Over near-unanimous Republican opposition

US Congress passes economic stimulus bill

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The US Congress voted Friday evening to approve a $787 billion economic stimulus bill sought by the Obama administration and the congressional Democratic leadership. The legislation passed the House of Representatives by a vote of 246 to 183, with seven Democrats joining a unanimous Republican caucus to oppose the bill.

The Senate passed the bill late Friday by a margin of 60 to 38, with three Republicans joining 55 Democrats and two independents. The 60 votes was the bare minimum required to overcome a Republican filibuster. Among those voting against the bill was Republican Senator Judd Gregg of New Hampshire, who announced the day before that he was withdrawing as Obama's nominee to be secretary of commerce.

Obama trumpeted the nomination last week as proof that he was establishing a bipartisan administration, with Gregg joining Defense Secretary Robert Gates and Transportation Secretary Ray LaHood as Republican cabinet members. Gregg cited the stimulus bill and a conflict over policy at the Census Bureau, which is part of the Department of Commerce, as his reasons for pulling out.

The congressional debate featured hysterical denunciations of the stimulus bill by the Republicans, particularly in the House of Representatives. One congressman waved the current issue of *Newsweek* magazine, which carries a cynical cover story headlined, "We Are All Socialists Now." Another blustered that the next step for the administration should be to change the national language to French.

Wall Street took the alleged abolition of capitalism in stride, however, with the Dow Jones average closing down a modest 82 points shortly after the House vote. The US Chamber of Commerce and nearly every business lobby endorsed the stimulus bill, as corporate America expects to cash in on government contracts, business tax cuts, or both. Added to the bill at the last minute was a tax provision worth $3.2 billion to General Motors.

Even more favors for corporate America are part of the backroom negotiations that ensured passage. The *Wall Street Journal* reported Friday that one of the three Republican defectors, Susan Collins of Maine, "won a commitment from the Obama administration to support later this year a $19 billion measure that would allow businesses to claim new tax refunds."

In broad strokes—it is impossible to attempt a detailed analysis of a bill that is 1,041 pages and long and made public only Thursday night—the stimulus package consists of $287 billion in tax cuts, $311 billion in discretionary spending (about half of it for infrastructure projects like improvements in roads, schools and healthcare systems), and $191 billion in spending for benefit programs like unemployment compensation and Medicaid.

The income tax cut first proposed by Obama during the 2008 election campaign has been scaled back to only $400 for individuals making less than $75,000 a year and $800 for families making less than $150,000. These payments—which will come in the form of small weekly cuts in withholding, not a government check—are grotesquely disproportionate to the enormous decline in real income which working people have suffered as a result of the financial collapse and economic slump.

The stimulus bill, while the largest single appropriations measure ever enacted by Congress, is not and cannot be a solution to the deepening world economic crisis. It represents an attempt by the Obama administration to buy time and forestall an immediate collapse of consumer spending and economic activity, while further measures are prepared to bail out the big financial interests.

Obama's top economic adviser, former Treasury Secretary Lawrence Summers, conceded as much Friday, telling an interviewer on NBC that the stimulus bill was not "a silver bullet" and would not actually reduce

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unemployment, only slow its increase. "We don't have a viable alternative," he admitted. "We're going to have starts and stops."

The bill was only part of "what's going to be a multipart strategy to contain this decline," he said, adding that the country's economic problems "weren't made in a week, a month, a year. It's going to take time to fix."

The stimulus bill is not based on any serious explanation of the causes of the economic crisis. The size of the bill—the ceiling of $800 billion set by both houses of Congress—"was not a scientific number, but a political one," House Majority Leader Steny Hoyer admitted. "Three Republicans set that as the limit of what they would vote for."

The lower limit was effectively set last fall, when the Democratic-controlled Congress approved a $700 billion Wall Street rescue plan. It was politically imperative, amid mounting popular hostility to the bailout of the banks, to enact a stimulus package at least nominally larger than the sum handed over to the billionaires.

The unstated motivation behind the drive to pass the legislation is the fear, on the part of the more sober-minded sections of the US ruling elite, that rapidly mounting unemployment and social hardship will provoke direct action by working people to defend their jobs, homes and living standards, and an accompanying political radicalization.

Despite the right-wing denunciations of the bill as "socialistic," it actually represents an effort to prop up the capitalist system through an expansion of federal government spending.

There is also concern at the highest levels that the failure to pass an economic stimulus bill would inflict a devastating loss of credibility for the US government on the world arena, torpedoing the international discussions on efforts to deal with the global financial crisis, and even triggering a worse financial panic.

There is, however, widespread skepticism within the US financial aristocracy that the stimulus bill will have any long-term positive effect. A similar effort to boost consumer spending, albeit much smaller, was enacted last year by Congress and the Bush administration, and had virtually no impact.

This accounts for the near-unanimous Republican opposition to the stimulus bill, as well as Gregg's public rebuff to the Obama White House. A large section of the congressional Republican caucus adheres to an ultra-right ideological opposition to any government spending except on the military and direct handouts to the wealthy. Even those less firmly wedded to such positions see little reason to sign on to an economic program which has so little prospect of success.

More importantly, there is mounting concern that the Obama administration has failed to work out a plan for the financial crisis and that the measures proposed by Treasury Secretary Timothy Geithner earlier this week are both vague and inadequate to meet the demands of the financial elite.

The editorial page of the *Wall Street Journal* denounced the stimulus bill in revealing terms, declaring, "Combine this new spending, and the borrowing it will require, with the trillions of dollars still needed for the banking system, and we are about to test the outer limits of our national balance sheet." The newspaper howls about the evils of deficit spending to meet the needs of the unemployed, while passing over the "trillions of dollars" for the banks as though it was a given.

The right-wing response to the stimulus bill underscores the political physiognomy of the Obama administration. While the American people repudiated the Republican Party at the polls barely three months ago, Obama continues to pursue the strategy of "bipartisanship" as a political imperative.

He approaches the Republicans on bended knee, as though they, not the Democrats, controlled the Congress and set the parameters of policy. In this way he seeks to demonstrate to the financial aristocracy that his administration can be relied on to defend the profit system and the worldwide interests of American imperialism.

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