

# Obama's economic “vision”

Andre Damon, Barry Grey  
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A week ago, President Obama gave a speech, billed as a major statement on economic policy, that was remarkable only for the brazenness of its cynicism and dishonesty.

Attempting to cast the November election as a contest between diametrically opposed economic and social programs, Obama declared: “But more than anything else, this election presents a choice between two fundamentally different visions of how to create strong, sustained growth; how to pay down our long-term debt; and most of all, how to generate good, middle-class jobs so people can have confidence if they work hard, they can get ahead.”

Obama called the choice between the two perspectives “the defining issue of our time,” and added, “What’s holding us back is a stalemate in Washington between two fundamentally different views of which direction America should take. And this election is your chance to break that stalemate.”

Obama claimed that his “vision” was driven by concern for the “middle class,” while that of his Republican opponent, Mitt Romney, was geared to the wealthy. The lengthy speech, given in Cleveland, one of many Midwestern cities devastated by long-term industrial decline compounded by more than three years of mass unemployment, included acknowledgments of the vast growth of social inequality and allusions to wholesale fraud committed by banks and corporations.

“Over the past few decades,” Obama said, “the income of the top 1 percent grew by more than 275 percent—to an average of \$1.3 million a year. Big financial institutions, corporations saw their profits soar. But prosperity never trickled down to the middle class.”

He continued: “Without strong enough regulations, families were enticed, and sometimes tricked, into buying homes they couldn’t afford. Banks and investors were allowed to package and sell risky mortgages. Huge, reckless bets were made with other people’s money on the line. And too many from Wall Street to Washington simply looked the other way.”

After the financial “house of cards” (Obama’s words) collapsed in 2008, American families’ wealth “declined at a rate nearly seven times faster than when the market crashed

in 1929. Millions of homes were foreclosed. Our deficit soared. And nine million of our citizens lost their jobs... hardworking Americans who had met their responsibilities, but were forced to pay for the irresponsibility of others.”

This description amounts to an indictment of the political and economic system—greed, criminality and official corruption working together to plunder the people and multiply the profits and fortunes of the corporations and the rich.

Obama, of course, drew no such conclusions from his own words. Nor did he offer any proposals to address the social catastrophe he had described. Somehow, his “vision”—supposedly vastly different from that of the Republicans—failed to include any measures to create jobs, provide relief for the victims of the crisis, or hold the criminals responsible for the disaster accountable.

On the contrary, Obama, as usual, talked out of both sides of his mouth. He took pains to reassure his real constituency—Wall Street and the corporate-financial elite—that his quasi-populist posturing meant nothing and he remained committed to the policy of austerity and attacks on working class living standards that he had pursued throughout his first term in office—a policy that is in all essentials identical to that of his opponent.

Thus, he declared that programs “we can’t afford” had to be cut. His vision, he stressed, “despite what you hear from my opponent,” had “never been a vision about how government creates jobs”—meaning no government jobs or public works programs. The vision did, however, include “a federal government that is leaner and more efficient,” i.e., thousands of federal worker layoffs and cuts in pay and benefits.

Obama boasted of signing a law to cut the deficit by \$2 trillion and “reduce our yearly domestic spending to its lowest level as a share of the economy in nearly 60 years.” What was America like 60 years ago? No Medicare, no Medicaid, no food stamps, no federal aid to education, no interstate highway system.

Obama’s vision turns out to be a nightmare scenario of social retrogression that amounts to a social counterrevolution.

The staggering level of cynicism and deceit reflected in the speech is in part a response to the problems besetting Obama's reelection campaign. The earlier attempt to base the campaign on the pretense of an accelerating economic recovery has been shattered by several months of dismal employment reports showing that US job-creation is grinding to a halt.

Obama made an attempt at damage control at a press conference on the economy two weeks ago, but he could not help exuding indifference to the plight of the working class. He let slip his real views when he proclaimed the private sector to be "doing fine" and doing a "good job creating jobs," and boasted of "record corporate profits."

Having concluded that the economy will, if anything, be in worse shape in November than it is today, the Obama campaign decided it needed a new narrative. Hence the Cleveland speech and its absurd mantra of contrasting economic visions.

Rhetoric flagrantly at odds with reality is, of course, nothing new for the Obama administration or American politics in general. Obama, in particular, seems always to proceed from the assumption that the American people are infinitely gullible and suffer from collective amnesia. He relies as well on his well-placed confidence in the liberals and assorted "left" organizations around the Democratic Party to go along with the fraud.

However, the scale and pervasiveness of lying in the current election campaign, remarkable even by the degraded standards of American politics, cannot simply be attributed to the subjective, personal characteristics of individual politicians. It is more fundamentally an expression of the vast and unbridgeable chasm that has opened up between the entire political system and the overwhelming majority of the American people. Under conditions of the deepest economic crisis since the Great Depression, the capitalist two-party system is impervious to the needs and desires of the people and incapable of offering any policies to address their economic distress.

The completely sclerotic and corrupt character of the political system, staffed from top to bottom by bribed toadies of the corporate-financial aristocracy, reflects vast changes in the social and economic structure of the United States that have taken place since the last great breakdown of American and world capitalism in 1929.

In the Depression of the 1930s, Franklin D. Roosevelt, a representative of the American ruling class and unswerving defender of capitalism, presented himself as the protector of the common man and launched verbal attacks on the "economic royalists" of Wall Street far sharper than anything Obama would dare to utter. But Roosevelt was able to back up his rhetoric with significant social reforms, such

as Social Security, unemployment insurance, public works programs and the Tennessee Valley Authority. While these were carefully designed not to threaten the basic interests of the capitalist class, they did improve the lot of millions of people.

Today, no such reforms are on offer, fundamentally because of the vast economic decline of American capitalism in the intervening decades. From the industrial workshop of the world and the rising global economic power, the United States has deteriorated to the status of the world's biggest debtor, with a shrunken industrial base and an economy based largely on financial speculation and parasitism. The most important social expression of this decline has been a colossal growth of social inequality, making the US the most unequal industrialized country in the world.

The decay of America's industrial base and its increasing turn to financial speculation and manipulation have also produced critical changes in the ruling class itself, leading to the supremacy of a financial elite which derives its vast and ever growing wealth not from the production of useful goods, but from quasi-criminal speculative activities that are divorced from and detrimental to real production.

All that is left to the ruling class of today is lies, propaganda and the preparations for state repression and dictatorship in response to the inevitable eruption of class struggle on a mass scale. And, it must be added, the indispensable political services of liberal and pseudo-left organizations—such as the *Nation* magazine and the International Socialist Organization—that reflect the interests not of the working class, but of affluent layers of the middle class. They devote their efforts to channeling popular opposition behind the Democratic Party and its allies, such as the trade unions, and blocking the emergence of an independent political and socialist movement of the working class.

Thus, the current issue of the *Nation* features an article entitled "A Politics for the 99 Percent" that predictably and stupidly parrots the absurd pretensions of Obama's Cleveland speech. "Obama has indicted the right's extremes," the authors write, "arguing eloquently for public initiatives to save the middle class and revive the American dream."



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