

# Obama hails record corporate profits at press conference on the economy

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At a press conference on the economy held Friday, President Barack Obama exuded indifference toward the plight of American workers, declaring that “the private sector is doing fine” and adding, “We’ve seen record profits in the corporate sector.”

With the official unemployment rate once again rising and job-creation virtually grinding to a halt, the president heaped praise on corporate America. “Overall,” he said, “the private sector has been doing a good job creating jobs.”

Even by the debauched standards of American politics, these are remarkable statements coming from a president presiding over the worst economic crisis since the Great Depression. Recalling the “let them eat cake” outlook of the *Ancien Régime* on the eve of the French Revolution, they epitomize a president, party and political system wholly divorced from the people and entirely in the service of a financial oligarchy.

It evidently never occurred to Obama, himself a multi-millionaire and long-time political asset of corporate interests, that such statements would arouse anger among the tens of millions struggling to survive in the midst of a campaign of layoffs, wage-cutting and austerity.

Ironically, the White House called the press conference in large part to stem the political and electoral damage resulting from the disastrous employment report for May. The report, released on June 1, showed a net payroll gain of only 69,000 jobs and a rise in the official jobless rate from 8.1 percent to 8.2 percent. The same week, the Commerce Department downgraded its estimate for economic growth in the first quarter from 2.2 percent to 1.9 percent.

These figures, along with mass layoff announcements by Hewlett-Packard and other corporations, shatter the

claim of a “recovery” and signal a worsening of the jobs crisis. There are more than 13 million people in the US officially counted as unemployed and over 23 million either jobless, involuntarily working part-time or available for work but no longer looking. There are perhaps millions more people out of work who are not counted in any of the government’s indices.

The number of long-term unemployed (out of work for more than six months) shot up by 300,000 last month to a near-record of 5.4 million, and the average duration of unemployment rose to 39.7 weeks.

Meanwhile, some 500,000 people have been cut off of unemployment benefits weeks earlier than they would have been because of a bipartisan deal brokered by the White House in February to slash the duration of federally-funded extended benefits. Tens of thousands more will be deprived of cash assistance every month, and there is every indication that the Democrats and Republicans will agree to terminate the program entirely after the November elections, regardless of which party wins.

As for the private sector doing “a good job creating jobs,” it is, as Obama well knows, sitting on a multi-trillion-dollar cash hoard, refusing to provide loans to small businesses and consumers or significantly increase hiring. The corporate-financial elite calculates that it can make more money from speculation and financial manipulation than from producing useful goods. Moreover, it wants to keep unemployment high in order to blackmail workers into accepting poverty wages and sweatshop conditions.

The indifference of Obama to the suffering of ever-broader layers of working people and youth was evident in the cavalier and perfunctory character of the press conference. Called with virtually no advance notice and held in the middle of a work day, when

workers would be unable to watch it, the event reflected the contempt of the corporate elite and its political representatives for the working class.

Obama spoke for about ten minutes and answered questions for another 15. His main purpose was to deflect blame for the economic disaster and his rejection of any policies to create jobs or provide relief for the unemployed onto congressional Republicans and European governments. He began by pointing to the worsening slump and debt crisis in Europe and its impact on the US economy. He urged Europe to combine its austerity program with new infusions of public funds into Europe's banks, citing the supposed "success" of this policy in the US.

The timing of the press conference was undoubtedly conditioned by emergency talks being held this weekend in Europe in the hope of reaching an agreement to bail out the Spanish banks. Obama's call for combining "fiscal responsibility" with "short-term investments in growth and jobs" was directed above all at Germany, which has resisted pumping more funds into failing banks or adopting even token stimulus measures.

Obama reiterated the US position that Greece should remain in the euro zone, lecturing the Greek people, who go to the polls on June 17, while implicitly threatening them. He declared, "The Greek people need to recognize that their hardships will likely be worse if they choose to exit from the euro zone."

He then chastised Congress, the Republicans in particular, for failing to pass the so-called jobs program he announced last September. This compendium of small-scale aid to cities and states that are currently laying off teachers and other public workers, token subsidies for construction projects, and new tax breaks for businesses would, if implemented in full, do little to lessen the jobs crisis. They are, moreover, linked to plans to carry through trillions of dollars in cuts to basic social programs after the elections.

Obama praised Congress for extending the payroll tax cut and urged it to expand the measure before its expiration at the end of 2012. He said nothing about continuing the extended jobless benefits program, which likewise expires at the end of the year.

Obama knows very well that even his paltry stimulus proposals have no chance of being passed, and not only because of Republican opposition. Democrats at the

state and local level are slashing jobs, wages and social programs no less ruthlessly than their Republican counterparts. Even as Obama spoke, leading Democrats such as former president Bill Clinton and former House Speaker Nancy Pelosi were calling for an extension of the Bush tax cuts for the rich before they expire January 1, 2013.

The only semblance of truth in Obama's remarks were those reflecting his enthusiasm for corporate profits. While poverty, hunger and homelessness are on the rise, US bank profits in the first quarter hit their highest peak since the first quarter of 2007, prior to the Wall Street crash. CEO pay continues to soar, buttressed in part by the systematic lowering of wages and benefits and imposition of speedup, and in part by the gutting of business regulations.

Obama's Republican opponent, Mitt Romney, seized on the president's statement about the private sector. "Is he really that out of touch?" he declared, citing indices of the disastrous state of the economy. The prescription of Romney and the Republicans is to cut deeper and faster and remove whatever remains of restrictions on corporate profit-making.

Nothing could more clearly expose the reactionary character of both candidates and their respective parties and the need for the development of an independent, socialist movement of the working class.



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