

House of Representatives passes Obama “stimulus” bill

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The US House of Representatives on Wednesday passed economic legislation proposed by the Obama administration in a 244-188 vote that was largely along party lines. Twelve conservative “Blue Dog” Democrats voted against the \$819 billion bill, while not a single Republican voted for it.

The bill now goes to the Senate, where debate and amendments are expected to begin February 2, with congressional Democratic leaders promising to pass final legislation through both houses by February 13.

While invariably described in the media as a “stimulus” bill, the legislation actually does relatively little to create new jobs and launches no new social programs. It provides only \$40 billion for new spending on infrastructure, and much of this will not actually be expended until 2010 or even later.

Most of the spending provisions in the bill relate to extending unemployment benefits and health insurance coverage for the unemployed—including the millions more expected to be laid off in the coming months—or authorize direct subsidies to state and city governments that would otherwise face bankruptcy.

From a purely economic standpoint, the bill's function is to prevent an immediate and catastrophic collapse of consumer spending and public services, not to produce an economic revival. It was for that reason that most big business lobbies, like the US Chamber of Commerce, endorsed the legislation.

One purpose of the bill is to provide a measure of political cover as the Obama administration prepares a new taxpayer bailout of the banks and financial firms, in the hundreds of billions of dollars, and proceeds beyond that to pare down the resulting record budget deficit by imposing deep cuts in basic social programs such as Social Security and Medicare. In its account of Obama's highly unusual visit to Capitol Hill on Tuesday to meet with House and Senate Republicans, the *New York Times* indicated that Obama held out the prospect of austerity measures directed against the working class in an effort to conciliate the opposition party and win some votes for his “recovery” package.

The *Times* wrote: “Republican lawmakers said his efforts were a good start toward building a relationship with them that would be vital as Congress and the administration turned to politically divisive issues like health care, tax reform and the

long-term financial problems facing Medicare and Social Security.” The newspaper quoted Republican Representative Zach Wamp of Tennessee as saying, “He knows that the debt and the deficit are huge long-term problems as well and he made a compelling case. He sounded, frankly, a lot like a Republican.”

The bill that passed the House is more about survival on reduced rations than stimulus. Its scale is a yardstick for measuring the enormous dimensions of the social and economic catastrophe unfolding in the United States as a consequence of the collapse of financial markets and the deepening world recession.

A year ago, the Democratic Congress enacted its first stimulus package, at a cost of about \$160 billion, which succeeded in giving only a small boost to consumer spending during the second quarter of 2008 when the checks went out to the majority of American households. Today a bill five times as large will probably have even less effect, because the financial turmoil has now metastasized into an economic slump of global dimensions, the worst since the 1930s.

The White House issued a written statement after the House vote, claiming, “This recovery plan will save or create more than three million new jobs over the next few years.” Even if this were true, and there are many reasons to doubt it, that would be a drop in the bucket. Given the rapid acceleration of layoffs this week, there are now predictions in the financial press that one million jobs could be eliminated in January alone. At that pace, more than Obama's promised three million new jobs will be wiped out by the spring.

The unanimous opposition of the House Republicans has great political significance. Some 176 out of 178 Republican representatives attended the vote, and every single one rejected such elementary and minimal measures as enabling newly laid-off workers to retain their health insurance coverage for at least the rest of this year, and preventing California, New York, Michigan and other states from plunging into bankruptcy.

The Republican vote was a public slap in the face to President Obama, who met separately with the Republican caucuses in the House and the Senate. Obama made numerous concessions to their demands, allotting fully one-third of the stimulus package to tax cuts, many of them targeted to corporate

interests. He caved in to right-wing demagoguery by eliminating such provisions as expanded funding of contraception services offered by local health clinics and improvements on the national Mall after House Republicans targeted these items for abuse.

Further concessions are expected in the Senate version of the bill. A Republican amendment has already been approved in the Senate Finance Committee to add another \$70 billion in tax cuts to the legislation by extending provisions to exempt millions of upper-middle-class families from the Alternative Minimum Tax. A further tax cut in the Senate bill favors private equity firms.

The vote against the stimulus bill demonstrates a key difference between the two parties. The Republicans are the most intransigent, brazen defenders of the privileges of the financial aristocracy; the Democrats are the "reformist" face of the same class, half-hearted and cowardly because of the dishonesty of their populist pretensions.

When George W. Bush entered the White House in 2001, having been awarded the presidency by a 5-4 ruling the US Supreme Court, he won sizeable support from congressional Democrats for his trillion-dollar tax cut for the wealthy and big business. Even a stolen presidency could not provoke the Democrats into serious opposition.

On the other hand, Obama enters the White House having won a decisive victory in both the popular and electoral vote and yet he cannot get a single Republican vote for an initiative significantly smaller than Bush's bonanza for the millionaires. This comes under conditions of the greatest economic crisis in the United States since the Great Depression and despite the crushing popular repudiation of the Republican Party less than three months ago.

Obama reportedly told the congressional Republicans at a negotiating session on the stimulus bill last week that the two parties' economic arguments were put before the voters last November 4, and "I won." Wednesday's vote in the House amounts to a declaration by the Republicans, "Who cares."

The cynical posturing of the House Republicans was summed up by Minority Leader John Boehner, speaking to a television interviewer Wednesday. "The bill that'll be on the floor today is a bill that has too much wasteful spending," he said, "and buries our kids and grandkids under a mountain of debt." Boehner had no such apprehension over the doubling of the federal debt under the Bush administration, so long as the borrowing went to finance tax cuts for the wealthy and wars in Afghanistan and Iraq.

The political position of the American ruling elite stands as follows: One of its two parties favors a relative pittance of emergency relief, out of fear that the explosive growth of mass misery and suffering will produce a political explosion. The other party is so besotted with greed that it would prefer to defy public opinion and precipitate a direct confrontation with the working class rather than permit even the slightest expansion of

federal spending on social services.

The takeover of the Republican Party by an ultra-right fringe, which combines a literal interpretation of the Bible with undisguised contempt and indifference to the conditions of the vast majority of the American people, was one factor in the decision of the ruling elite to place control of the federal government in the hands of the Democrats.

Obama and the Democrats are as unshakeably committed to the defense of the profit system as the Republicans. The day of the House vote, Obama met with a group of corporate CEOs who were supporting the stimulus bill and he reiterated his belief that the private sector "will determine our economic destiny.... For in the end, it's businesses, large and small, that generate the jobs, provide the salaries and serve as the foundation on which the American people's lives and dreams depend."

Millions of working people voted for the Democrats and Obama because, within the framework of the US political system and its two officially backed parties, that seemed the only alternative. The Democratic campaign and the corporate-controlled media succeeded in generating considerable illusions in Obama's vague promises of "hope" and "change," and in the prospect of the first African-American president.

These illusions abolish neither the crisis of global capitalism, nor the class struggle. As this crisis escalates, and the working class makes further experiences with the Obama administration, it is inevitable that a movement from below will emerge to challenge both the profit system and its political representatives. The development of that movement and its political clarification depend above all on the building of the Socialist Equality Party.



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