

The jobs crisis and the 2012 elections

Patrick Martin
30 July 2012

The Obama administration issued an official update on the US economy Friday that projects that unemployment will remain high for the next decade. The unemployment rate stood at 5.0 percent in April 2008, before the Wall Street crash triggered by the bankruptcy of Lehman Brothers. Even in the best-case scenario laid out in the White House report, the unemployment will remain above that level into 2022.

In other words, for those who are now unemployed, and particularly for the new generation of young people who have come of age since the 2008 crash, the prospect is for the continuation of mass unemployment more or less indefinitely.

The Mid-Session Review issued by the White House Office of Management and Budget (OMB) assumes a relatively quick return to rapid economic growth in the United States, with GDP expanding by more than 4 percent a year in 2014 and 2015, and a worldwide economic recovery rather than depression.

The OMB economic projections were already disproved as unduly optimistic while the Mid-Session Review was being printed. While the OMB projects a 2.6 percent growth in GDP in 2012, the second quarter growth rate reported by the Commerce Department fell to only 1.5 percent, below even the 2.0 percent growth reported in the first quarter.

Even under the OMB's unrealistic assumptions, it would require a full decade to return to the levels of unemployment that prevailed in the early stages of the current economic slump. Given the reality of global slowdown, new financial shocks from the bankruptcy of European countries and financial scandals involving the banks and hedge funds (LIBOR, JPMorgan Chase), the relatively small decline in the US unemployment rate over the past two years, from 10.1 percent to 8.2 percent, is likely to be wiped out by a surge of mass layoffs.

Recent announcements by Cisco Systems, Citigroup

and, most recently, Delta Airlines suggest that a new round of corporate job-cutting is already under way.

Despite the dubious projections, the OMB document has a definite political significance. Its economic projections amount to an admission that capitalism has failed an entire generation of working class youth in the United States. Millions of young people each year are graduating from high school or leaving college to enter the work force, under conditions where job-creation is so anemic that little work is available for those already jobless, let alone for new entrants to the labor market.

At the same time, the OMB document constitutes a declaration, from the office of the President of the United States, that nothing will be done to alleviate the plight of the unemployed or provide them jobs. The White House study assumes that the American government will take no action over the next ten years to create jobs or put the unemployed back to work.

The administration has funneled huge resources to the super-rich, in the bailout of the banks and then the auto companies, accompanied by a 50 percent wage cut for newly hired auto workers. While trillions were allocated to bail out Wall Street, not a penny is proposed to prevent a colossal growth of poverty and social misery among working people.

There is a definite class policy at work, to be pursued whether Obama or Mitt Romney wins the presidential elections this November. The American ruling elite, far from seeking to end mass unemployment, regards tens of millions of jobless workers as a positive good. A double-digit unemployment rate (when part-time and discouraged workers are included in the calculation) provides a powerful weapon for driving down wages, benefits and social programs and imposing far worse conditions on workers still on the job.

Meanwhile, on the national security front, the lack of decent jobs for young people insures a steady supply of recruits for the "volunteer" military, the cannon fodder

for new imperialist wars like those in Iraq and Afghanistan, which are being prepared in Syria, Iran and other international flashpoints where the US military is deployed.

For the working class, the OMB document underscores the underlying reality of the 2012 election campaign. With tens of millions of working people facing increasingly desperate conditions, neither capitalist candidate, Obama or Romney, offers any alternative. The truth is that there can be no solution to the crisis without a frontal assault on the accumulated wealth of the ruling class.

The trillions in the coffers of the banks and giant corporations are an irrefutable answer to claims by Democratic and Republican politicians and their media apologists that “there is no money” to deal with urgent social needs.

The working class must build an independent mass political movement that advocates a radical redistribution of wealth to meet social needs. The vast resources created by labor must be used to provide jobs for the unemployed and a future for what will otherwise be a lost generation of working class youth.

The Socialist Equality Party, our candidates for president and vice-president, Jerry White and Phyllis Scherrer, is the only political movement fighting for this revolutionary socialist perspective in the American working class. We urge workers and young people to support our campaign and join and build our party. For more information, visit www.socialequality.com.

Patrick Martin



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact