

# Once again: Obama and the jobs crisis

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The Obama administration has flatly rejected appeals for the federal government to take any direct action to create jobs and alleviate the mounting toll of unemployment in the United States. Obama reiterated this position in his Saturday radio/Internet address, and it was echoed by top aides in media interviews over the weekend.

White House Chief of Staff Rahm Emanuel told the *Wall Street Journal*, “There are two engines to our economic message, two ways to generate jobs. One is small business, the second is energy.” He implicitly rejected any suggestion of direct government hiring for public works projects in favor of tax credits or eased lending terms for private, profit-making businesses.

The *Journal* article published Monday began: “The White House is lukewarm about proposals by congressional Democrats to introduce broad legislation to create jobs, instead favoring targeted measures that would be less likely to inflate the deficit, administration officials said.” Besides Emanuel, the newspaper cited opposition by Treasury Secretary Timothy Geithner to a tax on financial transactions that would finance a jobs program, as proposed by some House Democrats.

Obama’s Saturday speech was remarkable for its callous indifference to the plight of the unemployed. He gave lip service to the problem, declaring at the beginning, “As we emerge from the worst recession in generations, there is nothing more important than to do everything we can to get our economy moving again and put Americans back to work.”

“Everything we can” turns out to be little more than talk—a White House forum on jobs, to be held December 3, and perhaps more tax cuts for corporate interests. “In order to keep growing, we need to spend less, save more, and get our federal deficit under control,” Obama said. “It is important that we do not make any ill-considered decisions—even with the best of intentions—particularly at a time when our resources are so limited,” he concluded.

“Limited resources” were not a consideration when it

came to bailing out Wall Street. The US Treasury and the Federal Reserve made available trillions to the financial institutions. But when it comes to the working class, Obama has repeatedly demanded austerity measures.

The administration forced General Motors and Chrysler into bankruptcy and imposed sweeping wage and benefit cuts on the auto workers. Obama has insisted that any health care legislation “not add a dime to the deficit,” and now the White House rejects any direct job-creation measures in the name of reducing the deficit.

The barely concealed contempt of Obama and other top administration officials for working people is all the more remarkable under conditions of double-digit unemployment and reports that 49 million Americans faced hunger last year and that home foreclosures are continuing at record rates. The jobs crisis is downplayed as a “lagging economic indicator.” The hunger report, released last week, evoked a perfunctory response from Obama, who warned that worsening malnutrition among children was dangerous because it threatened America’s global competitiveness.

Meanwhile, Obama congratulates himself for restabilizing the banks while Wall Street reaps bumper profits and prepares to award its executives and traders with record bonuses next month, secure in the knowledge that the administration opposes any real restrictions on bankers’ pay.

Obama voiced his hard line against new spending to create jobs in an interview during his China trip with the right-wing Fox News. “There may be some tax provisions that can encourage businesses to hire sooner rather than sitting on the sidelines. So we’re taking a look at those,” he said. “I think it is important, though, to recognize if we keep on adding to the debt, even in the midst of this recovery, that at some point, people could lose confidence in the US economy in a way that could actually lead to a double-dip recession.”

It is no accident that Obama took time from his China trip to reiterate his opposition to any major increase in social spending. This was in large part intended to

reassure the Chinese, who hold some \$800 billion in Treasury notes and are the biggest creditor of the United States.

Central to the global strategy of the American ruling class, which has more than doubled the federal deficit in order to bail out the banks, is a sharp reduction in the wages and living standards of American workers, whose conditions must be brought more closely in line with those of super-exploited workers in Asia. On the basis of what Obama calls “lower consumption,” the US is to pare down its debt and transform itself into a cheap-labor center for exports to the world market.

This policy of “everything for the banks, nothing for jobs” is so blatantly hostile to the working class that some of Obama’s nominally liberal supporters have issued appeals for the president to change course, warning that otherwise he risks a social and political explosion.

Congressman Peter DeFazio of Oregon told CNN, “It’s pretty embarrassing for a Democratic administration and a Democratic Congress to be identified with total attention to Wall Street and nothing for Main Street and jobs.”

A joint statement by the AFL-CIO, NAACP and four other organizations, issued November 16, urged Obama to adopt a five-point jobs program, including an effort to “directly create jobs that put people to work helping communities meet pressing needs, especially in distressed communities facing severe unemployment.”

Perhaps the most remarkable expression of concern came from economist Paul Krugman, a columnist for the *New York Times* who has been a fervent supporter of Obama’s health care plan. He took note of Obama’s comments to Fox News about the danger of growing federal deficits, then observed: “It took me a while to puzzle this out. But the concerns Mr. Obama expressed become comprehensible if you suppose that he’s getting his views, directly or indirectly, from Wall Street.”

Krugman has blurted out the real social base of the Obama administration. Obama, Emanuel, Geithner & Co. echo the views of bankers and speculators because that is whom they represent and serve. Obama heads an administration of, by and for the most powerful financial interests.

This is not a government of reform that is being led astray by right-wing pressure, or can be pushed to the left by counter-pressure from below. It is a government of social and political reaction.

Ultimately, the policies of the Obama administration are determined by the objective historical decline of American capitalism. Even in the depths of the Great

Depression, the Roosevelt administration could enact limited social reform policies because it had at its disposal the vast economic reserves of American capitalism, then the industrial powerhouse of the world.

In the intervening decades, the United States has undergone a dramatic economic decline, expressed in its most concentrated form in the decay of its industrial base and the transformation of the US into the global center of financial speculation and parasitism. The result is unprecedented levels of social inequality, relentless attacks on the conditions of the working class, and the rise of a financial aristocracy that dominates the political system and dictates basic government policy.

The Obama administration embodies this process. Its social and economic policies demonstrate that the US ruling elite is incapable either of reforming itself—by curbing the profit-gouging on Wall Street that triggered the financial crisis—or of providing social reforms that would benefit the masses of working people.

Obama’s refusal to take action on the jobs crisis and his undisguised indifference to the suffering which has swept over working class America are increasingly recognized by millions of working people. Initially, this is reflected in plummeting poll numbers. Soon enough, it will be expressed in the eruption of major struggles as workers and young people abandon illusions in the phony promises of “hope” and “change” and take action to defend their independent social and class interests.

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