

Obama pledges more concessions to business at White House summit

Barry Grey

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At a five-hour summit with top corporate executives on Wednesday, President Obama signaled his readiness to slash corporate income tax rates, weaken business regulations, cut social spending, and drive up US exports at the expense of the wages and conditions of American workers.

The event was closed to the press, and Obama refused to answer questions shouted out by reporters afterward as he left Blair House and walked back to the White House. But his remarks in advance of the meeting and those of his advisers, as well as interviews given following the meeting by some of the 20 executives who attended, made the basic agenda clear.

Speaking just before the event, Obama touted his deal with congressional Republicans to extend Bush-era tax cuts for the wealthy and dramatically reduce taxes on inherited wealth, implying that this cave-in to big business would set the tone for the summit. He once more pledged his loyalty to capitalism and the American corporate elite, declaring, "I believe that the primary engine of America's economic success is not government. It's the ingenuity of America's entrepreneurs. It's the dynamism of our markets."

In saying this, he ignored the fact that American capitalists have over the past decade produced no net increase in jobs, and that the machinations of "America's entrepreneurs" had produced the worst economic crisis since the Great Depression.

The upcoming meeting with the heads of some of the most powerful corporations in the world would, he said, be devoted to spurring hiring and helping to "put Americans back to work." This supposed focus on creating jobs is the official smokescreen—utilized by Democrats and Republicans, liberals and conservatives alike, as well as corporate spokesmen—for a policy of driving down wages and intensifying the exploitation of

the working class.

Obama hinted as much, using the coded language of American politics, when he restated his goal of increasing US exports in five years and said he would solicit ideas from the business leaders "about tax reform; ideas about a balanced approach to regulation that will promote, rather than undermine, growth; ideas that will help businesses to invest in America and American jobs..."

He mentioned without comment the fact that US corporations are sitting on nearly \$2 trillion in cash, which they are by and large refusing to use to hire workers or expand production, and went on to say that "we need to redouble our commitment to fiscal discipline and address our long-term deficit challenges."

The summit had been advertised by both the media and administration officials as an effort by the White House to mend fences with the corporate and banking elite. Despite receiving trillions of dollars in taxpayer bailouts under Bush and Obama, resulting in record or near-record profits and multi-million-dollar executive pay packages, sections of the corporate-financial elite had made a point of expressing their displeasure with the White House in the run-up to the midterm elections and had shifted the bulk of their campaign cash to the Republicans.

In a word, the financial overlords wanted more—first of all, an extension of the Bush tax cuts for the rich, and beyond that, double-digit cuts in high-end income and corporate tax rates, a further gutting of business regulations, severe austerity measures to force workers to accept even lower wages, and an end to Obama's occasional bursts of anti-corporate demagoguery.

At the center of the administration's lurch to the right since the Democratic election debacle has been its

efforts to conciliate Wall Street and big business. This has included, in addition to extending the Bush tax cut for the rich, renegotiating the free trade deal with South Korea to meet the demands of US auto makers and other corporations and delaying anti-pollution emissions regulations.

As Wednesday's *New York Times* reported: "While Mr. Obama has held such roundtables in the past, this one is part of a fresh effort by the administration to build closer ties over the next two years, officials say."

During the election campaign, the US Chamber of Commerce spent millions of dollars to run anti-White House ads promoting Republican candidates. Last Friday, the president of the chamber, Tom Donohue, said on Fox News that Obama "has done the right thing to reach out to people in both parties... I think he is going to build more coalitions than before."

Present at the Wednesday meeting, besides Obama, his business liaison Valerie Jarrett (a multi-millionaire Chicago real estate executive) and White House staff were: Greg Brown, co-CEO of Motorola; John Chambers, chairman and CEO of Cisco Systems; Kenneth Chenault, CEO of American Express; Dave Cote, chairman, president and CEO of Honeywell International; Scott Davis, chairman and CEO of UPS; John Doerr, partner in the law firm Kleiner Perkins Caulfield & Byers; Mark Gallogly, managing partner and co-founder of Centerbridge Partners; Lew Hay, chairman and CEO of NextEra Energy; Jeffrey Immelt, chairman and CEO of General Electric; Ellen Kullman, CEO of DePont; John Lechleiter, president and CEO of Eli Lilly; Andrew Liveris, president, CEO and chairman of Dow Chemical; James McNerney, chairman, president and CEO of Boeing; Indra Nooyi, chairman and CEO of PepsiCo; Paul Otellini, CEO of Intel; Penny Pritzker, chairman and CEO of Pritzker Realty Group; Brian Roberts, chairman and CEO of Comcast; Jim Rogers, chairman, president and CEO of Duke Energy; Eric Schmidt, chairman and CEO of Google; and Robert Wolf, president and COO of UBS.

Two of the firms represented, the pharmaceuticals giant Eli Lilly and the credit card behemoth American Express, have direct stakes in the results of ongoing rule-making for Obama's health care and financial regulatory overhauls.

Following the meeting, UBS Chief Operating Officer Robert Wolf told CNBC that the event was "very

constructive." He predicted that people "will see in 2011 things done between business and government that are very positive," and alluded to one of them by noting that the corporate tax rate is presently "too high."

Boeing's McNerney praised Obama as "very engaged" and said the meeting was different from previous White House-business roundtables "in tone and in detail." Alluding diplomatically to Obama's prostration before the corporate tops, he said the participants had "moved beyond the tone that created a confrontational climate" and that "we all made our apologies."

He noted that much of the discussion focused on cutting the corporate tax rate—something Obama is preparing to propose as part of a broad tax "reform"—and added that Obama's cave-in on extending Bush's tax cuts for the wealthy "set the tone" for the summit. "It is a good step forward and we'd like to see more of it," he said, adding, "We all congratulated the president for his act of statesmanship."

Honeywell's Dave Cote gave some sense of Obama's supine posture: "He [Obama] said, 'I'm a collaborative guy. I want to collaborate. Help me do it.'"



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