Demagogy and empty promises as Obama signs stimulus bill

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The Obama administration staged an elaborate ceremony Tuesday for the signing of the $787 billion economic stimulus bill into law. The full White House entourage of aides and reporters was flown to Denver to watch Obama sign the bill with a pen handed to him by the proprietor of a local energy company, symbolizing the bill's focus on providing lucrative government contracts to businesses.

The most significant feature of the ceremony was the unrestrained demagogy of Obama's remarks to the audience. Not since Herbert Hoover told the American people in 1932, in the depths of the Great Depression, that "prosperity is just around the corner" has a US president engaged in such shameless and empty promises in the midst of an economic crisis.

Obama even withdrew the word "catastrophe" as a description of the dangers facing the US and world economy, although he had used it in the course of efforts to lobby Congress for passage of the legislation. Instead, he told a group of five columnists who accompanied him on Air Force One that there would be no return to conditions of mass suffering like those that prevailed during the 1930s. The American people should take note of this prediction and judge the president accordingly.

In his 20-minute speech in Denver, Obama began with a remark that typifies the social chasm between the privileged financial aristocracy and the vast majority of working people. "We have begun the essential work of keeping the American Dream alive in our time," he said. "And that's why we're here today."

President Obama skipped over the reality of the last three decades—roughly his entire adult life—which has seen a vast retrogression in living standards and social conditions for most American working people. During that time, much of the American Midwest has been deindustrialized, tens of millions of better-paying, long-term jobs have been wiped out, and the real per capita wages of American workers have declined.

The "American Dream" was long gone well before the current economic slump began, according to official calculations, in December 2007. Most American families were far more economically insecure in that year and month than they were 30 years before. Since then, they have gone from insecurity and anxiety to the realization of their worst fears—mass layoffs, foreclosures, the destruction of pensions, health coverage and other essential benefits.

Obama adopted what he and his speechwriters apparently thought was a modest standpoint, as he continued: "Now, I don't want to pretend that today marks the end of our economic problems. Nor does it constitute all of what we're going to have to do to turn our economy around. But today does mark the beginning of the end."

The claim that this is the "beginning of the end" is a lie that deserves to go down in history alongside George W. Bush's declaration that Iraq was rife with weapons of mass destruction and Richard Cheney's claim that Saddam Hussein was linked to the 9/11 terrorist attacks.

Even bourgeois economists who support Obama would not make such a claim. Most would concede that the US economy is plunging into a deep recession, even a depression, whose bottom cannot yet be discerned. White House officials themselves declared, during the congressional debate on the stimulus package, that unemployment was likely to rise throughout this year and into next year, even if the legislation was adopted.

There have been many over-the-top descriptions of the American Recovery and Reinvestment Act, the formal title of the 1,000-page bill that Obama signed. Some Obama apologists have suggested that it is far more ambitious than New Deal, because the total spending it authorizes is a much greater portion of the US Gross Domestic Product than anything proposed by Franklin

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Roosevelt.

Republican opponents have been particularly vociferous in painting the bill as gargantuan, with South Carolina Governor Mark Sanford observing, in a newspaper column, "If the stimulus bill were a country, it would be the 15th-largest country in the world."

Such comparisons are beside the point, however, since they ignore the actual dimensions of the financial and economic collapse, both in the US and worldwide, which is the most ominous in a century. Moreover, Roosevelt's reform policies had greater impact, even though they left intact the fundamental property relations of the capitalist system.

Under Roosevelt, the federal government became the employer of last resort for millions of unemployed workers, who were mobilized to carry out labor that directly benefited the population of the country, bypassing the private corporations paralyzed by the economic crisis. Agencies like the WPA and the CCC built dams and roads, created and improved national parks, and made a lasting contribution to the social welfare of the American people.

Nothing like that is proposed in Obama's stimulus bill. On the contrary, the president reassured his big business supporters that 90 percent of all jobs created would be in the private sector. In other words, 90 percent of the jobs will produce profits for the capitalist class. For that reason, the traditional lobbies of corporate America, like the US Chamber of Commerce and the National Association of Manufacturers, who vilified Roosevelt, supported and hailed the Obama stimulus bill—as the president noted with satisfaction in his Denver remarks.

Finally, there is the undeniable fact that very little in the so-called stimulus bill actually "stimulates" job creation. Much of the spending is for what would have been called, in the terminology of the New Deal, emergency relief—that is, money payments to the unemployed, extensions of healthcare benefits, expansion of Food Stamps.

The Republican opposition to these provisions only demonstrates the let-them-eat-cake mentality of the most predatory sections of the US financial aristocracy. But these measures were devised by the Obama administration to buy time, to avoid an immediate collapse in consumer spending that would have irreparable effects, on both the functioning of the profit system and the political stability of the United States. They do not constitute a serious program for reviving the US economy.

Obama closed his Denver speech with populist demagogy directed at his predecessor. He declared, "unlike the tax cuts that we've seen in recent years, the vast majority of these tax benefits will go not to the wealthiest Americans, but to the middle class, with those workers who make the least benefiting the most."

This rhetoric ignores two facts: the actual amount of the tax cut for working people, $400 per individual and $800 per family, is derisory. It is not enough to make a single mortgage or rent payment for most households. And the new administration has apparently already abandoned its pledge to eliminate the Bush tax cuts for the super-rich, preferring to allow the tax cut to expire as scheduled under current law at the end of 2010, giving the wealthy two additional years of a bonanza at the expense of the Treasury, at a time when resources are desperately needed for working people.

In the short term, Obama's promise of the "beginning of the end" may deceive some of the people. In the longer term, however, it will be utilized by his ultra-right critics in an effort rebuild their shattered political credibility. Thus Republican National Committee chairman Michael Steele declared that the stimulus package might provide a "slight bump" in the economy, but no lasting benefits. "There will be a slight uptick, it will flat-line, and it will continue to go down," he said.

This prediction is likely correct, but not because Steele has any genuine insight into either economy or politics. The Obama stimulus package will fail, not because it is "wasteful" or too large, but because the capitalist system itself has failed. Working people all over the world confront an economic disaster, and the only genuine alternative is a turn to socialist policies and the building of an independent political alternative.

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