

Bipartisan Budget Deal to Scrap Jobless Benefits. Condemning Five Million People to Poverty and Destitution

By [Andre Damon](#) and [Barry Grey](#)

Global Research, December 08, 2013
[World Socialist Web Site](#)

Region: [USA](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

The White House said Friday it would agree to a budget deal with the Republicans that excludes an extension of federal benefits for the long-term unemployed, which are scheduled to expire at the end of the month.

By the administration's own figures, allowing the federally-funded extended benefit program to expire will end cash assistance for 1.3 million people immediately after the holidays and impact an additional 3.6 million people in the first half of 2014.

With this cruel and callous act, Obama and the Democratic Party are prepared to join with the Republicans in condemning nearly 5 million people and their families to destitution. In prior recessions, emergency unemployment benefits, beyond the standard aid offered by the states, have never been terminated when unemployment remained at such high levels as those prevailing today.

Obama's own Council of Economic Advisers this week pointed out that long-term unemployment in the US is 2.6 percent, more than double "any other time that we have allowed benefits" to lapse.

White House Press Secretary Jay Carney made clear at his Friday press briefing that Obama would not make an extension of long-term benefits a precondition for reaching an agreement in current talks between leaders of a House-Senate conference committee tasked with coming up with a budget by December 13.

The conference committee, headed by Republican House Budget Committee Chairman Paul Ryan and Democratic Senate Budget Committee Chairwoman Patty Murray, was set up as part of the agreement that ended the partial government shutdown in October. The temporary federal spending authorization that ended the 16-day shutdown expires on January 15.

Exuding the cynicism that typifies the Obama administration, Carney said it would be "terrible to tell more than a million families across the country just a few days after Christmas that they're out of benefits," while making clear that the White House was prepared to do just that.

Friday's announcement came just two days after Obama gave a speech in which he called income inequality the "defining challenge of our time" and declared that "over the course of

the next year, and for the rest of my presidency,” his administration would “focus all our efforts” on narrowing the gap between rich and poor.

His readiness to end jobless benefits for millions of out-of-work people has already given the lie to his absurd pretense of championing working Americans and opposing concentrated wealth. It reflects the real substance of the policies he has pursued since taking office, which have been devoted to further enriching the ruling elite at the expense of the broad mass of the population.

The announcement came as well the same week that a federal bankruptcy judge ruled in favor of the bankruptcy of Detroit, which the Obama administration has supported, opening the way for the pensions of city workers in Detroit and throughout the country to be gutted.

It also coincided with the Labor Department’s employment report for November, showing moderate job growth and a drop in the official unemployment rate to 7.0 percent. The most significant aspect of the report, however, was its data showing a further growth in the ranks of the long-term unemployed. The government now estimates there are 4.1 million people who have been out of work for a half-year or more—a huge figure that nevertheless understates the actual level of long-term unemployment.

According to the Labor Department, the average duration of unemployment increased by more than a week in November, to 37.2 weeks, while the percentage of the jobless who have been out of work for more than six months hit 37.3 percent, up from 36.1 percent in October.

The official unemployment rate, which excludes laid-off workers who have given up looking for a job and young people who have been unable to land their first position, vastly underestimates the real level of joblessness.

The overriding reason for the decline in the official unemployment rate since 2009 has been the exit of millions of workers from the labor force. According to a survey by the Economic Policy Institute, five million “missing workers” have dropped out of the labor force over the past five years. While the percentage of the population that is employed rose slightly last month, to 58.6 percent, it is still below what it was in July and down 4.4 percentage points since 2006.

According to multiple press reports, Democrats and Republicans on the budget conference committee are close to a deal on a one- or two-year budget agreement. What has been reported makes clear that the White House and congressional Democrats are preparing to accept a reactionary plan that will continue to cut social spending while imposing new taxes on consumers in the form of “user fees.”

The deal will leave in place the framework of automatic cuts in domestic discretionary spending under the so-called “sequester” process that took effect last March. However, certain cuts will be pared back, mainly those affecting the military. Billions of dollars in other, unspecified future cuts will be mandated to offset the increased military spending.

The Democrats are preparing to drop their demand for ending corporate tax loopholes, and instead agree to regressive fees on consumers, including a surcharge for air travel. Some \$20 billion in savings are to come from an increase in federal workers’ contributions to their pension plans. The increased pension contributions will come on top of three years of frozen

wages for federal workers and income losses from unpaid furloughs resulting from the sequester.

These developments underscore the fact that behind the partisan wrangling, there is complete unanimity between the Democrats and Republicans on intensifying the attack on the working class and expanding the transfer of wealth from the bottom to the very top of American society.

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[Barry Grey](#)

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