After 4 million jobs lost, White House declares stimulus a success

Jerry White
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Confronting growing discontent over his administration's failure to provide serious relief to some 15 million jobless workers in the US, President Obama on Wednesday proclaimed the success of the stimulus package, enacted a year ago, and declared, "The American people are rebuilding a better future."

The president claimed the measure had created or saved 2 million jobs and castigated Republicans for opposing the bill, which he said had helped avert a second Great Depression.

In an empty gesture, Obama acknowledged that not everyone was enjoying the economic rebound celebrated by the banks and stock markets. Despite the "extraordinary work that has been done through the Recovery Act," he said, "millions of Americans are still without jobs, millions more are struggling to make ends meet, so it doesn't feel like much of a recovery yet, I understand that."

In fact, the official unemployment rate continues to hover around 10 percent, with the real rate—including all those forced to work part-time or who have given up looking for non-existent jobs—nearly twice as high. Since the recession began, some 8 million jobs have been destroyed, including nearly 4 million since the passage of the stimulus package last February.

Even with its unrealistic projections of economic growth, the White House anticipates mass unemployment to continue for years, with only minor decreases from the current rate of nearly 10 percent through 2012. According to a report by the White House Council of Economic Advisers released last week, the official unemployment rate is not expected to fall below 6 percent until 2015, and will remain above 5 percent through 2020.

The stimulus package was never aimed at seriously addressing mass unemployment that can only be alleviated through massive government hiring, a measure that the administration has rejected out of hand. Instead, the administration, acting on behalf of the most powerful corporate and financial interests, has welcomed unemployment as a hammer to drive down the wages and benefits of workers—as it did to auto workers at GM and Chrysler—and sharply increase the rate of exploitation of the working class.

The $787 billion bill—formally known as the Recovery and Reinvestment Act—has done little to provide relief to the jobless or to prevent states and municipalities from slashing jobs and services in response to their burgeoning budget deficits.

More than a third of the bill was for so-called "middle class" tax breaks, which were supposedly aimed at helping hard-pressed families meet their living expenses. This $115 billion in tax credits for those earning under $90,000 has added a mere $7.70 to an average worker's weekly paycheck.

Just under a third of the stimulus spending was for state governments and to extend unemployment benefits, food stamps and so-called COBRA benefits, which enable unemployed workers to maintain their previous employer's health care coverage through large out-of-pocket expenses.

However, dozens of states, including California, New York and Michigan, have instituted payless holidays, wage and benefit cuts and public sector layoffs. In January alone, 40,000 local and state government jobs were eliminated.

An article on stateline.org, a web site that monitors state government issues, noted that several states were withholding aid to cities, counties and school districts in order to balance their own books, leading to draconian cuts in education, child health care, senior

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and recreation centers and other services. "For the last three recession cycles, it's been common for states to reduce financial support for local governments during the recession, and once they come out of it, they restore most of what they've cut," said Michael Pagano, dean of the College of Urban Planning and Public Affairs at the University of Illinois-Chicago. "Now local officials are wondering whether that money will ever come back."

The few stimulus funds made available for education have been conditioned on school districts increasing the number of charter schools and implementing merit pay and punitive "performance-based" schemes being pushed by the administration. In a summary of the results of the stimulus package, Vice President Joe Biden's office noted, "Recovery Act funds have laid the groundwork for needed reforms that will improve our schools." Twelve states have already passed legislation to accept the administration's reactionary criteria to qualify for the $4.35 billion Race to the Top competition.

The remaining money was for "projects"—which at the time were billed as the greatest expansion of public works since the New Deal. It has been nothing of the sort. According to Biden's report, some money has been used for highway repair and transportation projects, including high-speed rail schemes not scheduled to be completed until the 2020s. In addition, the departments of Defense and Homeland Security have used money for military base and airport security upgrades.

A large portion, however, has been used to fund direct subsidies and loan guarantees to private employers, including utility companies and manufacturers, involved in such things as medical information technology, electricity supply and so-called clean energy projects. There is little doubt large sums have found their way into the hands of the politically connected.

From the beginning, the $27.5 billion allocated for bridge and highway repair was a drop in the bucket compared to the sums needed to deal with America's crumbling physical and social infrastructure. The American Society of Civil Engineers has determined the US needs a $2.2 trillion five-year investment, just to bring the country's infrastructure up to date. The group gave the US a "D" on its 2009 report card on infrastructure, and noted, "We are still driving on Eisenhower's roads and sending our kids to Roosevelt's schools."

The administration has rejected out of hand the only measure that could substantially increase employment and improve infrastructure, i.e., a massive public works program.

As the *New York Times* noted Tuesday, suggestions by some liberal economists that the Obama administration "spend money directly to create jobs, much as it did during the New Deal" had "gained little traction in Washington." In fact, the president and his leading advisors have repeatedly rejected the idea, insisting that the private sector is the only creator of jobs that produce long-term value.

In other words, government policy and funding is to be directed only to increase the profits of big business. In this regard, a portion of the stimulus package has been used to pay private employers to hire people. The program, being used in 21 states, has no lasting benefit for the public, but instead allows employers to profit from the labor of workers, virtually cost-free.

According to a report in the *Times* Tuesday, Mississippi, Florida, Tennessee, California and several other states are participating. Under the "Steps program" in Mississippi, "employers will be reimbursed for each new worker's full salary for the first two months of work, and then the monthly reimbursement will be scaled back gradually until it drops to just a quarter of the salary in the sixth month. After that, the employer must pay the full salary."

The newspaper continued, "Gov. Haley Barbour of Mississippi, one of the nation's most prominent Republicans, said he saw the state's program as being in the spirit of the welfare overhaul. 'It's welfare to work,' he said."

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