

Obama ignores worsening jobs crisis

Jerry White
8 June 2011

President Obama dismissed concerns over last week's disastrous jobs report and warnings of a possible double-dip recession during a joint White House press conference with German Chancellor Angela Merkel Tuesday.

The president suggested the figures—which showed an increase in the national jobless rate rising 9.0 to 9.1 percent in May and the average length of unemployment reaching a record high of nearly 40 weeks—were an anomaly. “Economic data which in better times would go without comment now makes people wonder are we going to go back to a terrible crisis,” he complained.

“We are going to have some days when things aren't going as well as we like,” he said, but claimed the country nonetheless was in a “recovery,” pointing to the creation of two million jobs by the private sector and the rebound of the US auto industry.

Looking at Merkel—whose government is currently demanding brutal austerity from Greek workers in return for a EU bailout—the president acknowledged, “People on both sides of the Atlantic are understandably frustrated with the ups and downs of the world economy. But we try not to look at the day-to-day markets and headlines. Our task is not to panic. Not to overreact.”

By “overreacting” the president means taking emergency measures to deal with the jobs crisis. The administration has rejected any further stimulus packages, let alone direct government hiring of the unemployed, and has insisted that the private sector is the only genuine “job creator.” Far from hiring large numbers of workers, however, US corporations—which have a cash hoard of \$2 trillion—are chiefly sitting on the sidelines until wages fall to a sufficiently low level.

During his comments Obama blamed the 2008 crash not on the rampant criminality of the Wall Street and the collusion of capitalist governments and credit rating

agencies, but on a “whole set of challenges that had been left unaddressed over the previous decade.” He made it clear he was determined to resolve these challenges, by making American corporations “more competitive with the emerging economies” and “getting a handle on our debt and deficit.”

Both pledges are veiled references to the class war policies being pursued by the Obama administration on behalf of the financial and corporate elite. High unemployment is being deliberately maintained in order to drive down wages and close the gap between American workers and their brutally exploited counterparts in China, India and other low-wage countries.

In addition, the White House is engaged in ongoing talks with Republican leaders to gut long-standing entitlement programs like Medicare and Medicaid in order to pay for the Wall Street bailout and the extension of massive tax cuts to the rich.

The administration's indifference to the plight of tens of millions of unemployed and underemployed workers is provoking widespread anger against the president. In a *Washington Post*-ABC News poll released Tuesday 59 percent of respondents gave Obama a negative rating for his handling of the economy. Eighty-nine percent of Americans say the economy is in bad shape; 57 percent say the recovery has not started and 66 percent say the US was seriously on the wrong track. Overall, the president only had a 47 percent approval rating.

Increasingly there are concerns voiced by fellow Democrats that the economic crisis is undermining the president's electoral prospects. A new report from Democratic pollster Stan Greenberg, cited in the *Washington Post*, warned that no incumbent president since Franklin Roosevelt had won reelection with greater than eight percent unemployment.

“Blaming former president George W. Bush for the

mess is no longer effective. Even talking about successes doesn't have much impact," Greenberg wrote, adding, "the 'economy' is not the recovery, but a set of powerful on-going realities: a middle class smashed and struggling, American jobs being lost, the country and people in debt, and the nexus of big money and power that leaves common people excluded."

Beyond electoral considerations, however, some more astute sections of the political establishment are expressing worry that continuing mass unemployment, particularly among youth and young workers, will provoke social and political upheavals.

A column by liberal investigative reporter Dave Lindorff notes that in his speeches to the State Department and the G8 meeting in France, Obama drew "a direct connection between the unrest and demonstrations that brought down the dictators in Tunisia and Egypt, and the joblessness and hopelessness felt by the young people in those two countries."

"What about the US?" Lindorff asks, noting that the actual unemployment figures for young people in the US is at "staggering Egypt-like levels: 30% for all young people, 45% for young Latinos, and as high as 66% for black youth!"

Instead of providing economic support to boost employment, the president had "basically thrown in the towel on job creation efforts, and is just talking about cutting the deficit," Lindorff writes.

While there were no mass upheavals in the US yet, the reporter notes, "once aroused, motivated and organized, young people in the US" would "face down police armed with tear gas and batons, just like their compatriots in Tunisia and Egypt..."

Lindorff notes that all of the traditional groups, which would have organized youth in the past, "the labor movement, civil rights organizations, and political groups on the left—have been somehow neutered. Their focus, such as it is, is now on elections, on recall campaigns, and on the coming 2012 presidential contest. It is not on organizing young people."

Despite Obama's protestations that his policies have improved the economy, the signs of a renewed slowdown have thrown the White House into crisis. On Monday, Austan Goolsbee, chairman of the President's Council of Economic Advisors (CEA) announced his resignation, saying he would return to teach at the

graduate school of business at the University of Chicago.

Just last week Goolsbee said last month's job figures were a "bump in the road" of economic recovery. The departure of Goolsbee—a longtime associate of Obama—is designed to give the appearance that the administration is seeking advice from outside its inner circle. Whoever it chooses as Goolsbee's replacement, however, is sure to be no less committed to the policies of austerity and deregulation.

Goolsbee took over after the resignation of Christina Romer who was forced out because she was critical of the administration's policies and advocated further economic stimulus measures. Another economist associated with that position, Vice President Biden's economic adviser Jared Bernstein, resigned last month.

In a sign of the administration's further turn to the right on economic policy, Obama selected the former CEO of utility giant Edison International as his nominee to lead the Commerce Department. John Bryson served as the head of the California-based electric power distributor and generator from 1990 to 2008, is currently a senior adviser to private equity firm Kohlberg Kravis Roberts & Co. and a member of the board of directors at Boeing and the Walt Disney Company.

Announcing the nomination Obama said, Bryson "understands what it takes for America to succeed in a 21st century global economy. John will be an important part of my economic team, working with the business community, fostering growth, and helping open up new markets abroad to promote jobs and opportunities here at home."



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact