

Republicans don't want to save jobs

By Paul Krugman

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Recent job losses have been nothing short of apocalyptic. Almost 17 million workers — more than 10 percent of the work force — filed for unemployment benefits over the course of just three weeks. Independent economists suggest that the unemployment rate may already be close to 20 percent, which is similar to its level in the depths of the Great Depression.

So how are the Trump administration and its allies responding to this Covid-19-generated jobs crisis? Are they taking it seriously? Or are they doing what they did as the pandemic spread — dithering and refusing to take necessary action out of some combination of wishful thinking and political pettiness?

You can probably guess the answer.

By all accounts, Donald Trump, who insisted until very late in the game that the coronavirus wouldn't be a problem, is now obsessed with the idea of reopening the economy in a few weeks — a move epidemiologists say would be disastrous. At the same time, he's balking at taking action to help America cope with the extended shutdown we actually need.

Thus, the Trump administration has flatly ruled out any bailout for the U.S. Postal Service, which is in financial crisis. Aside from being an essential part of our nation's life — even more than usual in these times, when mail deliveries have become an essential lifeline to families sheltering at home — the post office employs 600,000 workers. But apparently those workers don't count.

Of course, Trump is famously hostile to the post office, because he believes (wrongly) that it subsidizes Amazon, whose founder, Jeff Bezos, owns *The Washington Post*.

More broadly, further relief from the economic impacts of Covid-19 is stalled in the Senate because Republicans, with White House backing, refuse to include aid to hospitals and state governments.

Hospitals obviously play a vital role in dealing with the pandemic; but they also employ more than five million people — and they're facing financial crisis thanks to the pandemic. State and local governments, which in general are required to balance their budgets, have seen revenues plunge and expenses rise — and they employ almost 20 million people, a majority of them in education. But again, apparently those jobs don't count.

Actually, many conservatives probably believe that public-sector workers, many of them represented by unions, don't or shouldn't count.

However, while the Trump administration refuses to aid hard-pressed institutions that employ around 25 million Americans, it has gone all-out to help the oil industry.

Trump's possible success in brokering a deal to cut global oil production — I say "possible" because oil prices haven't moved much, which suggests that markets aren't impressed — made headlines Monday. But I haven't seen much commentary about just how strange it is for a U.S. president to be playing that role.

First, since when is it the president's job to organize international cartels?

Second, why are higher oil prices in the U.S. national interest? We're not a major oil exporter — in fact, we import more oil than we export. And if Trump's cartel were actually successful in raising oil prices back to what they were before the current price war, U.S.

consumers would pay a heavy price, on the order of \$200 billion a year.

So why is propping up oil prices a priority? Trump says that it's about jobs. But U.S. oil and gas extraction employs only around 150,000 workers. That's less than 1 percent of the number of jobs America has lost in the past three weeks. It's only around 0.1 percent of total U.S. employment. It's a rounding error compared with the jobs at risk in hospitals and local government, which Trump is refusing to help.

So what makes oil worthy of aid when hospitals aren't?

One answer is that investors have sunk a lot of money into oil, even though few jobs were created. Net fixed assets in oil and gas extraction are around \$1.8 trillion, almost twice the total for hospitals, despite far smaller employment. So maybe this isn't about protecting jobs, it's about protecting capital.

And this capital happens to be very G.O.P.-friendly: The oil and gas sector makes big

political contributions, almost 90 percent of them to Republicans. This is, by the way, in strong contrast to education, which accounts for a majority of state and local government jobs and gives most of its contributions to Democrats.

Finally, while America isn't a net oil exporter, Russia and Saudi Arabia are basically petrostates that export oil and almost nothing else. So propping up oil prices is a way for Trump to help his two favorite autocrats.

In sum, Trump's response to the economic fallout from Covid-19 is looking a lot like his fumbled response to the virus itself. He's in denial about the problem; he's blocking essential action because of personal political vendettas; and his party is opposing desperately needed aid because of its anti-government ideology.

The economics of dealing with a pandemic were never going to be easy. But Trump and company are almost surely going to make things even worse than they had to be.