

# Obama lectures the G20

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On the eve of the G20 summit, opening Sunday in Turkey, President Barack Obama has published a column in the *Financial Times* touting his “pro-growth” and “pro-middle class” economic agenda as a model for the rest of the major economies.

Under the headline “America’s bold voice cannot be the only one,” Obama gives an absurdly glowing account of the supposed success of his economic policies and lectures Europe, China, Japan and the emerging market countries on similar measures they must take to kick-start their stalling or contracting economies and reverse the global economic slowdown.

That the US, whose economy is growing at an anemic rate of about 2 percent, is deemed the world’s “bright spot” says a great deal about the failure of the G20 to engineer a genuine recovery from the 2008 financial crash and slump. Obama’s opening phrases in the *Financial Times* column praising the G20 for having acted to “rebuild the global economy on a more resilient footing” and having “proved itself to be the premier forum for international economic cooperation” ring hollow under conditions of mounting crisis and no agreement on a common policy to address it.

The G20 heads of government assemble under conditions of slowing growth, intensifying trade conflicts, and a divergence in monetary policy between the US Federal Reserve and the central banks of Britain, the European Union and Japan. No one seriously believes that the meeting this week will forge a coherent, common policy to address the crisis.

Last week, the Organization for Economic Cooperation and Development (OECD) once again downgraded its projection for world economic growth in 2015 and 2016 and warned of a “dramatic slowdown in global trade growth.” OECD chief economist Catherine Mann said that the projected 2 percent rate of trade growth for 2015 was at a depressed level “associated with global recession.”

In October, the International Monetary Fund (IMF) reported that global growth would be at its lowest level since the height of the financial crisis in 2008-2009. In April, the IMF warned that there was no prospect any time soon for a return to pre-crisis rates of growth and placed emphasis on a 25 percent cut in productive investment in the older industrialized countries of North America and Europe.

The same issue of the *Financial Times* that featured Obama’s column led its front page with a report of a renewed sell-off in oil and metals, with demand for commodities falling amid signs that China’s slowdown is deeper than previously thought. The newspaper noted that the Bloomberg Commodities Index had fallen to its lowest level since 2008.

The presentation of the state of the US economy in Obama’s column is a combination of half-truths, distortions and lies. Obama boasts of having overseen the creation of 13.5 million new jobs and a decline in the unemployment rate to 5 percent. He leaves out the fact that the vast majority of decent-paying jobs wiped out since 2008 have been replaced by low-wage positions, that a large share of the new jobs are part-time or temporary, and that the labor force participation rate, a far more accurate gauge of the labor market than the official jobless rate, remains at near-record low levels.

In the name of a “middle class economic agenda,” Obama has worked to drive down workers’ wages, pensions and health benefits in order to transform the US into a cheap labor economy. His forced bankruptcy of General Motors and Chrysler in 2009, which included the halving of wages for all newly hired workers, set the pace for a nationwide attack on the working class that continues unabated.

The result has been a sharp growth in poverty and social inequality. Just over the past two weeks, studies have shown that half of US workers earn less than

\$30,000 a year and 40 percent make less than \$20,000, and that economic devastation has resulted in a sharp rise in the death rate for middle-aged white workers. Obama's supposed focus on the well-being of the "middle class" has produced an economy in which 95 percent of income gains go to the richest 1 percent of the population.

Obama presents his economic policy as "pro-growth" and argues for a slightly less onerous austerity policy in Europe. But, in reality, Obama has presided over an unprecedented attack on social spending. The rate of increase in nonmilitary discretionary spending and the level of such spending as a percentage of gross domestic product (GDP) have shrunk under Obama to levels last seen under the Eisenhower administration in the 1950s.

While food stamps, home heating assistance, education aid, housing assistance, jobless benefits and Medicare have been slashed, spending on the military has soared. In his *Financial Times* article, Obama presents the budget deal worked out last month with the Republicans as a model for other countries. But that budget imposes billions in cuts on the Social Security disability program and once again slashes Medicare funding.

Obama likewise touts his health care overhaul as expanding coverage to an additional 17.6 million people. He omits to mention that this leaves tens of millions of Americans uninsured, while imposing drastic reductions in workers' access to drugs, tests and medical procedures and hiking their out-of-pocket costs.

Despite the immense windfall for the banks and corporations and the financial elite provided by Obama's program, the US growth rate remains extremely low by historical standards. The average rate of GDP increase under Obama, 2 percent, is about half the rate during previous recoveries and a full percentage point lower than the overall average for the post-World War II period. This is in large part because the administration's policies have been geared to boosting the stock market and other forms of speculative and parasitic activity, while the corporations and banks have starved the economy of productive investment.

Obama's policy recommendations underscore the reactionary international agenda of US imperialism. He

demands that China "unleash its emerging middle class by accelerating its transition of a consumption-led economy." This is code language for China dismantling its state-run enterprises, accelerating its privatization program and opening the country up to unrestricted exploitation by the imperialist powers.

In the name of enlarging the labor force, he praises Europe for accepting a small percentage of the refugees fleeing the devastation caused by US-led wars in the Middle East and Africa. He calls Europe's closed-door policy against the vast bulk of asylum seekers and its savage treatment of those who make it into the European Union a "humanitarian response." But it is also, he adds, an "economic opportunity worth seizing."

In other words, the immigrants allowed into the EU should be turned into virtual slave labor to boost the profits of European and US-based transnational corporations.

He cites the Trans-Pacific Partnership as a model for global trade policy. This US-led trade bloc, designed to exclude China and complement the military and diplomatic encirclement and war buildup against that country under Obama's "pivot to Asia," exemplifies the growing use of trade as an economic weapon and the division of the world into rival trade blocs—historically the antechamber to world war.

This process promises to accelerate when the US Federal Reserve begins to raise US interest rates, starting as early as next month, while the other major central banks move to further lower their rates.

Obama's column, examined objectively, points not to some basis for global recovery, but rather to the depths of the crisis of American and global capitalism and the impossibility of any progressive resolution outside of socialist revolution.



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