

# Obama outlines “grand bargain” to slash corporate taxes

Eric London  
31 July 2013

Speaking Tuesday at an Amazon fulfillment center in Chattanooga, Tennessee, President Barack Obama presented a plan to slash corporate taxes and hand out billions of dollars in corporate subsidies in the name of securing “a better bargain for the middle class.”

In the second in a series of appearances ostensibly focused on jobs and the “middle class,” Obama proposed cutting the corporate tax rate from 35 percent to 28 percent, with a 25 percent rate for manufacturers. This was coupled with calls for the government to “partner with the private sector” to provide infrastructure, social services and education—code words for privatization and spending cuts.

The president covered his plans to slash corporate taxes with a smokescreen of demagoguery. Declaring that “part of what [the recession] did was lay bare the long-term erosion that’s been happening when it comes to middle class security,” Obama repeated his hollow pledge to provide ordinary people with “the chance to succeed in the 21st-century economy.”

“Reversing this trend” of deepening inequality “must be Washington’s highest priority,” Obama said. “It’s certainly mine.”

In reality, the policies outlined by Obama will have the opposite effect. Entirely in line with the first four-and-a-half years of his presidency, Obama’s economic program is aimed at channeling an even greater share of the wealth of society to the financial oligarchy that dominates political and economic life in the US.

What Obama sought to palm off as a “jobs” program consists on the one hand of minor federal expenditures for infrastructure development—all of it tied to tax breaks and subsidies for businesses—and tax breaks for corporations that will amount to hundreds of billions of dollars, on the other. The entire scheme is deeply reactionary and tailored to the interests of the banks and

corporations.

Obama’s posturing as a defender of the “middle class” is exposed by the administration’s explicit rejection of aid to Detroit, reiterated Sunday by Treasury Secretary Jacob Lew. This represents de facto support for the gutting of the retirement benefits of 20,000 Detroit workers and the sell-off of the city’s assets.

While Obama claims to support “good jobs that pay decent wages,” his policy is aimed at slashing workers’ wages. In the 2009 restructuring of Chrysler and General Motors, Obama made the imposition of a 50 percent wage cut on new hires the precondition for providing bailout funds to the auto makers.

The expansion of low-wage production at GM and Chrysler reverberated throughout US manufacturing and dragged wages down for the entire auto industry. A case in point is the Volkswagen assembly plant in Chattanooga, located in the same lot as the Amazon fulfillment center that Obama visited. At the VW factory, new assembly workers are hired at \$12 per hour, among the lowest wages for auto assembly work anywhere in the country.

This is the reality behind Obama’s boast in his speech that “we saved the auto industry thanks to GM and the UAW working together to bring jobs back to America.”

The administration’s vision is not, as Obama promises, “a good job with good wages.” Rather, the plan is to roll back the conditions of life for the working class by decades. Nothing underscores this so much as Obama’s decision to give his speech at one of Amazon’s fulfillment centers, which are notorious for poverty wages and exploitative working conditions.

“Amazon is a great example of what’s possible,” Obama said, speaking in a facility notorious for its

sweatshop conditions. The company's low-paid workers, a significant percentage of whom are contracted from temporary labor agencies, are forced to endure extreme heat and cold, routinely prevented from speaking to one another, and threatened with termination on a daily basis.

On September 18, 2011, Pennsylvania's *Allentown Morning Call* reported that workers at a local Amazon warehouse were forced to work long shifts with no air conditioners or water breaks in temperatures above 100 degrees Fahrenheit. They were, according to the report, threatened with dismissal if they complained. Amazon refused to open loading dock doors for ventilation, citing the need to prevent workers from stealing. The firm kept a fleet of ambulances in the parking lot to take workers to the hospital after they suffered from heat-related illness or injury.

The *Financial Times* reported in February that workers "might walk between seven and 15 miles" each day, and "must walk through a set of airport-style security scanners to prove they are not stealing anything" at the end of their shift and after a 30-minute lunch break. The report noted that "a very large number" of workers are fired "frequently and with little warning or explanation." Moreover, workers are given cheap, ill-fitting boots and told to apply Vaseline to their feet if blisters become unbearable.

The *Seattle Times* on April 3, 2012 reported that Amazon workers were threatened and in some cases fired for reporting workplace injuries to the Occupational Safety and Health Administration. A class-action lawsuit is currently pending against the company for short-changing workers' paychecks.

Obama is seeking to turn over billions of dollars to the corporations through tax cuts and giveaways, while rolling back social spending. Pledging to "reduce our deficits with a scalpel to get rid of programs we don't need," Obama boasted of slashing government spending more rapidly than any other administration in the post-World War II era. "Our deficits are falling at the fastest rates in 60 years," he said.

He also called for increased privatization of public resources, saying the government "should partner with the private sector to upgrade what businesses need most," a list that includes air traffic control, public utilities and public schools. Obama claimed that allowing businesses greater control over public schools

would lead to the proliferation of "modern schools to prepare our kids for tomorrow."

He referred to a plan that would allow corporations to take advantage of workers in impoverished areas of the country such as Chattanooga. "Let's offer new tax incentives for manufacturers that bring jobs back to America, and new tax credits so communities hit hardest by plant closures can attract new investment," he said.

In plain language, the president is proposing to give corporations public money to move operations into high unemployment areas where workers can be forced to accept poverty-level wages.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**