

In the guise of creating jobs

# Obama to propose further tax cuts for big business

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President Obama is expected to announce new tax write-offs for big business today at a public appearance in Cleveland. The proposal is the latest in a series of measures which, in the name of creating jobs, will provide hundreds of billions more to corporate America while doing nothing to seriously address the economic crisis that has left more than 25 million Americans without full-time work.

With popular anger mounting over his administration's refusal to address the jobs crisis and indications growing that the Democrats could face a rout in the mid-term elections, the Cleveland speech, just two days after a Labor Day event in Milwaukee, is part of the White House's effort to appear focused on the plight of the unemployed.

The administration has rejected out of hand any second stimulus package, let alone a government jobs program, even as economists predict unemployment will hover near 10 percent for 2011 and beyond. Instead, the president and his economic advisors are promoting the notion that more incentives are needed to induce the private sector to hire workers. This is the case even though major corporations have piled up large profits and cash reserves mainly through mass layoffs, wage cuts and speedup of the remaining workers.

The supposed "pivot" to job creation by the administration is entirely cynical. The president's proposals have virtually no chance of being passed before Election Day, with a substantial section of Democratic lawmakers joining with the Republicans in opposing any new spending ostensibly aimed at ameliorating the social crisis.

Even if the measures were passed, they would do

little to address the high levels of unemployment. The proposal for new tax cuts is entirely consistent with the administration's pro-business policies, aimed at establishing a "new normal" of high unemployment in order to batter down the resistance of workers to wage cuts and intensified exploitation.

Obama is calling on Congress to pass legislation that will allow businesses to deduct the full value of new equipment purchases from their taxes through 2011. This would extend a tax break that allowed them to write off 50 percent of such investments in 2008 and 2009. According to the draft description from the administration, the proposal "would put nearly \$200 billion in the hands of businesses over the next two years."

In another measure geared to big business, the president wants to expand and make permanent a tax credit for corporate research and development. The credit has been enacted and extended temporarily over the last three decades "with frequent lapses that frustrate businesses," the *New York Times* reported.

The new tax cuts, coming on top of the trillions spent to bail out Wall Street, will further deplete the US Treasury and add to the bipartisan demands for budget cuts, particularly in entitlement spending.

On Monday, in a speech at a Labor Day event in Milwaukee, Obama announced plans for infrastructure spending that he claimed would lead to the construction of new high-speed rail lines, roadways, airports and other improvements, and the rehiring of large numbers of construction workers. The trade union bureaucracy and Obama's other liberal apologists hailed the proposal as a major "public works" investment.

New York *Times* columnist Bob Herbert, who has

repeatedly warned of the socially explosive consequences of the president's indifference to the plight of the unemployed, wrote that "a good faith commitment to rebuilding the infrastructure would show that the [Democratic] party has some idea of the scale of the effort that's needed to overcome the worst downturn since the Great Depression and, ultimately, to build an economy that offers the prospect of a decent living to the next couple of generations."

The measures proposed by Obama are nothing of the sort. They would merely revise and extend current federal transportation programs that are expiring. Rather than spreading out modest increases in spending over the next five or six years, the president proposes "front-loading" them into a \$50 billion lump sum that states could spend in the first year.

Obama claims this will be paid for by eliminating tax breaks and subsidies for the oil and gas industry—a prospect that has almost no chance of being realized given the political influence of Big Oil over both parties.

Even if the \$50 billion figure is taken at face value, it is a drop in the bucket compared to the \$2.2 trillion the American Society of Civil Engineers (ASCE) says is needed to repair and maintain America's crumbling infrastructure over the next five years. Nor would it provide a substantial number of jobs for the 1.5 million construction workers who are currently unemployed.

Like the rest of Obama's proposals, the infrastructure plan is geared to the needs of corporate America, above all to the most powerful financial interests. Rather than investing in repairing collapsing neighborhoods, schools and transportation systems, it is designed to rationalize current infrastructure spending.

According to legislation drafted by leading Democrats, the proposal includes an "infrastructure bank" that would be part of the US Treasury and would attract money from institutional investors. It would channel loans to projects selected by a panel.

As the *New York Times* notes, "The outside investors would expect a competitive return on their money, so many of the completed projects would have to charge fees, taxes or tolls." For this reason, the bank would not focus solely on roads, railways and other projects that would have the most socially beneficial results, but also on "telecommunications, water, drainage, green-energy projects and other large-scale projects" that would

benefit private investors.

"If the projects did not raise enough money," the *Times* adds, "the Treasury might get stuck paying back the investors."



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