Obama's jobs program: A laundry list of corporate handouts

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On Tuesday, US President Barack Obama made his first speech on economic policy since the official start of his reelection campaign, calling on Congress to enact a list of corporate handouts in the name of "creating jobs."

Obama kicked off his proposals with a right-wing tribute to the profit system, repeating his mantra that "the true engine of job creation in this country is the private sector; it's not Washington."

The entire speech was built on the assertion that government spending is not a legitimate means of putting people to work. He even went as far as to boast that the period of his administration was "the only time that government employment has gone down during a recession."

The speech comes four days after the Labor Department announced that the US economy added only 115,000 jobs in April, significantly less than the amount needed to keep up with population growth.

The jobs report paints a bleak picture. The official unemployment rate fell, but only due to the fact that hundreds of thousands of workers left the labor force. There are 12.5 million people who are officially unemployed in the United States, 5.5 million more than there were five years ago. The average duration of unemployment is 39.1 weeks, more than double what it was in 2006.

Meanwhile, as a result of legislation signed by Obama earlier this year, hundreds of thousands of people are being thrown off unemployment rolls due to the expiration of extended federal benefits. In California alone, 93,000 workers will lose benefits on Saturday.

In this context, Obama's speech Tuesday bears the hallmarks of a political farce. He presented his proposals at the College of Nanoscale Science and Engineering at the State University of New York in Albany. If passed, the measures would do nothing to improve the lot of millions of unemployed in the United States.

Three of Obama's five proposals are simply tax handouts for businesses. One would create a ten percent income tax credit for companies that "create new jobs" in 2012, and the second would expand the current tax subsidy for "investments in clean energy manufacturing."

Under the guise of helping homeowners facing foreclosures, Obama is proposing to "cut red tape in the mortgage market," meaning further deregulation of the mortgage industry. This under conditions in which home prices continue to plummet, and hundreds of thousands of families are on the brink of foreclosure.

Only one of his proposals is not a hand-out to corporations. As such, it is predictably trivial: He called for a program that would put 20,000 military veterans to work on an environmental conservation program over five years and provide an "online training program" in "the fundamentals of small business ownership" for 10,000 veterans.

Obama also called for a government tax cut to corporations that "in-source" jobs to the United States. It would allow corporations to write off all of their costs for setting up production facilities in the US, plus provide a tax credit of 20 percent on investment in the country.

This is of a piece with Obama's entire economic program, which has aimed to drive down wages to the point where workers in the United States can be exploited more cheaply than those in countries such as China and Mexico.

As Obama put it, "American workers are becoming more efficient, companies are becoming more and more

competitive, so for a lot of businesses, it's now starting to make sense to bring jobs back home."

By "efficiency," Obama means nothing more than the increased exploitation of the American workforce as a result of the economic crisis. Even though the workforce has shrunk by millions of people during the recession, industrial output has surpassed 2007 levels.

This has been the policy of the Obama administration from the start. During the bailout of the auto industry, Obama made clear that he would provide the big three automakers with government funds if they imposed cuts to wages and benefits of autoworkers.

The lack of any meaningful measures to deal with the unemployment crisis is part of this program. Far from seeing unemployment as a social evil, the administration, together with the corporations it represents, has used mass unemployment to drive down wages, slash benefits, and impose workplace speedups.

As a result, corporate profits are at their highest levels in history, while the labor force participation rate is down to its lowest level since the 1980s.

The ruling class has responded to the economic crisis with a ruthless and unprecedented attack on the social position of the working class. The Obama administration, working with the trade unions and their supporters, has been the spearhead of this attack.

Obama's speech is a quintessential expression of the sclerotic and unrepresentative nature of the American political system. Amid mass unemployment and growing poverty, both Romney and Obama sing the praises of the profit system and propose no policies that are not direct handouts to major corporations and the super-rich.

An entirely different response is required. Against the anti-democratic political setup and the capitalist system it defends, the working class must advance its own, socialist program. Immediate measures must be taken to put people to work. This includes a multi-trillion dollar public works program to rebuild infrastructure and meet all the needs of a complex society.

The basic problem is the capitalist system itself. So long as the economy is run in the interests of private profit, and the financial elite exercises dictatorial control over economic and political life, the most basic rights of the working class, including the right to a job, cannot be addressed.

In the 2012 elections, the Socialist Equality Party is running candidates to fight to build a socialist leadership in the American working class. We urge all who want to take up this struggle to follow the SEP campaign and get involved today.

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