

In first White House press conference

# Obama paints a picture of economic catastrophe

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Addressing a national television audience in his first White House press conference, President Barack Obama, promoting his economic stimulus plan, used unprecedented language to characterize the deepening economic crisis. He described conditions of rapidly rising unemployment, growing demand at food banks, widespread foreclosures, the collapse of consumer spending and the failure of small businesses.

He declared that his administration "inherited the most profound economic emergency since the Great Depression," and warned that the lack of a federal government intervention "could turn a crisis into a catastrophe."

In response to the first question at the press conference, which suggested he was exaggerating the crisis, he observed, "This is not your ordinary, run-of-the-mill recession. We are going through the worst economic crisis since the Great Depression. We've lost now 3.6 million jobs. But what's perhaps even more disturbing is that almost half of that job loss has taken place over the last three months, which means that the problems are accelerating instead of getting better."

Obama nowhere attempted to explain the cause of the greatest world economic disaster in three quarters of a century. When another press questioner suggested that excessive consumer spending was a cause, he responded that it was not the fault of consumers, but of "banks taking exorbitant, wild risks with other people's money, based on shaky assets."

He drew no conclusions, however, from this admission—which directly contradicts his own assertion, in his January 20 inaugural address, that the American people as a whole are responsible for the financial crisis. His position could be summed up as: Capitalism has failed. Long live capitalism!

Obama declared that, like the Republicans, he supports the primacy of the "private sector"—i.e., the domination of the American and world economy by profit-making corporations. But the government had to intervene to "jump-start" the profit system, he argued.

"At this particular moment," Obama said in his opening remarks, "with the private sector so weakened by this recession, the federal government is the only entity left with the resources to jolt our economy back into life. It is only government that can break the vicious cycle where lost jobs lead to people spending less money, which leads to even more layoffs."

The actions proposed by the White House do nothing to address the causes of the financial collapse and little to relieve the mass suffering that Obama admitted exists in the United States. The scale of the stimulus bill, \$820 billion, is dwarfed by the magnitude of the economic slump. Even if one accepts Obama's claim that the stimulus plan will create or save 4 million jobs over two years, the US economy is losing jobs at the rate of 600,000 a month—or 14 million over two years.

Only hours before the press conference, the Senate took a key step towards passage of a version of Obama's stimulus plan, voting by 61 to 36 to end

debate and block a Republican filibuster. Both the Senate and House versions of the bill provide a tax cut worth about \$500 a year to most workers, extend unemployment and health care benefits for those laid off, and give subsidies to state governments.

The Senate bill, the result of a compromise brokered by a handful of Republicans and right-wing Democrats, provides \$40 billion less in federal aid to the states than the House bill and slashes nearly \$20 billion in money for school construction and repair, while allocating \$70 million more in tax cuts, mainly to upper-income families. Neither version covers massive state budget deficits that will result in tens of thousands of layoffs and drastic cuts in essential services.

Only a tiny fraction of either bill—some \$40 billion out of \$820 billion—goes to direct job creation through public works programs. The rest amounts to an effort to prevent a complete collapse of consumer spending and outright state bankruptcy as the economic slump worsens.

Obama made no reference to criticism of the stimulus plan as too small, instead focusing attention entirely on the opposition of congressional Republicans to any increase in federal spending to alleviate the conditions of working people.

After referring to his visit earlier in the day to address a town hall meeting in Elkhart, Indiana, an industrial town where unemployment has tripled in the past year, Obama said, "If there's anyone out there who still doesn't believe this constitutes a full-blown crisis, I suggest speaking to one of the millions of Americans whose lives have been turned upside down because they don't know where their next paycheck is coming from."

But nothing in Obama's program acknowledges or addresses the systemic origins of the crisis. He made passing references to the "failed policies of the past" and "tax cuts that are targeted to the wealthiest few Americans," and criticized those in Congress who opposed any stimulus package at all. But he made no proposal for any change in the structure of the financial system, and no reference to the role of private wealth

accumulation in producing the disaster.

He was silent on the enormous growth of social inequality—the chasm between the super-rich and the great mass of the working population, which is wider than it has ever been in America. This social gulf is both a symptom of the financial disaster and the principal obstacle to any effort to resolve it, since any serious program to address the economic emergency involves making inroads into the property interests of the billionaires.

There is no doubt that the sober, even somber, tone Obama adopted in opening the press conference, and the dire picture he painted of the depth of the economic problems, owed something to his trip to Elkhart earlier in the day. There several thousand people, largely working-class, attended a town hall meeting.

The questions posed to Obama from the floor expressed a bitter class hostility towards the Wall Street "fat cats" who were identified as both the cause of the crisis and the prime beneficiaries of the series of bailouts backed by both Bush and Obama.

As a political representative of big business, Obama is capable of addressing working people only as victims of the financial catastrophe. He makes no appeal to the working class to take action to defend their jobs, homes and living standards.

On the contrary, one of his major concerns is to warn the ruling elite that the uncontrolled growth of mass suffering will have explosive political consequences.



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