

# Obama calls for “shared burdens” in US economic crisis

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In a radio address Saturday and a television interview broadcast Sunday morning, President-elect Barack Obama said that the US economy was declining rapidly and warned that conditions would continue to worsen in the first months of his administration. Clearly concerned about the growing mood of anger in the working class over attacks on jobs and living standards, he acknowledged the “rising unease and frustration that so many of you are feeling during this holiday season.”

Obama used his radio speech Saturday to propose a public works program directed at renovating public buildings to make them more energy-efficient, rebuilding crumbling roads and bridges, modernizing schools, and expanding broadband Internet access and the use of electronic medical records in healthcare.

The scale of this initiative, despite media headlines comparing it to Roosevelt’s New Deal, is quite modest. Even if carried out to Obama’s specifications, the plan would create only enough new jobs in 2009 and 2010 to make up for those already destroyed since the recession began one year ago.

Obama conceded as much in his radio address. “We need to act with the urgency this moment demands to save or create at least two-and-a-half million jobs,” he said, “so that the nearly two million Americans who’ve lost them know that they have a future.”

At the present pace of job destruction—more than one million in the past three months—Obama’s hypothetical 2.5 million new jobs would be wiped out in eight months.

Perhaps more significant, however, is what Obama did not say in the speech. He made no reference to the rebuilding of New Orleans, virtually destroyed by Hurricane Katrina in 2005, as the Bush administration stood by and did nothing. He said nothing about combating poverty or reversing the industrial decline that has devastated cities like Detroit and Cleveland for decades.

He sought to downplay expectations about his economic plan by comparing it, not to the New Deal, but to the Republican administration of Dwight D. Eisenhower in the 1950s. “We will create millions of jobs by making the single largest new

investment in our national infrastructure since the creation of the federal highway system in the 1950s,” Obama said.

In that period, the interstate highway system was backed by both Democrats and Republicans, not as a jobs or infrastructure program, but as a military necessity for the Cold War with the Soviet Union. According to its advocates, the highway network would speed the mobilization of American military forces against a foreign invader, as well as the evacuation of cities in the event of a thermonuclear World War III. It also served as a massive government boondoggle for the US auto industry, then at the peak of its profitability and world dominance.

In his interview on the NBC television program *Meet the Press*, conducted Saturday and broadcast Sunday morning, Obama repeated his warnings about the dire state of the US economy, declaring,

“If you think about the fragility of the financial system and the fact that it is now a global financial system, so that what happens in Thailand or Russia can have an impact here, and, obviously, what happens on Wall Street has an impact worldwide, when you think about the structural problems that we already had in the economy before the financial crisis, this is a big problem and it’s going to get worse.”

Claiming that he was “constantly mindful” of the conditions facing working people, he claimed, “That’s why my number one priority coming in is making sure that we’ve got an economic recovery plan that is equal to the task.” Neither Obama nor his interviewer, NBC’s Tom Brokaw, took note of the obvious fact that the stimulus plan proposed by the president-elect is, by his own description, completely *unequal* to the task.

Instead, Brokaw asked questions that suggested the Obama was going too far in his economic and tax policies and that he should be tougher on the victims of the economic crisis—those losing their jobs and their homes—and more amenable to the concerns of the wealthy, particularly on taxes. Obama continued to distance himself from his campaign promise to repeal the Bush tax cuts on the wealthy, telling Brokaw that his economic advisers were still debating whether to repeal the windfall for the rich or merely let the tax cuts expire as scheduled by law at the end of 2010.

The president-elect also addressed the imminent collapse of the auto industry. In his most explicit comments on the subject, Obama maintained that auto workers as well as executives, stockholders and dealers would have to make sacrifices.

He reiterated his position that the Democratic-controlled Congress had done “the exact right thing” by rejecting initial appeals for a bailout and instead demanding a plan that “holds the auto industry’s feet to the fire.” He told Brokaw, “The last thing I want to see happen is for the auto industry to disappear, but I’m also concerned that we don’t put \$10 billion or \$20 billion or \$30 billion or whatever billion dollars into an industry, and then, six months to a year later, they come back hat in hand and say, ‘Give me more.’”

Obama continued, “What we have to do is to provide them with assistance, but that assistance is conditioned on them making significant adjustments. They’re going to have to restructure, and all their stakeholders are going to have to restructure. Labor, management, shareholders, creditors—everybody’s going to recognize that they have—they do not have a sustainable business model right now.”

Obama rejected the suggestion that the auto companies should go through Chapter 11 bankruptcy, saying that this might have been possible in other circumstances, but not under the conditions of the current financial crisis. He called for “a new ethic of responsibility where we say that if you’re laying off workers, the least you can do, when you’re making \$25 million a year, is give up some of your compensation and some of your bonuses. Figure out ways in which workers maybe have to take a haircut, but they can still keep their jobs, they can still keep their health care and they can still stay in their homes. That kind of notion of shared benefits and burdens is something that I think has been lost for too long, and it’s something that I’d like to see restored.”

If one examines his language carefully, and thinks through the implications, Obama has spelled out a program that is tailored to serve the class interests of the US financial aristocracy at the expense of working people. Talk of “shared benefits and burdens” is a sham and a delusion when applied to the capitalist system, in which the surplus value generated by the labor of millions of workers is appropriated for the exclusive benefit of a relative handful of capitalists and bankers.

The auto executives who have run the industry into the ground, and who are widely described even in the corporate-controlled media as incompetent, short-sighted and selfish, will have their multi-million-dollar compensation trimmed a little. The workers who actually produce the cars will suffer tens of thousands of layoffs, and those who keep their jobs will be paid at the bare minimum required for survival—Obama suggests that they should be able to “keep their health care and ... still stay in their homes.” The workers in the largest US industry should not be made homeless—what generosity!

This combination of defense of the profit system and lip service to the interests of working people was on display again Sunday afternoon, when Obama held a press conference in Chicago to announce the appointment of retired General Eric A. Shinseki as secretary of veterans affairs. This appointment is another olive branch to the military brass, following the selection of retired General James A. Jones as national security adviser and the retention of Bush’s defense secretary, Robert Gates.

The final question at the press conference came from a Chicago reporter who asked Obama about the actions of workers at a local factory who have begun an occupation to demand payment of vacation and severance pay following the sudden closure of the plant. Obama declared that the workers “were absolutely right,” and sought to portray himself as their advocate.

Another such gesture came from Vice President-elect Joseph Biden, who Friday appointed a liberal economist, Jared Bernstein, to the newly created position of chief economic adviser to the vice president. Bernstein is an expert in the field of income inequality and has long been associated with the Economic Policy Institute, a think tank financed by the AFL-CIO.

This appointment is another fig leaf, coming after complaints that Obama had filled the White House and cabinet with Wall Street figures like New York Federal Reserve President Timothy Geithner, the incoming treasury secretary, former Treasury Secretary Lawrence Summers, head of Obama’s National Economic Council, and former Fed Chairman Paul Volcker, who will be Obama’s top adviser in formulating an economic recovery plan.



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