The Obama recovery

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While the United States remains mired in the deepest slump since the Great Depression, President Barack Obama is touting a modest improvement in employment over the past several months to boost his electoral prospects in November.

The three-month period from December through February has, according to the Labor Department, seen a net gain of 744,000 jobs, the largest for any three-month stretch since 2006. The official jobless rate has fallen from 9.1 percent in September to 8.3 percent in February.

It is necessary to place these gains within the context of the catastrophic collapse in employment that followed the Wall Street crash of 2008, which has left the US economy with 5 million fewer jobs than at the official start of the recession in December 2007. At the height of the crash, US businesses were cutting more than 744,000 jobs every month.

While the US economy added 335,000 net new manufacturing jobs in 2010 and 2011 combined, it lost 1.6 million manufacturing jobs between January 2008 and March 2009, a reduction of 10 percent. The current level of 12 million manufacturing jobs is down 7.5 million from its peak in 1979.

Federal Reserve Chairman Ben Bernanke, speaking Monday at a business conference in Washington DC, was notably cautious about the recent upturn in employment figures. He suggested that the improvement in the labor market could not be sustained at the current rate of economic growth.

"A significant portion of the improvement in the labor market has reflected a decline in layoffs rather than an increase in hiring," he said, adding, "Conditions remain far from normal, as shown, for example, by the high level of long-term unemployment and the fact that jobs and hours remain well below pre-crisis peaks, even without adjusting for growth in the labor force."

What Obama and his supporters in the trade union apparatus conceal is the basis for the modest growth in jobs in general, and manufacturing jobs in particular. The president hinted at the question when he spoke last month at the Master Lock factory in Milwaukee. "Our job as a nation," he declared, "is to do everything we can to make the decision to insource more attractive for more companies."

What Obama has been doing is spearheading an intensified assault on the working class. He has escalated the attack on working class living standards that has been underway for more than three decades, focusing on a drastic and permanent reduction in wages and benefits. There have been several stages in this process.

In the months immediately following the financial meltdown in September 2008, US corporations carried out massive layoffs, using unemployment as a weapon to bludgeon the working class into accepting unprecedented concessions. Big business employed new technology (automation, computerization) as well as speedup to cut costs and rapidly return to record profits on the basis of a smaller work force, despite lagging sales and revenues.

Obama's forced restructuring of General Motors and Chrysler in 2009 ushered in a wave of wage- and benefit-cutting throughout the private sector. The bailout of the auto giants was predicated on the agreement of the United Auto Workers union to impose a 50 percent wage cut and the gutting of pensions and benefits for all newly hired workers. This set a new benchmark of $12-$15 an hour for US auto workers, previously among the highest paid manufacturing workers in the world, reducing wages to near-poverty levels.

Beginning in 2010, the wage-cutting attack was extended to public-sector workers, who were hit with massive layoffs and cuts in wages, pensions and health care by state and local governments, with the support of the White House.

The results of this government-corporate offensive are reflected in statistics on wages, labor costs and income. According to a census report released in September 2011, real median household income fell 2.3 percent in 2010, to a level 7.1 percent below that reached a decade before.

US manufacturing labor costs per unit of output in 2010 were 13 percent lower than a decade earlier.

If a portion of the manufacturing jobs that were previously moved to China and other low-wage havens are being brought back to the US, it is because the wages they pay have plummeted so far and the differential has so dramatically narrowed that the corporations can make higher profits by exploiting their "own" workers than by going overseas. As the CEO of GE Consumer & Industrial, James Campbell, told the *New York Times* last month, "making things in America is as viable as making things any place" because domestic labor costs are now "significantly less, with the competitive wages" now accepted by American workers.

The overall result of the Obama recovery, besides the impoverishment of ever wider layers of the working class, is a further staggering growth of social inequality. One stark metric of the decline in the social position of the American working class is the fact that in the third quarter of 2011, the share of the US gross domestic product going to corporate profits was at its highest (10.3 percent) since the 1960s, and the share going to wages was at its lowest (45.3 percent) on record.

In officially announcing the AFL-CIO's support for Obama's reelection earlier this month, the union federation president, Richard Trumka, denounced the frontrunner for the Republican nomination, Mitt Romney, declaring, "Everything he's done helps the 1 percent."

A Reuters article published March 15 provides statistical proof that when it comes to helping the top 1 percent at the expense of everyone else, Obama takes a back seat to no one. The article notes that the movement of US incomes during the Obama "recovery" contrasts sharply with that which occurred in 1934, during the Great Depression.

The 1934 rebound saw strong income gains for the bottom 90 percent of earners and a decline for the super-rich (the top 0.01 percent). The year 2010, saw the opposite. The income of the super-rich ($23.8 million on average) rose by 21.5 percent over the previous year, while that of the bottom 90 percent fell by 0.4 percent.

National income rose overall in 2010, but all of the gains went to the top 10 percent. Just 15,600 super-rich households pocketed an astonishing 37 percent of the entire national gain.

The article further reports that the top 1 percent's share of real income growth has increased with each economic expansion, regardless of whether a Democrat or Republican was in the White House. The top 1 percent captured 45 percent of Clinton-era income growth, 65 percent of Bush-era growth, and *93 percent of Obama-era growth, through 2010.*

These facts demonstrate the existence in the US of a plutocracy that controls the Democrats and Republicans and the entire political system. Its deadly grip can be broken only by an independent political movement of the working class, fighting for workers' power and socialism.

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