



Written by [Michael Tennant](#) on July 2, 2010

Congress Considers Extending Unemployment Benefits — Again

One ironclad rule of government programs is “if you subsidize something, you will get more of it.” Thus, paying poor, unmarried women to have children increases the number of children in single-parent families, and paying farmers to grow corn increases the amount of corn cultivated.

Congress, however, never seems to learn this lesson; and so, with unemployment on the increase, both political parties are proposing to subsidize unemployment for an even longer period of time, [according to ABC News](#). The end result is predictable: more, and longer-lasting, unemployment than otherwise would be the case.



Unemployment insurance — not insurance in the traditional sense but a tax-and-spend government program — until 2008 had only lasted 26 weeks. (It didn’t exist at all until Wisconsin created the first such program in 1932 and the federal government forced it on all the states in 1935.) Since then Congress has extended it multiple times, to the point that in some states a person can receive benefits for 99 weeks or longer. Now Congress is considering increasing it to nearly 2.5 years.

ABC News quotes Senate Minority Leader Mitch McConnell, speaking on the Senate floor June 29: “Both sides have offered ways to address the programs in this bill that we agree should be extended. The only difference is that Democrats are demanding that we add the cost to an already unsustainable \$13 trillion national debt.”

The Democrats want to spend \$33 billion on unconstitutional wealth transfers without regard to the deficit, while the Republicans want to spend \$33 billion on unconstitutional wealth transfers while ensuring that it doesn’t increase the deficit. Some difference.

Politicians aren’t the only problem. One might expect conservative think tanks to provide a rationale for cutting, and ultimately eliminating, big-government programs. Yet James Sherk, a senior policy analyst at the Heritage Foundation, told ABC News that while 99 weeks is too long, Congress should not repeal the current extensions but should “cap emergency unemployment benefits at 60 weeks” — still far longer than the traditional 26 weeks.

It is left, therefore, to upstart candidates on the campaign trail to make the case against extending unemployment benefits or even against having government-run unemployment insurance at all.

Nevada Republican Sharron Angle, running for the U.S. Senate, “told journalist Jon Ralston in a local TV interview Tuesday [June 29] that unemployment benefits discouraged people from looking for work,” according to ABC News, which quoted her as saying, “The truth about it is that they keep extending these unemployment benefits to the point where people are afraid to go out and get a job because the



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job doesn't pay as much as the unemployment benefit does."

In Kentucky, Republican Senate candidate Rand Paul told a radio interviewer, "As bad as it sounds, ultimately, we do have to sometimes accept a wage that's less than we had at our previous job in order to get back to work and allow the economy to get started again. Nobody likes that, but it may be one of the tough love things that has to happen."

Unemployment insurance, like every other government program, is wasteful, inefficient, and ineffective. By paying people who are out of work, even at wages far below what they previously were earning, it encourages them to delay looking for work or to hold out for better-paying jobs, in turn increasing the tax burden on the employed to keep paying benefits to the unemployed. In other words, like every other government wealth-transfer program, it punishes the productive and rewards the unproductive.

One of the quickest ways to put people back to work is to stop paying them not to work. Eliminating, not extending, unemployment insurance would simultaneously provide a strong incentive for the unemployed to look for work and reduce the tax burden on employers, allowing them to hire more workers.

In the absence of government unemployment insurance, the free market could easily fill the void, as columnist Laurence Vance [suggested](#), "in the form of private insurance, an employer/employee severance-pay agreement, or an earmarked savings account."

Furthermore, as Vance pointed out, government unemployment insurance is a rotten deal: "The unemployment benefits that an unemployed worker receives are never enough to replace the wages lost. Would someone insure his home for less than half its value?" Private unemployment insurance would likely offer benefits more closely approximating the beneficiary's lost wages or would offer a range of wage-replacement levels with corresponding premiums (i.e., the higher the premium, the greater the percentage of wages replaced). In any event, it would be tailored to the needs of the individual purchasing it as opposed to the one-size-fits-all approach of government unemployment insurance.

Here's to unemployment, with no benefits, to every politician who votes to extend unemployment benefits yet again — and to that politician's replacement by someone like Angle or Paul instead of another member of the two-headed Big Government Party.



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