

Why won't Congress deliver badly needed stimulus checks?

written by Gary Wilson
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“Our Black seniors are suffering all over Oakland,” says Sharena Diamond Thomas. The largest percentage of tenants are Black, and high rents are terrifying to them. They can’t rest, they’re stressed out, they can’t move during the pandemic, and all of this makes them vulnerable to the virus.” Photo: David Bacon

“Stimulus bill and checks not likely to arrive before Biden takes office,” [Newsweek reported](#) on Dec. 5.

On Dec. 2, House Speaker Nancy Pelosi and Senate Minority Leader Chuck Schumer [announced](#) that they had offered Senate Majority Leader Mitch McConnell a \$908 billion coronavirus stimulus plan. Under the Pelosi-Schumer plan, there will be no stimulus checks at all, only a new \$300-per-week unemployment benefit that is not retroactive for those whose \$600-per-week benefits have ended. McConnell says he’ll accept something that’s a little more than half that amount, \$550 billion.

Pelosi and Schumer had [rejected an offer from President Trump](#) two months ago, on Oct. 1, for \$400 per week in retroactive unemployment benefits for those whose \$600-per-week benefit had ended, plus a stimulus check, because it “wasn’t enough.”

Of course, Trump’s election campaign might have benefited from checks going out then — which is why he offered it — but why put forward something that’s much, much less now? Are they even trying?

There’s a puzzle here. At first glance, it might appear that the capitalist class favors the stimulus since the stock market rises whenever passage appears more likely. Is there a common interest between Wall Street and the workers, who certainly need the extended unemployment benefits and stimulus checks?

The stimulus checks are newly printed money from the U.S. Treasury and some say that the new money is what is raising stock prices. That’s the New Deal Democrats’

approach, which is also given as the reason that reactionary Republicans are opposed to the stimulus.

Why would Mitch McConnell — who more openly than most speaks for big capitalist interests — oppose the proposal to put extra money into the hands of the workers if it is so good for the stock market? Is McConnell turning against the interests of business?

From the standpoint of the capitalists, the mass unemployment created by the COVID-19 pandemic provides a unique opportunity for employers to lower wages and increase the rate of surplus value gained from the exploitation of workers. Don't ignore the reports that say that in this pandemic, the billionaires are winning. While many have suffered, the richest among us kept getting richer, reported [Farhad Manjoo](#) in the New York Times, Nov. 25.

To the extent that the government feels obliged to put money into the hands of workers, if only to subdue unrest, the opportunity to raise the rate of surplus value — the ratio of unpaid to paid labor — is lost if the workers aren't desperate and are able to in any way resist wage cuts.

Why does the stock market rise when the passage of the stimulus appears more likely? The stock market looks only at the short term. What is going to happen in the next quarter? If money is put into the hands of workers now, the pace of business will increase. Seeing the prospect of more business activity, the stock market rises.

But any reduction in the rate of surplus value will reduce the rate of profit in the long run. While the stimulus can improve business activity, it also reduces the rate of profit — more business at a lower rate of profit.

So Sen. McConnell is right from the viewpoint of the capitalist class. And the working class has the exact opposite interest. McConnell and his capitalist patrons

sense that without the stimulus there will be a higher rate of surplus value — gained by cuts in wages and benefits — even if this means less business activity in the next few quarters. Therefore, in the long run, the less stimulus put out by the government, the higher the rate of profit will be.

The interest of the capitalist class in the stimulus is thus diametrically opposed to the interest of the working class.

