Obama's State of the Union address

Jerry White
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President Obama's State of the Union address Tuesday night demonstrated the insular, sclerotic and reactionary character of the American political system.

The annual presidential address before the US Congress long ago degenerated into a hollow ritual. What was remarkable about Obama's address, however, was how completely it revealed the obliviousness and indifference of the political establishment to the social disaster confronting tens of millions of Americans.

No aspect of social reality can be openly and honestly addressed by any section of the American ruling class or the corporate-controlled media. This is itself a reflection of the staggering levels of social inequality and the intensity of class tensions that permeate American life. The fear is that any acknowledgment of the real state of American society could become a focus for the social anger building up just below the surface.

There was no mention in the speech of record levels of long-term unemployment, plunging home values or the million-plus foreclosures occurring each year. Nor was the steady growth of hunger, homelessness and poverty even raised. One would not know from the hour-long address that virtually every American state and city is insolvent and in the process of shutting schools, laying off teachers and other public employees and imposing furloughs and cuts in wages and pensions.

Instead, Obama boasted of having "broken the back of the recession." His proof? "Two years after the worst recession most of us have ever known, the stock market has come roaring back. Corporate profits are up."

That Obama, in a prime-time, nationally televised speech to the nation, should hail the good fortune of the financial parasites who were chiefly responsible for bringing the US and world economies to their knees is highly revealing of the real constituency of the president and both political parties.

What social strata are benefiting from the bull market and record corporate profits? What comfort are such tidings to working Americans, when 90 percent of all stocks, bonds and mutual funds in the US is owned by the wealthiest 10 percent of the population, and more than half is controlled by the richest one percent?

There was plenty more good news for big business in the speech, including Obama's promise to slash the corporate tax rate and gut regulations on business.

Wall Street's recovery has been the direct result of the administration's policies, beginning with the multi-trillion-dollar bailout of the banks. The Federal Reserve's cheap credit policy and the lack of any serious reform of the financial system have fostered a resumption of the type of financial swindling and criminality that led to the crash of September 2008.

Record corporate profits have also been the result of White House policy. Despite its pronouncements to the contrary, the administration welcomes high levels of joblessness because it enables corporations to boost their profits by pressuring workers to accept lower wages and benefits. The White House initiated a nationwide wage-cutting drive with its attack on GM and Chrysler workers last year, and has accelerated it with its recent pay freeze on federal employees.

In his speech Tuesday, Obama signaled that a drastic and permanent reduction in working class living standards is at the center of his strategy to double exports within five years. What does "making the US competitive" with low-wage countries such as China and India mean in the context of an economic policy that equates "growth" and "job-creation" with boosting corporate profits? It means shrinking the labor cost gap between the US and these emerging market countries by reducing US wages, pensions and benefits and intensifying speedup on the job.

Obama sought to evoke the aura of Kennedy and the

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1960s space race, declaring that globalization and the rise of China had created “our generation’s Sputnik moment.” This was an entirely cynical attempt to make the case for unity and sacrifice in answer to a new challenge to the nation as a cover for an actual policy of class warfare against the vast majority conducted in the interests of a small, aristocratic minority.

Under Obama’s program—dubbed “winning the future”—all the sacrificing will be done by the working class. It will be devastated by cuts in social spending (a five-year freeze in non-defense discretionary spending) followed by attacks on the basic entitlement programs—Medicare, Medicaid and Social Security.

The rich will get a further cut in their tax rates (in the name of “simplifying” the tax code) and an even bigger share of the national wealth.

“We have to make America the best place on Earth to do business,” Obama proclaimed, echoing the remarks of President Calvin Coolidge that the “business of America is business.” Obama has unashamedly turned the White House into a branch office of JPMorgan Chase or General Electric. Indeed, in the run-up to the speech he appointed multi-millionaire JPMorgan executive William Daley as his White House chief of staff and put General Electric CEO Jeffrey Immelt in charge of the newly created Council on Jobs and Competitiveness.

In 2008, powerful financial and political interests maneuvered to channel popular anger against the Bush administration and its militarist and pro-business policies behind the Obama campaign. In 2010, the ruling class manipulated the mid-term elections—exploiting widespread popular disillusionment over the betrayal of Obama’s campaign promises and disgust with his right-wing policies—to engineer a Republican victory and justify a further lurch to the right by Obama.

The entire experience of this administration proves the undemocratic character of the two-party system and its complete subordination to the financial oligarchy.

In order to defend its interests, the working class must build a socialist movement, independent of the Democratic Party and its allies in the trade union apparatus, that will fight for a workers’ government to break the stranglehold of the financial aristocracy and reorganize economic life on the basis of social need, not private profit.

We urge all workers and young people determined to carry out this fight to make the decision to join and build the Socialist Equality Party.

Jerry White

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