

# Obama's jobs plan: A band-aid for an economic catastrophe

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The economic plan announced Saturday by President-Elect Barack Obama, with the goal of “saving or creating” 2.5 million jobs in 2009 and 2010, is a measure that has already been outstripped by events. The deepening crisis of American and world capitalism could destroy that many US jobs in the next six to nine months alone.

The collapse of the auto industry itself would wipe out 2.5 million to 3 million jobs according to most estimates, canceling out the entirety of Obama's plan, even if it were to be enacted quickly and in full by the incoming Democratic-controlled Congress. The broader recession, well under way, is expected to increase the ranks of the unemployed by a million or more by next spring.

Obama announced his jobs plan in a brief radio speech on Saturday morning, excerpts of which were also posted on YouTube. He noted the most recent, extremely ominous, economic figures: “New home purchases in October were the lowest in half a century. 540,000 more jobless claims were filed last week, the highest in eighteen years. And we now risk falling into a deflationary spiral...”

He again sought to dampen expectations that the new administration would be able to reverse the economic slide quickly, saying, “It's likely to get worse before it gets better.” While expressing verbal sympathy for the struggles of working class Americans who face lost jobs, inadequate paychecks and the disappearance of pensions and college savings, Obama offered nothing in the way of concrete assistance.

His concluding remarks were perhaps the most significant. Hailing what he called “the American dream,” he declared, “It has thrived because in our darkest hours we have risen above the smallness of our divisions to forge a path towards a new and brighter day. We have acted boldly, bravely, and above all, together.”

The gauzy, patriotic rhetoric conceals a lie. The economic and class divisions in the United States are not small; they are the largest and widest in American history. Never has such a tiny minority of the population monopolized such a huge proportion of overall wealth, to the detriment of the vast majority. As for the demand that action be taken “above all, together,” it means that the financial aristocracy, which is responsible for the crisis, should not be compelled to pay for it. Instead, the burden will be placed on the backs of “all,” i.e., on working people.

Obama aides signaled the next day that he was retreating from his campaign promise to roll back the Bush administration's tax cuts for the wealthy. Top adviser David Axelrod, appearing on two Sunday television interview programs, did not contradict reports that Obama would instead allow the Bush tax cuts to continue for another two years, when they are scheduled to expire. Another Obama adviser, William Daley, former Clinton commerce secretary, told NBC's “Meet the Press” that a continuation of the tax cut for those making over \$250,000 a year until its scheduled expiration at the end of 2010 now “looks more likely than not.”

Weekend press reports also indicated that the economic stimulus plan to be introduced in January

will be much larger than the \$61 billion proposed by congressional Democrats this fall, or the \$178 billion Obama called for during the final weeks of his election campaign. Obama economic adviser Austan Goolsbee, appearing on the CBS program “Face the Nation,” embraced the suggestion that the stimulus package could be as high as \$700 billion, including tax cuts for low- and middle-income families, infrastructure spending, expanded unemployment benefits and tax credits for business.

This extreme escalation in the price tag is a response to the expanding scale of the financial crisis and its impact on the wider economy. The extreme fragility of the financial system was underscored in the extraordinary comments of former Treasury Secretary James Baker, who joined Daley on “Meet the Press.” Baker called for Obama to meet with Bush in the White House and agree on short-term measures to prop up the banking system over the 60 days leading up to the inauguration. Otherwise, he warned, “this thing is even, believe it or not, going to get worse.”

Baker continued: “I agree 100 percent we can only have one president at a time, but nothing would do more to create confidence and eliminate the fear and anxiety that’s out there, particularly in financial markets, than to see the incoming president and outgoing president get together on some sort of a proposal or program--over the short-term, I’m not talking about the mid-term or long-term correction of the economy, but something that would do a little more to make sure that our banks don’t continue to slide down and would stabilize our financial system, which is critical.”

Obama has scheduled a press conference Monday to announce his choices for the top economic positions in the new administration. The leading figures will be Timothy Geithner, current president of the New York Federal Reserve, for treasury secretary and former Clinton Treasury Secretary Lawrence Summers as top economic policy coordinator at the White House. Both men are longtime fiscal crisis managers for American capitalism, going back to the Mexican peso crisis of 1995-96 and the Asian crisis of 1997-98. Geithner has been one of the three top officials handling the current

Wall Street meltdown, working hand-in-hand with the current treasury secretary, Henry Paulson, and Federal Reserve Chairman Ben Bernanke. Summers is reportedly Obama’s choice to replace Bernanke when his term expires later in 2009.

The right-wing character of these personnel decisions has been widely noted in the media. As David Sanger of the *New York Times* observed Sunday, “President-Elect Barack Obama won the Democratic nomination with the enthusiastic support of the left wing of his party, fueled by his vehement opposition to the decision to invade Iraq and by one of the most liberal voting records in the Senate. Now, his reported selections for two of the major positions in his cabinet—Senator Hillary Rodham Clinton as secretary of state and Timothy F. Geithner as secretary of the treasury—suggest that Mr. Obama is planning to govern from the center-right of his party, surrounding himself with pragmatists rather than ideologues.”

In other words, these selections demonstrate that Obama will pursue economic policies determined by the same class interests upheld by his Republican predecessor. The primary concern will be the defense of the financial system—i.e., the accumulated wealth of the financial aristocracy, embodied in the giant banks, hedge funds and other huge financial institutions, whose parasitic and speculative operations precipitated the current crisis.



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