

# Obama's jobless "recovery"

Jerry White  
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In the aftermath of last week's disastrous jobs report, the Obama administration continues to claim that the US economy is recovering and to reject any serious measures to create jobs or provide relief to the tens of millions without work.

Nearly 30 million Americans—one out of every six workers—are either unemployed or underemployed. Long-term joblessness has reached levels not seen since the Great Depression, with nearly half of the officially unemployed without a job for more than six months. Of these, 1.5 million—the so-called "99ers"—have been out of work for 99 weeks and have exhausted all their benefits and extensions.

Personal bankruptcies, home foreclosures, evictions, food insecurity and other indices of social distress remain at staggering levels.

The debt-ridden states are laying off tens of thousands of public workers, shutting schools and libraries and eliminating services upon which millions of people depend. On Tuesday, congressional Democrats passed a \$26.1 billion aid package to the states with inflated claims that the money would save the jobs of 160,000 teachers. In fact, the amount was cut in half from the original \$50 billion proposal and falls far short of the estimated \$100 billion shortfall for the states. This guarantees additional layoffs and budget cuts as schools open.

The Obama administration has responded with complacency and indifference to the social crisis. Speaking a day after celebrating his birthday at the home of a real estate mogul in Chicago—where Democratic donors paid \$30,000 a plate to hob-knob with the president—Obama hailed the July jobs figures as a "good sign" of economic progress.

The administration—which has handed trillions to the Wall Street banks—has rejected any proposals for a government-funded jobs program on the grounds that it would increase the federal deficit. In an interview on

CNN Sunday, former Treasury Secretary Robert Rubin explicitly opposed a second economic stimulus package, saying it would be "counterproductive in creating a lot of additional uncertainty and undermining confidence."

Instead, Rubin insisted, the administration over the next six months should put in place "a very serious beginning of deficit reduction" that would take effect in two years. This would not be easy, he warned, but it was necessary to "make politically hard decisions." Only "credible" and "real" reductions in government programs, he said, would boost the confidence of the markets.

Who is Robert Rubin? The multi-millionaire Wall Street banker is a major figure in the Democratic Party and wields great influence within the Obama administration.

As a top executive at Goldman Sachs and then economic adviser and treasury secretary under Bill Clinton, Rubin promoted and defended the high-risk, high-profit speculative trading and unregulated "shadow banking system" that were at the center of the financial meltdown in September 2008. In government, he led the drive to dismantle what remained of the major financial reforms dating from the 1930s and to end all significant government regulation of the banks. The top economic figures in the Obama administration, Director of the White House National Economic Council Lawrence Summers and Treasury Secretary Timothy Geithner, are both protégés of Rubin.

Rubin's statements reflect the orientation and policies of the Obama administration.

Like every other capitalist government in the world, the US government is abandoning its wholly inadequate stimulus program and preparing a brutal policy of austerity aimed at making the working class pay for the bailout of the financial elite. The White House has

already assembled a bipartisan deficit reduction commission to slash bedrock entitlement programs like Medicare, Medicaid and Social Security.

The indifference of the government to the plight of millions of unemployed workers has provoked warnings about the possibility of social upheaval. Writing in the *New York Times* Tuesday, columnist Bob Herbert said, “We’re not heading toward the danger zone. We’re there. The US will not remain a stable society if this great employment crisis is not addressed head-on—and soon. You cannot allow joblessness on this scale to fester. It’s wrong, and the blowback will be as destructive and intolerable as it is inevitable.”

The pleadings of Herbert and other liberal supporters of Obama will be ignored. Mass unemployment is not a mistake, but a deliberate policy of class war, aimed at driving down wages and increasing the exploitation of the working class. This has already led to a 46 percent surge in profits for big corporations in the second quarter of this year and the resumption of multi-million-dollar executive pay packages.

The administration plan for economic “recovery” is based on driving down American wages toward those of brutally oppressed workers in China and other emerging economies, and reviving American manufacturing by turning it into a cheap labor platform for export to global markets. This is at the heart of Obama’s pledge to double exports and his “Make it in America” campaign, as exemplified by the 50 percent wage cut for new hires at GM and Chrysler imposed last year by Obama’s Auto Task Force.

There is enormous anger in the working class. Thus far, resistance has been smothered by the trade unions in the US, which, like their counterparts in Europe, have collaborated in imposing the dictates of big business. This has its limits, however. The more social tensions are suppressed, the more explosively they will erupt.

The Socialist Equality Party encourages mass working class resistance to attacks on jobs and living standards. Our program begins not with what the capitalist system and its spokesmen claim they can afford, but with what is necessary to secure the basic social needs of the working population—the vast majority of society.

The right to a job and secure income must be guaranteed for all. The SEP calls for the launching of a

trillion-dollar public works program to hire the unemployed, rebuild the cities and rural areas, repair the crumbling infrastructure and provide essential services. The cost of such a program must be borne by the corporate-financial elite by taxing corporate profits and accumulated wealth.

Economic and political life must be reorganized to meet the needs of modern mass society, not the interests of the super-rich. To break the grip of the financial aristocracy, the SEP calls for the nationalization of the banks and basic industry under the democratic control of the working class, as part of the socialist transformation of the world economy.

The precondition for such a struggle is a break with the trade unions and the establishment of new organizations of industrial and political struggle. Above all, what is needed is a mass political party of the working class, based on a socialist and internationalist program, to oppose the two parties of big business, the Democrats and Republicans, and fight for a workers’ government. Those who see the need for such a party should join and help build the Socialist Equality Party.

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