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## America's Two-Headed Dog: Layoffs and Cuts to Social Programs

**Allison Kilkenny**

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In Greek mythology, Orthrus is a nasty two-headed dog that is captured and tamed by Oedipus, the dude who killed his father and nailed his mother. That gives you a basic understanding of the unhealthy mindset of Orthrus, the dog that could only be tamed by an incestuous murderer.

America is now wrestling with its own real-life Orthrus in the shape of mass layoffs and simultaneous cuts to social welfare programs. It seems like common sense that the government should increase social spending when people are losing their jobs, but Republicans and Blue Dog Democrats don't see it that way.

Americans [lost](#) 467,000 more jobs in June, and the unemployment rate jumped up to 9.5 percent. The *New York Times* interviewed labor secretary Hilda Solis about why the unemployment rate is already much higher despite President Obama's \$787 billion stimulus plan. Solis explained that "much of the stimulus money was moving slowly, with construction projects in particular requiring time-consuming government permits."

In the meantime, unemployed Americans will need some kind of safety net to support them through this economic depression. Unfortunately, the opposite is happening in many states where the government is cutting social programs. Arizona, which faced a \$1.6 billion budget gap this year, has been among the hardest hit, according to [NPR](#). "Funding was trimmed for food banks, community health centers and home health care for the elderly. Monthly payments for foster care parents were reduced, and more than 1,100 children with chronic or disabling conditions were dropped from the state Children's Rehabilitative Services program."

The economic collapse of California has been widely reported, and the unemployed will feel the budgetary squeeze along with the rest of the state's residents. Except, in the case of the poor, "feeling the squeeze" doesn't mean having to get rid of HBO or Showtime. It means having to sacrifice meals or visits to the doctor.

NPR reports that about 1,000 low-income adults in Rhode Island have been dropped from the state health insurance program. Linda Katz of the Poverty Institute at Rhode Island College says 3,000 more needy families are losing cash assistance, and many of them have no job prospects in the current economy.

In fact, more than three-fourths of states are making spending cuts [according](#) to the Center on Budget and Policy Priorities, one of the nation's premier policy organizations working at the federal and state levels on fiscal policy and public programs that affect low and moderate-income families and individuals. Most of the cuts took place at the beginning of this month.

Dental and vision services for many Medicaid recipients in California and Michigan will be eliminated. Hundreds of thousands of people with disabilities in those states and in New Mexico will experience cuts in aid. Reimbursement rates for some health care providers and human services agencies will decline July 1 in Minnesota, Utah, Washington, and Wyoming. In coming months, public university tuition will rise at double-digit percentage rates in Florida, Washington, and elsewhere -- and school districts will absorb cuts in state aid.

And this doesn't even include proposed cuts that many states still are discussing. Eighteen states haven't enacted their budgets for the upcoming fiscal year, including: Arizona, Illinois, Massachusetts, New Jersey, and North Carolina, all of which are almost certain to enact further cuts.

CBPP stresses that cuts to social services hurt the overall economy because when states cut spending, they lay off employees, cancel contracts, reduce payments to businesses and nonprofits that also provide services, and ultimately cut benefit payments to individuals. All of those actions remove "demand" from the economy (half of the crucial "supply and demand" formula). The result is cyclical: rising unemployment means less money enters the economy, and state budget cuts cause more unemployment, which then continues to worsen the economy.

A way to alleviate this dangerous trend of unemployment and vanishing state support is to raise taxes. In fact, CBPP reports that at least 24 states in 2009 are addressing their budget shortfalls in part by increasing taxes, but of course Republicans and Blue Dog Democrats will burn this solution at the stake.

An example of tax-squashing zealotry taking precedence over the well-being of constituents occurred when some Republican Governors refused federal aid while the poor and unemployed residents of their states suffered. Those Republicans that rejected federal assistance include South Carolina's Mark Sanford, who probably didn't understand the dire need of his constituents because he abandoned his state for weeks at a time to plow his not-wife in Argentina.

Governor Bobby Jindal also rejected \$90 million that would have helped [25,000](#) Louisiana residents. Jindal explained his actions by saying that accepting the money would raise taxes on small businesses, but as *Think Progress* points out, it's not clear why participating in the expanded unemployment insurance program would result in tax increases for business. The recovery package would have funded the state's unemployment expansion for three years, and after that the state could have phased out the program if they chose to do so.

Such gelatinous logic is the spine of the "Taxes = Bad" argument. The Republican economic model always magically erases the "Suffering Americans." Those people don't exist. In the minds of people like John Boehner, America is still experiencing 1950-style job stability and economic growth, which incidentally occurred because the minimum wage was pretty high for

the times. Since we're still in 1950 America, all people need to do is work hard, save money, and they too can buy a house on minimum wage.

But that's not reality. The truth is the economy sucks, people are losing their jobs, minimum wage has been stagnant for decades, and unemployed Americans need government assistance until the economy recovers, and they can't rely on the Republican's Underwear Gnome economic model:

Cut Taxes + \_\_\_\_\_ = JOBS!! BEAUTIFUL JOBS!!

While raising taxes is kryptonite to politicians, CBPP points out that tax increases can be less detrimental to state economies than budget cuts because some of the tax increases affect upper-income households which are likely to result in less saving rather than less consumption. Basically, a \$100 monthly budget cut hurts a Wall Street CEO a lot less than a single mother.

A surefire way to increase and prolong suffering is to follow the Republican two-headed monster model of cutting social spending during a recession. Really, it's just stupid.