Congress dithers over token relief bill as 4.8 million more Americans face poverty in January

Jacob Crosse
19 December 2020

Despite claims of "good progress" and assurances of "getting a deal done," Democratic and Republican congressional leaders adjourned Friday without passing an estimated $900 billion coronavirus relief bill. The completely inadequate bill, which is still subject to change, would reportedly provide a $300-a-week federal unemployment benefit for 10 weeks and a one-time direct payment of $600 to low- and middle-income people.

The short-term federal jobless benefit is 50 percent less than the $600 weekly supplement that expired on July 31, and the one-time stimulus check is only half the amount provided under the CARES Act, passed by a near-unanimous bipartisan vote in March. That bill provided some $6 trillion in low-interest loans and cash handouts to banks and corporations, dispensed by the US Treasury and the Federal Reserve.

The new bill is being touted by the Democrats as a "down payment" on a second stimulus package to be enacted under the incoming Biden administration, which will undoubtedly provide trillions more for the financial markets and the stock portfolios of the financial oligarchs.

The current measure, under the rubric of the "small business" Paycheck Protection Program (PPP), includes billions of additional dollars for large businesses and another multibillion-dollar bonanza for Wall Street banks in the form of loan fees. The vast bulk of small businesses were frozen out of the two previous iterations of the PPP, resulting in the permanent closure of hundreds of thousands of businesses and millions of layoffs. This round of the program promises to be no different.

Congress passed a two-day continuing resolution to extend federal spending and prevent a government shutdown while remaining differences are thrashed out and the relief bill is passed and signed into law by President Trump, who has signaled his support. The bill is to be attached to a $1.4 trillion omnibus spending package.

As of this writing, it was not clear whether the bill would include an extension of the Centers for Disease Control eviction moratorium, which expires in less than two weeks. According to the Aspen Institute, failure to enact an extension will result in a wave of evictions leaving up to 40 million people homeless.

A study released this week by the Center on Poverty and Social Policy at Columbia University estimates that without the immediate renewal of the $600 weekly federal unemployment supplement and other CARES Act programs, such as Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC), an additional 4.8 million people, including 1.3 million children, will fall into poverty next month. This is on top of the already eight million who have been driven into poverty since the expiration of enhanced unemployment benefits at the end of July.

Overall, the authors of the Columbia study estimate that without any action, 17.5 percent of the US population, and over one in five children, will fall into poverty. Even if a deal is struck immediately, for the roughly 13 million people making use of the PUA and PEUC programs, including the self-employed, contract workers and "gig" workers, there will be a delay in receiving checks that could last weeks, according to Michele Evermore, a policy analyst at the National Employment Law Project. "It usually takes around two to three weeks to turn benefits back on," Evermore told CNBC.

Data from the Census Household Pulse Survey conducted between November 25 and December 7 gives some indication of the suffering and hardship endured by millions of people due to congressional inaction and indifference. In several states, over half of those who were behind in their rent or mortgage payments expected to be evicted or foreclosed on in the next two months, with the District of Columbia leading the nation at 67.3 percent, a 14.4 percent increase from last month.

DC is followed by South Dakota at 59.5 percent, a nearly

20 percent increase, and North Carolina at 54 percent, while in Wisconsin, 44.1 percent of those behind in their payments expect either to be evicted or foreclosed on in the next two months.

Overall, the Census notes that some 13 million adults in the US, or over nine percent of the population, are not current on their rent or mortgage payments and have “slight” or “no confidence” that they will be able to pay next month’s bill on time, an increase of nearly two million compared to two weeks ago. Louisiana leads the nation in this category, with nearly 16 percent, followed by Delaware at 15.2 percent, an increase of 5.5 percent, while Pennsylvania and Florida have seen a more than three percent increase from the last survey, at 13.2 and 12.3 percent, respectively.

What little money workers do have has been going to provide necessities such as food. However, for millions of people even that is a struggle in the richest country on the planet, with an estimated 27.4 million adults in the last month agreeing with the statement that in their households there were “sometimes” or “often” not enough to eat over the previous seven days. This is an increase of nearly two million from the month prior. Arkansas leads the nation, with 19.4 percent, or one in five people saying they did not have enough to eat, while 16.7 percent of Hawaii residents, an increase of 4.6 percent, went hungry.

Weekly state and federal unemployment claims have topped one million in recent weeks, job growth has slowed dramatically, and more than 10 million jobs have been permanently lost since the pandemic began in earnest in March.

The failure to provide serious aid to workers and small businesses is the result not of confusion or mere incompetence. Rather, it is part of a policy dictated by the economic interests of the capitalist class to block any serious measures to contain the pandemic that would impinge on corporate profits and use mass unemployment and the threat of starvation and homelessness to force workers into coronavirus-infected factories and workplaces. The reopening of schools in the midst of the raging pandemic is part of this homicidal “herd immunity” policy.

The Trump administration has openly carried out this policy of mass death, while the Democrats have feigned opposition while in practice collaborating fully at the state and local level and in Congress. The result is over 17 million confirmed cases, more than 300,000 deaths, a daily death rate surpassing 3,000, and the overwhelming of hospitals in many parts of the country. This is combined with the greatest levels of unemployment, social distress and suffering since the Great Depression of the 1930s.

In Nevada, where the state government has run out of money to provide unemployment benefits, over 45 percent of the population expects a loss in income in the next four weeks. This is followed by California at 38.9 percent and New Mexico at 38.6 percent. New York and Hawaii are not far behind at 36.5 and 36.4 percent, respectively.

The criminality of the ruling class was underscored this week by the announcement by the Federal Reserve that it would continue to pump billions of dollars a month into the financial markets and purchase dubious corporate bonds indefinitely.

As of Friday evening, the main obstacle to the passage of the miserable relief bill appeared to be Republican Senator Pat Toomey’s inclusion of language that would end several Fed lending programs, such as the misnamed $600 billion Main Street Lending Program. This provoked an apoplectic reaction from Democratic lawmakers, including senators Mark Warner of Virginia and Elizabeth Warren of Massachusetts and California Representative Maxine Waters, chair of the House Financial Services Committee.

Warner said putting an end to the programs would “set a terrible precedent, hurt the Fed’s independence, and weaken its ability to respond quickly to future crises.” Warren called the proposal “reckless” and an attempt to “sabotage President Biden.”

Wall Street is greedily anticipating another windfall from an incoming Biden administration. Rick Rieder, chief investment officer of global fixed income at BlackRock, which is heavily represented in Biden’s cabinet, hailed the selection of former Fed Chair Janet Yellen as Biden’s Treasury secretary, saying he expected to forge an “important partnership.”

“I think people understand this is a big deal,” Rieder said. “The economy can handle more accommodation and more fiscal, funded by the Treasury and supported by the Fed.”