

Obama's Economic Plan to "Alleviate Long-Term Unemployment". Not Even "A Drop in the Bucket"

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The heavily publicized meeting between President Obama and several hundred corporate CEOs and other business leaders will do little or nothing to alleviate long-term unemployment. Those out of work for six months or more, the nominal beneficiaries of the effort, are only slightly more likely to get a job thanks to the Obama administration than they are to be struck by lightning.

The token character of the effort promoted by Obama in his State of the Union address and then at the White House meeting Friday is demonstrated by the disparity between the vast social need and the miniscule resources pledged by Obama and Corporate America.

There are some 4 million workers who have been out of work for six months or longer, according to official statistics, which do not count millions more who have dropped out of the workforce entirely for lack of any real prospect of getting a decent-paying job.

According to the Fact Sheet distributed by the White House in conjunction with Friday's summit meeting with CEOs, the initiatives backed by Obama include the following:

- * The National Fund for Workforce Solutions, to award \$2.5 million in grants, to be matched dollar-for-dollar by local communities, for a total of \$5 million, or \$1.25 for each long-term unemployed worker.
- * Skills for Chicagoland's Future, a local venture devised by Chicago Mayor Rahm Emanuel and JPMorgan Chase, with a \$600,000 grant from the megabank (approximately 15 minutes worth of profits), aiming to provide job placement services for an additional 120 workers in 2014.
- * Per Scholas, a job training program in the Washington DC area to serve 80 workers this year, and 1,000 total by 2020.
- * Platform 2 Employment, a program backed by the Walmart Foundation, which has "already placed 203 long-term unemployed into work experience opportunities" (including unpaid internships and other highly exploitative arrangements).
- * PowerPathway, a workforce development program run by the California-based utility giant PG&E, which "will provide 48 individuals with resumé building and interview skills, technical training, education and other transferrable skills that can be used to help obtain a job"—in other words, this handful of workers will get job training, but not an actual job.

These efforts will provide at most a few hundred jobs for the millions of long-term

unemployed. To call such efforts a drop in the bucket would be to exaggerate their significance.

The pathetic scale of these programs is in sharp contrast to the resources of the corporations involved, which include, as the White House noted, “More than 80 of the nation’s largest businesses ... including 20 members of the Fortune 50 and over 45 members of the Fortune 200.”

These include, in addition to the aforementioned JPMorgan Chase, Walmart and PG&E, such corporate giants as Motorola, eBay, Deloitte, BlackRock, Morgan Stanley, Boeing, Bank of America, Marriott International, McDonald’s, News Corp. and Walgreens. Collectively, these banks and corporations dispose of trillions of dollars, from which they offered petty cash to assist the long-term unemployed.

The federal government is actually doing less than its corporate partners. The principal federal effort announced by Obama at the Friday meeting was billed in the press release as “150 Million for ‘Ready to Work’ Partnerships to Support Innovative Public-Private Efforts to Help the Long-Term Unemployed Get a Fair Shot.” On closer examination, however, this response amounts to exactly nothing, because the Department of Labor is merely diverting “existing resources from the H-1B fund” to support the effort. There is not one additional dime in spending.

The business summit at the White House was the culmination of three days of empty publicity stunts in the wake of the State of the Union address—which itself is little more than that.

Obama has held pep rallies at factories and workplaces in several states, in most cases to highlight and celebrate the supposed generosity of corporate or small-business employers who have agreed to pay entry-level workers as much as the \$10.10 an hour that Obama proposed for the new federal minimum wage.

At a Costco in Lanham, Maryland, Obama hailed the company’s founder Jim Sinegal as “a great friend of mine and somebody who I greatly admire.” Costco pays entry-level workers more than \$10 an hour, above the entry-level wage at competitor Sam’s Club, owned by Walmart.

Both the Obama administration, the congressional Democrats and corporate America generally know very well that no such increase in the minimum wage will pass Congress. Neither the Republican-controlled House nor the Democratic-controlled Senate, each with a majority of millionaires, can muster a majority to support even a \$10 minimum wage—although such a wage leaves a full-time, year-round worker at only \$20,000 in income, not much above starvation.

Obama addressed the CEOs and business owners Friday as his friends and allies, demonstrating once more that his true constituency is not the American people who elected him to the White House, but the US ruling elite. “Businesses like yours have created more than 8 million new jobs over the past four years,” he gushed, without referring to the low-wage character of the vast majority of these jobs, or the tens of millions of jobs wiped out in 2007-2009, under the impetus of the financial crash.

Admitting the vast dimensions of the social needs in America—“We’ve got a couple trillion

dollars' worth of deferred maintenance in America"—he gave no suggestion that there would be any effort to actually meet those needs.

Obama cited the failure of Congress to renew extended unemployment benefits for the long-term unemployed, but was silent on the role of the White House and congressional Democrats, who agreed to remove such an extension from the bipartisan budget deal agreed in December, passed by Congress in January, and signed into law by the president.

The main policy announced at the business summit—that the employers represented there would adopt an “open door” policy toward accepting applications from the long-term unemployed—is meaningless. These employers agree to not reject such applications a priori. In other words, the long-term unemployed will have their applications placed in the same vast in-box as the millions of short-term unemployed and new entrants to the workforce, where they will be largely ignored. No employer agreed to actually hire a single worker.

So ludicrous is the contrast between Obama's pompous rhetoric and his minimalist proposals that even the usually compliant corporate-controlled media has been compelled to take note. Typical was a prominent article in the *Washington Post*, headlined, “Obama Once Disdained Clinton's Small Steps and Now Takes His Own.”

It noted that Obama once disparaged the tiny symbolic “reform” measures of the Clinton administration (used to disguise such reactionary actions as the abolishing of the AFDC welfare program), but now he was doing the same thing. The article noted that in addition to “a more Clintonian approach” the Obama administration is now heavily staffed with veterans of the Clinton administration, including Gene Sperling, national economic adviser, who had the same post under Clinton; Treasury Secretary Jacob Lew, Clinton's budget director; and White House counselor John D. Podesta, Clinton's former chief of staff; and a half dozen others who have joined the White House staff in the last few months.

Correction:

“Skills for Chicagoland's Future was not created by JPMorgan Chase. The non-profit organization was founded as a signature initiative of Chicago Mayor Rahm Emanuel and Cook County Board President Toni Preckwinkle. The connection to JPMorgan Chase is a grant that that the company recently announced to help support SCF's work.” James Chase, Jasculca Terman Strategic Communications for Skills for Chicagoland's Future.

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