

Published on *National Catholic Reporter* (<https://www.ncronline.org>)

January 22, 2014 at 9:08am

The case for extending unemployment benefits

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NCR Today

Congress continues to debate the issue of a brief three-month extension of benefits to the long-term unemployed. *USA Today* explores this issue in a recent editorial and concludes that it is important to extend unemployment benefits not just to assist those who are unemployed, but also to aid in the overall success of the economy.

The editorial board begins by describing the current state of affairs. The economy is reviving and the stock market continues to set records. The editorial also acknowledges that emergency benefits always end after recessions, and these benefits need to end as well.

What, then, is the compelling case for a short-term extension of benefits at this time? First of all, just about everyone would agree that what we have been seeing is a jobless recovery. While unemployment has started to inch down, even that is offset by thousands of workers simply giving up on finding a job and leaving the job market altogether. The long-term unemployed are especially struggling, and *USA Today* calls it "cruel" to end their benefits at this time.

The editorial then looks at the major argument against continuing these emergency benefits. We hear that the benefits incentivize not working. They may actually increase unemployment. After studying the matter, *USA Today* concludes that there actually is a slight uptick in unemployment, based mainly on the opportunity it provides the job seeker to be a little more selective in the choice of a job.

The conclusion reached, however, is that far more damage is done by withholding benefits from this group of struggling Americans. One simply needs to reflect on the difficulty of obtaining a job if you are among this group of long-term unemployed. There continues to be three job seekers for every job opening. The numbers of the long-term unemployed have almost reached the levels of peak World War II unemployment. Employers are reluctant to hire those who have been unemployed for extended periods of

time. There is often a loss of job skills. Many in this group are older and faced with even greater difficulties in finding employment.

It is also true that without the money provided by these emergency benefits, it will be even more difficult to locate a new job. Paying a baby sitter, covering transportation costs, and paying for other costs associated with a job search become more difficult. Jobs are often more plentiful in certain geographical areas. It may be necessary to relocate in order to gain employment. Restoring benefits could help make that possible.

Paying the rent and feeding one's family are at the core of what is often needed in such circumstances. These benefits, once received, are going to go right back into the economy. They will pay the salaries of the corner grocer or supermarket cashier. They will actually add jobs to the economy.

Most economists agree that now is not the time to cut off benefits. Conservative economist Kevin Hassett of the American Enterprise Institute actually recommends direct government hiring to reduce the unemployed. Job retraining is also going to be necessary for many who no longer possess skills needed in today's labor market.

As *USA Today* points out, the best way to re-employ people is through a growing economy. Yet one way to make it less likely that the economy will grow is to hurt more than a million people who have been struggling to find work.

The conclusion of *USA Today* is that "the emergency benefits are a modest but effective way to help nurse the economy back to health."

So what is Congress waiting for? The numbers of the long-term unemployed are increasing each month. The goal of Congress should be to do no harm. Yet the continued failure of Congress to act on this very modest piece of legislation is doing harm to struggling individuals and their families as well as to the overall economy.

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