

Obama offers no relief to growing army of jobless workers

Jerry White
7 October 2009

In the face of the mounting unemployment crisis, the Obama administration has no plans to offer serious relief to the 15 million workers out of work and the millions more facing job losses and economic ruin in the coming months.

Despite official claims that the economy is recovering, the Labor Department reported last week that a higher-than-expected 263,000 workers lost their jobs in September, with another 571,000 workers dropping out of the labor force after giving up looking for work.

The official jobless rate reached 9.8 percent last month—a 26-year high—and analysts predict unemployment will hover around 10 percent for most of 2010 and possibly for several years thereafter.

In his weekly address Saturday, President Obama almost casually remarked that “employment is often the last thing that comes back after a recession” and said the jobless figures were evidence that “progress comes in fits and starts.” He added that his administration would “explore additional options to promote job creation,” but offered no proposals.

The bulk of his address was focused on his plan to slash health care costs, which he claimed would lead to job creation. “Reforming our health insurance system will be a critical step in rebuilding our economy so our entrepreneurs can pursue the American Dream again,” he declared.

Obama signaled with his lauding of “our entrepreneurs” that no measures would be taken to address the social crisis that impinged on the profit interests of big business.

News reports this week made it clear that the options the administration is considering center on another round of tax breaks and incentives for corporations. According to Tuesday’s *New York Times*, “Among the options for additional steps is some variation on Mr. Obama’s proposal during the stimulus debate to give employers a \$3,000 tax credit for each new-hire, which Congress rejected last winter partly out of concern that businesses would manipulate their payrolls to claim the credit. Another option would allow more businesses to deduct their net operating losses going back five years instead of the usual two; Congress limited

the break to small businesses as part of the economic stimulus law.”

Such measures will reward corporations while doing virtually nothing to halt the economic slide being experienced by millions of workers. The most the administration and the Democratic congressional leadership are prepared to do is extend meager unemployment and health care subsidies that are scheduled to expire at the end of the year.

The administration has rejected out of hand the only means to provide immediate employment for jobless workers—a large-scale federally funded public works program. Obama has continually insisted that the private sector, not the government, is the “engine for economic growth.”

At the same time, he has awarded the private sector “engine” trillions of dollars in government bailouts, while insisting that the resulting explosion in the budget deficit be reversed by drastically cutting social spending.

With great fanfare last February, Congress passed a \$787 billion stimulus package, which the administration said would “save or create” 3.5 million jobs. At the time, the administration’s so-called “left” supporters at publications like the *Nation* claimed the Recovery Act was a “21st Century New Deal” and that Obama was embarking on a massive program of public works and infrastructure investment.

It was nothing of the sort. Since the passage of the Recovery Act, two million jobs have been wiped out. Obama’s apologists have been reduced to asserting that the situation could be worse.

The administration’s refusal to address the unemployment crisis is consistent with all of its other economic policies. From the multitrillion-dollar Wall Street bailout, to the assault on General Motors and Chrysler workers, to health care “reform,” the administration’s central aim has been to secure the interests of the financial elite. Rather than reducing unemployment, the administration is seeking to use mass unemployment to blackmail workers into working harder and faster and accepting permanent cuts in their

wages and benefits.

A recent article in *Bloomberg News* noted that the administration's economic policies have encouraged big investors to launch a new wave of corporate mergers and acquisitions, which will result in the destruction of many more jobs.

The article pointed out that such activity is being driven by the fact that billions in investment capital can find no productive outlet. It cited a note to investors by Credit Suisse Group saying, "M&A now looks ready to make a comeback."

Bloomberg said a series of mergers in mining, telecommunications, airlines, food production and other industries is anticipated, guaranteeing big returns for investors who buy a company, "rationalize it, strip out costs and fire staff."

The prospect of bankers reaping huge fees for deals that result in job losses will cause an outcry, the article continued, "particularly as those fees will mostly be earned by banks that got taxpayer bailouts a year ago." *Bloomberg* warned, "The sight of financiers making fortunes while ordinary people lose their jobs will stoke a populist backlash that is already brewing."

In a similar vein, *New York Times* columnist Bob Herbert on Tuesday warned of growing popular anger over rising joblessness in an opinion piece entitled, "Does Obama get it?"

"While devoting enormous amounts of energy to health care, and trying now to decide what to do about Afghanistan," Herbert complained, "the president has not conveyed the sense of urgency that the crisis in employment warrants." If that didn't change, Herbert wrote, increasing joblessness could "cripple" the "political prospects of the president." He took note of recent polls in which substantial majorities said the government stimulus efforts had mostly helped "large banks" and "Wall Street investment companies."

Herbert lamented that the administration had never seriously considered a "massive long-term campaign to rebuild the nation's infrastructure" and large-scale public works programs. These ideas, he said, were dismissed as "the residue of an ancient, unsophisticated era." He went on to advise Obama to pursue job-creation programs similar to the New Deal programs under Franklin D. Roosevelt.

Herbert's wishful thinking collides with the economic and political realities of contemporary American capitalism. Faced with an insurgent movement of the working class in the 1930s, Roosevelt sought to save the profit system by using the enormous industrial and financial resources of the United States to provide some measure of relief to the unemployed. Programs like the Civil Works Administration,

the Civilian Conservation Corps and the Works Progress Administration put an estimated 12 million people to work.

Today, such measures are precluded by the long-term decline of American capitalism and the domination of a financial aristocracy that controls both political parties and violently opposes the slightest impingement on its wealth and power.

The defense of jobs and living standards is the task of the working class itself. If workers are to prevent their destitution, they must take the initiative to launch a struggle against plant closings, mass layoffs and the wiping out of public service jobs.

Work place occupations, mass strikes and demonstrations should be launched independently of and in opposition to the trade union apparatus. Such actions must be the beginning of a political movement to unite workers in the US and internationally to put the major industries and banks under the public and democratic ownership of working people.

There are pressing social needs that must be addressed—new schools, hospitals, housing—and millions of unemployed workers ready and able to meet them. The argument that there is no money to put the unemployed to work is belied by the trillions the administration has spent to bail out the banks and continue the colonial wars in the Iraq and Afghanistan.

The Socialist Equality Party calls for a multitrillion-dollar public works program to provide good-paying jobs to rebuild the cities and social infrastructure and hire millions of construction workers, teachers, health care workers and others. At the same time, jobless workers must be guaranteed full pay, health benefits and housing for their families until they are reemployed.

The realization of such a program requires a complete break with Obama and the Democratic Party and a struggle against the profit system which both they and the Republicans defend.



To contact the WSWS and the
Socialist Equality Party visit:
wsws.org/contact