



Written by [Michael Tennant](#) on October 25, 2010

When Unemployment Pays Better Than Employment

Back in June, Republican Senate candidates Sharron Angle of Nevada and Rand Paul of Kentucky endured criticism from the mainstream media for their comments suggesting that government-run unemployment insurance was, perhaps, not the greatest idea in the world.

Angle contended that unemployment benefits discourage people from looking for work, explaining, "The truth about it is that they [Congress] keep extending these unemployment benefits to the point where people are afraid to go out and get a job because the job doesn't pay as much as the unemployment benefit does."



Paul, for his part, 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."

Both Angle and Paul have now been vindicated by an October 21 MSNBC.com report bluntly titled ["For some, jobless benefits trump a job."](#) Senior writer Allison Linn backs up both candidates' assertions while telling a largely discouraging, but occasionally hopeful, tale.

"You know the economy has become truly screwy," Linn begins, "when it pays more to collect jobless benefits than to get an actual job." She continues:

The economy is so weak and jobs are so scarce that some people are finding that it isn't worth it to work. These workers say that's because the only jobs available are part-time or low-wage gigs that would not only be a big step down from their previous careers but also would not even pay enough to cover their expenses.

Therefore, even though unemployment benefits are, on average, less than half of what a person was making before losing his job, the very existence of this taxpayer-funded "safety net" discourages many people from going back to work, particularly in a bad economy. Angle should demand an apology from every one of her critics.

Paul should do likewise, given that Linn reports:

With so much competition for so few jobs, many jobseekers are finding that they have to accept some drop from their pre-layoff salary to get back to work. In August, the Bureau of Labor Statistics released a study of displaced workers who had lost a job between 2007 and 2009 that they had held for three or more years. The study found that 36 percent of those who found new work took a pay cut of 20 percent or more.

Linn recounts the stories of three men who lost their jobs, went on unemployment, and then found that they could make more by sitting at home than by working.



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The first is James Davis, a 34-year-old former construction worker in Puyallup, Washington. He was laid off from his \$30-an-hour job in June 2009, found another construction job, and was promptly laid off again. Since then he has subsisted on unemployment that pays the equivalent of \$15 an hour. Finding that other work for someone of his background paid only \$10 an hour, he made the fiscally reasonable decision to remain on the dole. He is able to do this because the state of Washington does not require people on unemployment to accept a job that pays less than their unemployment benefits. The good news, however, is that Davis is not simply lying around the house, waiting for his benefits to run out; he is going to school to become a vehicle mechanic. One hopes he will be able to find better-paying work in the near future.

Robert Nasuti, 26, of Myerstown, Pennsylvania, was laid off from his job as a technology consultant in March 2009. After more than a year of collecting unemployment and looking for work in his field, he accepted "a low-paying temporary job as a bill collector for student loans," Linn writes, only to quit a week later because "he was asked to call grandparents who had co-signed student loans and threaten to withhold Social Security payments if they didn't pay up, he said." He now works part-time for \$8 an hour at a local drugstore, wishing, says Linn, "he'd stayed on unemployment and had never taken the bill collector job."

Finally, 46-year-old Christopher Trimm, who lives in the Los Angeles area, spent six months on unemployment, making half what he'd made in his previous job as a 411 operator for a telephone company. He then took a job as a security guard making \$11 an hour, \$1 an hour less than he was getting in unemployment benefits. He now earns \$10 an hour in another security job, a pay cut he accepted "in exchange for a regular, full-time schedule with weekends off," according to Linn. "Trimm said he felt he couldn't risk turning a job down, even if the pay was lower than his [unemployment] benefits," Linn adds, noting that both he and his wife had gone through difficult job searches.

Americans often seem to believe they have a right to ever-improving wages and benefits. The existence of taxpayer-funded unemployment insurance, with benefits now payable for up to 99 weeks (and even longer, if some members of Congress get their way), only feeds into that mindset. Why struggle to find work that may not pay as well as the income you can take from your employed neighbors without lifting a finger? The longer the benefits are paid, the more people will come to believe that they are owed a living, no matter how meager, and the greater will be the tax burden on those earning an honest living. As the recent turmoil in Greece and other European countries shows, the end result of such a mindset is economic collapse accompanied by violence from the dependent class.

Fortunately, the men profiled by Linn seem not to have bought into this mindset — at least not completely. To avoid the Greek tragedy, we must earnestly pray that most Americans share these men's willingness to do what it takes to earn their own keep and can say, as Trimm did, "Ethically speaking, I'm a worker.... I owed it to the people of the state of California not to be living off their dime."



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