

Bank of America layoffs overshadow Obama's phony "jobs" bill

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Bank of America, the largest US bank and one of the country's largest employers, announced plans Monday to cut 30,000 jobs by the end of 2013. The news, the largest mass layoff so far this year, is the latest in a series of indications that the disastrous jobs crisis in the United States is worsening.

The cuts amount to about 10 percent of Bank of America's total workforce and are part of a plan by the company to eliminate about \$5 billion in annual costs from its consumer banking operations. Further restructuring in other sectors is also being planned.

Last month, the bank announced the immediate layoff of 3,500 workers, adding to 2,500 already implemented earlier this year. Prior to announcing the additional reductions, CEO Brian Moynihan stated Monday that his aim was to make the bank "leaner, more straightforward, more driven."

Many of the cuts will come from shutting down branches and reducing staff in states throughout the country, with much broader repercussions for local economies.

The retrenchment at Bank of America is a sign of a deepening economic recession in the United States, against the backdrop of the resumption of the global economic and financial crisis. The bank is among those most closely tied to economic growth, as it is one of the biggest consumer lenders and has large housing mortgage operations as well.

In July 2008, Bank of America acquired Countrywide Financial, which was heavily involved in subprime lending and the production of mortgage-backed securities. There are some indications that Bank of America may try to send Countrywide into bankruptcy as a means of escaping large financial and legal obligations.

The announcement from Bank of America came the

same day as President Obama formally presented his proposed "American Jobs Act," a series of right-wing measures that will do little or nothing to address the jobs crisis. The legislation is intended largely as a prelude to massive budget cuts to be proposed next Monday.

In remarks on Monday, Obama again stressed that all the provisions have received support from Republicans and businesses.

According to a White House summary, the main proposals include: \$78 billion in tax cuts for businesses; \$175 billion in payroll tax cuts, which will reduce funding for Social Security; \$50 billion for infrastructure spending and an additional \$10 billion for a proposed "infrastructure bank"; and \$30 billion in education spending.

Long-term unemployment insurance would be extended (generally a routine measure in a jobs recession), but this is connected to "reforms of our unemployment system to provide greater flexibility" including "work-based uses" of federal funds by states.

Among the proposals singled out by Obama is a measure in Georgia that has unemployed workers work for free for companies while receiving benefits. This proposal, which is a step towards effectively abolishing the concept of unemployment benefits, has received the strong backing of Republican representatives.

The response from Republican leaders as a whole to the bill has been largely favorable, with House Majority Leader Eric Cantor saying it contains "lots of things" that the Republicans would like to see passed as well. As the bill goes through Congress, it will inevitably become even more right-wing.

The administration is insisting that all of these proposals be fully paid for, including through substantial cuts in Medicare and Medicaid. Obama is

calling on the "super committee" of Republicans and Democrats to go far beyond its legal requirement to propose \$1.5 trillion in cuts over the next decade. The committee is supposed to make its recommendations by the end of November.

The administration suggested Monday that the funds to pay for the bill could come from ending tax breaks on oil companies and corporate jets, proposals that were also made earlier this year during the debate on raising the debt ceiling.

As was the case then, these proposals are cynical demagoguery, a smokescreen for plans by the bipartisan committee that will include trillions in cuts to social spending, along with "tax reform" that will likely involve a substantial reduction in the tax rate on corporations and the wealthy.

A group of 57 corporate executives and former government officials (both Democratic and Republican) issued a letter Monday echoing Obama's call for the deficit reduction committee to "go big" in proposing budget cuts to be voted by Congress.

"We believe that a go big approach that goes well beyond the \$1.5 trillion deficit reduction goal that the Committee has been charged with and includes major reforms of entitlement programs and the tax code is necessary to bring the debt down to a manageable and sustainable level, improve the long-term fiscal imbalance, reassure markets, and restore American's faith in the political system," the group wrote.

The group, organized by the Committee for a Responsible Federal Budget, includes Obama's former chief economic adviser Christina Roemer; Alan K. Simpson, co-chair of Obama's National Commission on Fiscal Responsibility and Reform; Robert Rubin, former treasury secretary under Clinton; and other prominent figures from the political establishment.

While there were no specific proposals on cuts, a September 7 report from the CRFB ("What we Hope to See from the Super Committee") calls for "serious reforms to Social Security, Medicare, Medicaid and other health spending" that would include increasing premiums, raising the retirement age for Medicare, "reforming" Medicaid rules, and placing caps on overall federal health care spending.

The group also calls for "pro-growth tax reform" that would "broaden the base by reducing deductions, credits, exemptions, and other tax expenditures" while

"lowering the individual and corporate tax rates." Among the most important deductions that would likely be targeted would be the deduction for mortgage payments, which benefits millions of households.

Not only will these measures amount to a further handout to the wealthy while cutting programs upon which millions of people depend, the austerity measures will also reduce economic growth and deepen the jobs crisis.



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