

# Obama's "recovery" and the social crisis in America

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*"The good news is the economy clearly is getting stronger... Things are getting better."*

– President Barack Obama at an August 1 White House press conference

*"I'm glad that GDP is growing, and I'm glad that corporate profits are high, and I'm glad that the stock market is booming."*

– President Barack Obama, speaking July 30 in Kansas City, Missouri

So speaks Barack Obama, for whom economic health is measured principally by the stock portfolios and bank accounts of the financial elite he represents. For a large majority of the population, however, conditions of life are, if anything, worse than they were at the height of the 2008-2009 financial crisis.

A recent report from the US Federal Reserve captures something of this social reality. According to the Fed's survey, 70 percent of American households say they are no better off now than they were in 2008.

The survey also found that a typical American adult cannot raise \$400 without borrowing or selling something. So fragile is the economic position of most households, an unexpected car problem, medical issue or legal entanglement can push them over the edge.

Additional findings by the Fed include:

- Most people who have student loans for their own education cannot make payments on time. Eighteen percent are either behind on their payments or are being pursued by a collection agency, and 34 percent are in deferment or forbearance.

- Nearly two thirds of the population do not have funds set aside to cover their expenses for three months.

For the super-rich, the "recovery" has been very real indeed. The Dow Jones Industrial Average and S&P 500 stock indexes have hit record highs, while the NASDAQ has more than tripled since its post-2008 lows.

Ostentatious displays of wealth are more and more the

norm. Some among the super-rich have put their newfound wealth to use commissioning the construction of what the *Wall Street Journal* calls "vertical mansions" in New York City. One such building, 520 Park Ave, now under construction on the South side of Central Park, will feature 31 apartments, the smallest of which "will sprawl over full floors of about 4,600 square feet." The *Journal* adds, "They will each have their own elevator landings and are set to list at \$27 million or more."

The largest apartment, "a 12,400-square-foot triplex with a private terrace... priced at as much as \$10,000 per square foot," will be the city's most expensive apartment, priced at "considerably more than \$100 million."

Obama, a millionaire many times over, coddled since his youth by the forces of the state, may not find it hard to convince himself that the economic recovery he keeps talking about is real. His main social constituency, the ultra-rich, has more money than it knows what to do with.

The further enrichment of this social layer has been the overriding aim of his administration and the bipartisan agenda of both big business parties—the Democrats no less than the Republicans. It is the thread that runs through the multi-trillion dollar bank bailout, the wage cuts imposed as part of the government-orchestrated bankruptcy of GM and Chrysler, the money printing policies of the Fed, and the cuts to food stamps, unemployment benefits and other social programs.

Statistics presented in a report by the Conference of Mayors Friday show the results of this process. The report notes that while a typical job lost in the 2008-2009 recession paid \$61,637 a year, a typical job added during the "recovery" paid \$47,171—a 23 percent drop in wages.

This confirms an earlier study by the National Employment Law Project, which found that since the financial crash of 2008, 1.9 million high- and average-paying jobs in the private sector have been eliminated and replaced with 1.8 million low-wage jobs.

The mayors' report adds that the top 20 percent of all households captured more than 60 percent of all income gains between 2005 and 2012, with the richest in this layer getting the bulk of the increase. Meanwhile, in many cities throughout the country, more than half the population earns less than \$35,000 a year.

Adjusted for inflation, median household income dropped by 5.5 percent between 2005 and 2012. And compared to 1968, annual income based on the federal minimum wage has fallen by 32 percent in real terms, from \$22,235 to \$15,080.

This is the social reality confronting the working class—mass unemployment, reflected most clearly in the decline in the employment-to-population ratio, low-wages, economic insecurity and permanent indebtedness.

For the last five years, vast resources have been transferred to the super-rich. The main mechanism for carrying this out—the inflation of the stock market and other financial assets—has only created the conditions for a new and even greater economic crisis, with even more devastating consequences.

Behind the facade of official politics, the United States is a social powder keg. The eruption of anger in the wake of the police killing of an unarmed youth in St. Louis, Missouri over the past several days is only a small indication of social tensions in America and an initial expression the indignation felt by broad sections of the working class.

This anger must be armed with a political perspective—aimed at mobilizing the entire working class in opposition to the capitalist system, the root cause of social inequality, and replacing it with a socialist system based on the satisfaction of social needs, not private profit.



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