states.

Other provisions in the package outlined by a group of Republican senators on Monday afternoon include:

- A \$1,200-per-person one-time “economic stimulus” check, sent out by the Treasury to every worker, plus \$500 for each dependent. A family unit of two adults and two children would get \$3,400, the same amount paid out under the CARES Act in March and April. The total cost is estimated at \$300 billion.

- \$105 billion in funding for schools, of which \$35 billion goes to colleges and \$70 billion for K-12 education, under a formula that reserves two thirds of the money for schools that resume in-person classes for at least half the school week.

- Nearly \$200 billion in subsidies for businesses, both large and “small,” although the second category has been rigged to allow corporations to apply for small business loans and grants for any facility or subsidiary employing fewer than 500 workers.

- A five-year liability shield for businesses, nonprofits, schools and other employers, exempting them from lawsuits by workers who contract COVID-19 as a result of going back to work, unless workers can show that the employer violated the public health guidelines in effect in their locality.

- Various specific outlays, including \$16 billion for expanded coronavirus testing, a drop in the bucket; \$26 billion to develop and distribute vaccines and therapeutics; \$20 billion for farmers and ranchers; \$30 billion to help US military contractors retain key skilled workers; and an unspecified but fairly small sum to defer student loan payments for those left without income by the coronavirus crisis.

Even in a best-case scenario, there will be a gap of several weeks between the ending of the \$600-a-week supplement and the resumption of benefits at whatever level is ultimately negotiated between the Republican-controlled US Senate and the Democratic-controlled House of Representatives. Senate Majority Leader Mitch McConnell suggested that there would be a deal by the time of Congress’s August recess, now set for August 7.

This means that every worker receiving federal supplemental benefits will lose at least two weeks of

benefits, or \$1,200—an amount exactly equal to the “economic stimulus” check—before benefits resume at a lower level. In other words, by delaying action on an extension and creating a gap of at least two weeks, McConnell has contrived to rob tens of millions of workers of even this tiny subsidy.

One of the most ominous features of the Republican plan is its embrace of the “Trust Act,” legislation sponsored in the Senate by Republican Mitt Romney, the 2012 presidential candidate, and Democrat Joe Manchin of West Virginia, the most right-wing member of the Democratic caucus. This bill would set up a fast-track process for the handling of legislation next year that would gut Social Security and Medicare.

The bill requires the Treasury to provide a review of the solvency of both the Social Security and Medicare trust funds within 45 days of the new Congress assembling in January 2021. Congress would establish a “rescue committee” for each trust fund to propose legislation that “restores solvency.” Any bill would have to have the support of members of both parties, meaning it would exclude tax increases on the wealthy and would stabilize fund finances entirely through cuts in benefits and eligibility. The legislation proposed by the committee would receive expedited review with no amendments being permitted.

Five Democratic senators have already backed the bill: Kyrsten Sinema of Arizona, Doug Jones of Alabama, Angus King of Maine and Mark Warner of Virginia, along with Manchin. In the House of Representatives, a group of 60 members, 30 Republicans and 30 Democrats, has sent a joint letter to the congressional leadership urging the incorporation of the Trust Act into the latest coronavirus relief package.

Even while the attacks on the working class stemming from the COVID-19 crisis are still in full flood, the representatives of big business in both parties are preparing for the next round. This demonstrates that the incoming Democratic administration, should Biden replace Trump in the White House, would be committed to austerity policies far more severe than anything Trump and the Republicans were able to accomplish.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact