

Congress prepares to scrap \$600 weekly unemployment payment

Kevin Reed
29 July 2020

As the Democrats and Republicans in Washington, DC haggle over how much of the latest coronavirus relief package will be handed over to the corporate and financial elite, twenty-five million unemployed workers across the US are losing their \$600 in enhanced federal benefit this week with devastating consequences.

While the two sides are settling differences between the HEROES Act (Health and Economic Recovery Omnibus Emergency Solutions Act) passed by the House in mid-May and the HEALS Act (Health, Economic Assistance, Liability Protection and Schools Act) announced by the Senate Republicans on Monday, the enhanced unemployment benefit which has served as a life line for millions of workers and their families is cynically being used as a negotiating point.

As with the CARES Act, the priority of both the Democrats and Republicans is to make sure that the lion's share of the money in the new stimulus bill goes straight into the pockets of the wealthiest Americans so as to prop up their corporate profits and fortunes on Wall Street.

While Republicans are insisting that the weekly supplemental benefit be eliminated or reduced by \$400, the Democrats have agreed with the bogus claims of their counterparts that the \$600 payment is a "disincentive" that keeps workers from returning to their jobs.

House majority leader Steny Hoyer (Democrat of Maryland) said on Tuesday to CNN that Democrats are willing to agree to a new coronavirus stimulus package that does not include an extension of the \$600 in aid over and above state-provided unemployment benefits. Hoyer said, "Look, it's not \$600 or bust. ... (Speaker) Pelosi said the other day, which I thought was a great line: 'We don't have red lines, we have values.' We're going into these negotiations with values."

That the "values" of the Democrats includes a deal with Republicans that will drive millions of unemployed workers into financial desperation was not elaborated upon by Pelosi or Hoyer.

Referring to a Congressional Budget Office estimate that shows five out of six workers getting the enhanced federal money are receiving more income than they would by returning to work, Hoyer said, "I think that's an argument that is—has some validity to it. And we ought to deal with that. And there is a way to deal with that, but not this way, not cold turkey."

Picking up on Hoyer's comments on CNN, Republican Senate Majority Leader Mitch McConnell went on the offensive on the Senate floor, saying, "Even the Democratic House majority leader said just this morning that our perspective, quote, 'has some validity to it and we ought to deal with that... it's not \$600 or bust.'"

In other words, the Democrats support the lying claim that workers are choosing to remain unemployed because of the \$600 weekly

federal assistance. The truth of the matter, however, is that workers do not want to return to work because of unsafe conditions and the threat that they will expose themselves and their family members to COVID-19.

Meanwhile, millions of workers do not have a job to return to because of the devastating collapse of the economy in the wake of the coronavirus pandemic and the onset of an historic economic depression in which tens of millions have been laid off in a matter of weeks. According to the Labor Department, 1.416 million people applied for unemployment benefits in the most recent recorded week ending on July 18, the eighteenth straight week of more than one million applications.

A new study by a group of Yale researchers exposes the "disincentive" claims of the Democrats and Republicans as a foul lie used to justify cutting workers off of the aid just as the pandemic is raging out of control in most states across the country.

According to the researchers, "Workers facing larger expansions in unemployment insurance benefits have returned to their previous jobs over time at similar rates as others," and

"We find no evidence that more generous benefits disincentivized work either at the onset of the expansion or as firms looked to return to business over time. In future research, it will be important to assess whether the same results hold when states move to reopen."

The Yale report shows that workers receiving larger increases in unemployment benefits experienced very similar gains in employment by early May as state governments began to reopen their economies relative to workers with less-generous benefit increases. The report also found that people with more generously-expanded benefits resumed working at a similar or even a slightly quicker rate than others did.

Co-author of the Yale report, Joseph Altonji, the Thomas DeWitt Cuyler Professor of Economics in the Faculty of Arts and Sciences, said of the findings, "The data do not show a relationship between benefit generosity and employment paths after the CARES Act."

The Yale research paper is also supported by a study conducted by the Chicago Federal Reserve which found that those on unemployment search twice as intensely for employment as those who have exhausted their benefit payments. The Chicago Fed also found that people on unemployment benefits spend more than 14 hours on average per week searching for a job and submit more than 12 applications per month.

The misinformation campaign mounted by Trump, the Democrats and Republicans about unemployed workers choosing not to work has three interconnected purposes, the first of which is the drive by corporate America and Wall Street to force workers back on the job in

the midst of the deadly pandemic. The second reason is to justify the elimination or reduction of the benefit and the third reason is to cover up the truly catastrophic economic situation facing the working class from the combined impact of the economic crisis and the benefit cuts.

