

# Obama jobs summit: “No money for jobs”

Barry Grey  
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Thursday’s White House summit on jobs was an open display of the callousness and indifference of President Barack Obama and the American corporate elite to the plight of the working class.

In the course of a two-hour “brainstorming” session with 130 corporate CEOs, government officials, trade union executives and economists, Obama flatly rejected any major new allocation of federal funds to create jobs and ruled out a second stimulus package. Two days after he announced an escalation of the deeply unpopular war in Afghanistan, which he said would cost \$30 billion a year, Obama insisted at Thursday’s gathering that the government’s resources were too “limited” to finance job creation programs.

Instead, he appealed to the multi-millionaire CEOs in attendance to propose measures that would induce them to begin hiring workers. “What’s holding back business investment and how we can increase confidence and spur hiring?” he asked. “And if there are things that we’re doing in Washington that are inhibiting you, then we want to know about it.”

The CEOs of FedEx and Walt Disney—whose combined compensation last year surpassed \$61.5 million—responded with demands for cuts in corporate taxes, a proposal that was widely seconded by the other business chiefs in attendance. Obama indicated that he would propose tax incentives for hiring new employees, the dismantling of business regulations and other measures that will do next to nothing to put jobless people back to work, but will further bolster the executives’ profits.

On Friday, Obama staged a town meeting in Allentown, Pennsylvania, a city devastated by the closure of its steel mills. In an attempt to give his jobs policy a populist gloss, he mildly criticized the banks for not lending to small businesses and consumers and took some rhetorical shots at the insurance companies. However, he had nothing substantive to propose.

Later on Friday, there were reports that Obama might propose using for economic stimulus purposes some of the unallocated funds in the bank bailout Troubled Asset Relief Program (TARP)—a drop in the bucket compared to the scale of the jobs crisis—when he gives a speech on the economy next Tuesday.

Thursday’s jobs summit was intended as a public relations stunt to placate and disorient growing popular anger over mass unemployment and rising home foreclosures, hunger and poverty, and the refusal of the government to provide any serious relief. Instead, the event only underscored the oligarchic social interests represented by Obama and the entire political establishment.

In his opening remarks, Obama said that any steps to address the soaring jobless rate had “to face the fact that our resources are limited.” Government measures had to be “surgical,” he declared.

Obama was referring to the massive federal budget deficit of \$1.4 trillion. He neglected to note that the major reason for the tripling of last year’s deficit and explosive growth of the national debt was a bailout of the banks that, according to the inspector general of TARP, has allocated up to \$23.7 trillion in cash handouts, loans, debt guarantees and other subsidies to the financial elite.

Nor did he, or anyone else at the summit, choose to mention that compensation at the 23 biggest US banks, hedge funds and other financial firms is expected to top \$140 billion this year.

In an interview with the *Detroit Free Press* and *USA Today* prior to the summit, Obama said, “It’s not going to be possible for us to have a huge second stimulus, because frankly, we just don’t have the money.”

The unstated premise of this claim is that nothing can be done that impinges on the wealth of the American financial aristocracy or threatens its stranglehold on the economy. Obama made a point of reiterating his

support for the capitalist market, declaring, “I want to be clear: While I believe the government has a critical role in creating the conditions for economic growth, ultimately true economic recovery is only going to come from the private sector.”

This means that job creation must be totally subordinated to the profit interests of the corporations and banks. That translates into a policy which facilitates ever deeper cuts in wages and the institutionalization of sweat-shop conditions. There was no mention, let alone condemnation, of the wave of corporate wage-cutting that is driving down working class living standards—a situation that is intended to become a permanent feature of working class life in America, and, indeed, internationally.

In a posting on his blog on the eve of the summit, Robert Reich, labor secretary in the Clinton administration, spelled out in fairly frank terms the implications for workers of the economic crisis and the policies of the government. He said that the current recession had accelerated a “structural change” in the economy.

“The basic assumption that jobs will eventually return when the economy recovers is probably wrong,” he wrote. “Under the pressure of this awful recession, many companies have found ways to cut their payrolls for good. ... This means many Americans won’t be rehired unless they’re willing to settle for much lower wages and benefits.”

In lieu of a federal public works program or even a modest tax on financial transactions, both of which the administration opposes, Obama once again promoted alternative energy and “green” investment as a cure-all for mass unemployment. This bit of charlatantry reached the point of absurdity with the claim that providing incentives for homeowners to weatherize their houses—what some at the summit dubbed “cash for caulkers”—would represent a major step in addressing the jobs crisis.

Like all of Obama’s other proposals, “cash for caulkers” will have a negligible impact on unemployment, but it will provide a substantial windfall for particular business interests. One of the most enthusiastic proponents of this idea at the summit was the chief executive of the home improvement giant Home Depot.

In his closing remarks, Obama placed emphasis on

driving up US exports. “If we just increased our share of exports to Asia by 1 percent,” he said, “that’s about a quarter million jobs right there. If we increased it by 5 [percent], that’s a million jobs. That fills a big hole; it doesn’t cost money.

“So we are going to be scouring federal regulations, restrictions, et cetera that are inhibiting export growth.”

The union executives at the summit were eager to jump on this bandwagon, in order to push their reactionary agenda of trade war and economic nationalism. Teamsters President James Hoffa attacked government trade policies as insufficiently protectionist.

Even taken on its own terms, an increase of 1 million jobs would make only a small dent in the nearly 8 million jobs that have already been wiped out since the recession began.

What Obama did not explain, moreover, is that expanding exports is central to the global strategy of the US ruling elite for offloading the crisis of American capitalism onto its economic rivals, and that the heart of this strategy is a permanent reduction in the living standards of the American working class.

The Obama administration is committed to a policy of using mass unemployment as a weapon to bring the social position of American workers more in line with that of super-exploited workers in rising Asian economies such as China and India. By means of wage-cutting, speedup and cuts in social programs such as Medicare and Social Security, the US is to be turned into a cheap labor center for exports to the world market.

This is the class war agenda that underlies Obama’s cynical and duplicitous posturing at the jobs summit.



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