While the parties of the ruling elite are driving workers into bankruptcy, homelessness and hunger, some economists are pointing out that cutting off the \$600 weekly benefit will push the US economy further into a depression spiral. Commenting on the website *Seeking Alpha*, economist Lance Brofman explained on Monday that the US retail sector was able to mark a year-over-year increase in sales, after a historic decline as lockdowns took hold in late March, as a direct result of the federal aid provided to unemployed workers.

Brofman wrote, "Even if the same amount of money is included in a new stimulus package, but it is not targeted to the unemployed, there will be significant reductions in retail sales and significant increases in consumer loan defaults."

Reports from around the US reveal the real state of affairs facing the working class as the weekly benefits expire in three days:

* **Phoenix, Arizona:** A report in the *New Phoenix Times* highlighted the impact terminating the federal assistance will have on workers in the restaurant industry. The report notes, "Restaurants and bars, which have been particularly hard-hit by government-mandated closures, have had to furlough or lay off staff. Many of those employees are now relying on the extra unemployment income to make ends meet."

The publication interviewed the Crescent Ballroom's Director of Operations, Angela Donato, who said that 125 workers at the establishment have been furloughed. She explained that the extra \$600 keeps the employees financially stable as well as safe from COVID-19, adding, "I think people should be less concerned about anyone getting 'too much' money; no one asked for any of this."

* **Birmingham, Alabama:** Many workers still have not received a penny of unemployment benefits throughout the pandemic. ABC News interviewed Lineville resident Carlos Glenn on Monday, who explained, "Every time I file it's like I get denied or something. It's like they don't want to give it to me. I tried calling the 1-800 number. I tried filing online." Glenn said, "It's just still pending. It's just still sitting there." Another worker, Antonia Guice, from Boaz said she filed in April and has not gotten a response yet. "It's just frustrating because I have bills to pay," Guice said. "I was relying on this source of income and here we are 13 weeks later and there's still nothing."

* **Denver, Colorado:** The Colorado Department of Labor and Employment estimates that roughly 330,000 Coloradans will lose the \$600 benefit this week. This includes workers who were self-employed, gig workers and independent contractors, who receive Pandemic Unemployment Assistance and were able to draw the enhanced benefit.

The *Denver Post* interviewed Westminster resident Jim Mimna who said losing the federal benefit is frightening. "I have two kids. It's not like it's just my rear end that's on the line right now." The event photographer added, "The only thing I know to do if I can't make ends meet is to start selling my camera gear. I've got to keep a roof over the kids' heads."

Another worker, Erin Callihan said she had been working about 35 hours a week in the Denver area "when everything just came to that screeching halt." Callihan said the weekly federal assistance has helped keep a roof over her head and called the end of the benefit "terrifying."

* **Long Island, New York:** There are a reported 163,000 unemployed people from Long Island currently getting the federal

benefit. According to studies done by Nassau and Suffolk counties, covering the eastern and western segments of Long Island respectively, up to 375,000 jobs will be lost by the end of the year due to the long-term impact of the pandemic. *Newsday* interviewed Osmond Fletcher of Brentwood, 61, who was working as a real estate agent and an Uber driver before the crisis hit. Fletcher told *Newsday*, "Congressmen and senators are making decisions whether to give \$600 to somebody like they're doing some great tremendous thing. Those people are making six figures working a few hours a day. The people that are working here are working two or three jobs to maintain their situation."

Christen Mann, 48, a former hotel manager, told *Newsday*, "This extra \$600 would be the lifeline that a lot of people need. I think right now we need to look at the reality of what is happening in New York and Long Island specifically, and see that people need help." Mann said that with the hospitality industry depressed by the virus, her job search is, "a little depressing. You know there is nothing that you can do. This is a situation beyond your control."

* **New Orleans, Louisiana:** More than 313,000 state residents filed continuing jobless claims for the week ending July 18, amounting to more than one in every seven workers in Louisiana. The \$600 per week federal benefit had been putting approximately \$180 million into the pockets of the state's unemployed workers each week.

The elimination of the federal assistance will mean on average a reduction in unemployment payments in Louisiana of 70 percent, "a cut that will cripple hundreds of thousands of families across the state, many of whom lived paycheck to paycheck before the pandemic," according to *Houma Today*.

The report also said the cuts, "will also spread pain across the rest of the state's already reeling economy, as a huge number of families cut back on spending, leave bills unpaid or fall behind on rent or mortgage payments."

Houma Today interviewed Crystal and Conrad Chura who own breakfast cafés and a bar in New Orleans. Crystal said, "It's going to cause a huge ripple. Not just for the people who are losing their unemployment—the money they stop spending is going to cost jobs, too. I'm worried about what's going to happen. I don't know how to forecast."



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact