

# Presidential Rhetoric: Obama, War and a Collapsing Economy

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New York, Labor Day Weekend 2011: The magic wand is being readied in the White House as the President and his minions finally unwrap the mother of all jobs plans that will be revealed to the rest of us in a speech next Thursday before the cameras and Congress with the gravitas-packed aura of a State of the Union Address.

Attention, collapsing Economy: you finally have the big man's attention. Nearly 70 organizations are pressing the President to take strong action.

Please give him a break. He's been busy tending Empire business — waging GWOT warfare on Iraq, Afghanistan, Libya, Yemen, Pakistan, Somalia et.al ...

Call it the greatest "long war" in American history: an unending and unbelievably expensive intervention justified as necessary to keep us safe.

We can assume that contingency plans for new wars with Syria, Iran and the Republic of Wikileaks are being drafted as we speak.

The challenge this week is to bring together all of the Administration's sophisticated strategic planning, disciplined focus and 'get it done' fervor finally to straighten out this out of control economic mess.

There are jobs to produce and one big job to save.

One hardly expects any sort of mea culpa or acknowledgment that the masters of the economic universe Obama appointed, like Geithner, Summers, Rohmer and Golsbee may not have served us well, i.e., may have blown it big time.

That's history; Obama now has as a new Ivy League advisor, Alan Kreueger, who was, in fact, an old advisor and Geithner crony.

But, lets not be negative. Forget the past and banish any suggestion of a blame game,

Except, of course, for a clear but unspoken missive for the likes of policy critics Robert Reich and Paul Krugman. To them, the White House says, "Drop Dead!"

What do you they know?

Instead, let's look ahead at the next media event, a now 7PM barely "prime time" (Prime Time always starts at 8) speech to Congress in which, at last, 'do something big economic

recovery secrets' that have so far eluded us, will be revealed.

The timing couldn't be worse. Economist Max Wolff tells us, "For the second time in monthly jobs report history we have created no new jobs. ...We continue to see consistent and large job losses at the local government level... It is particularly alarming to see cuts remain concentrated among those who work in public schools."

The brilliant Eric Jantzen of iTulip.com says. time is up: "attempts to restart the FIRE Economy – the economy oriented around the finance, insurance, and real estate industries – will fail at the expense of the Productive Economy – the economy of goods and services produces that employs over 90% of consumers.

"If policy makers persist with this wrong-headed approach... the result will be persistent high unemployment, a depreciating dollar, rising consumer price inflation, falling home prices, and rising budget deficits."

And. let's not talk about our divided Federal Reserve and squeamish Justice Department which has never seen a big bank it is willing to prosecute, not to mention, the deficit buster gang in Congress who won't provide a single centavo to do what needs doing and should have been done in the first place: a sizable investment plan to stimulate job creation.

That is, alas, a non-starter, but we need to go through the motions anyway; the "experts" on the right gloat that the stimulus failed while the experts on the left counter that it was never really tried. Both are right, but does it matter?

Each day brings new reports of more jobs lost, not found—at banks, in local, state and federal government agencies and manufacturing. When you hear the term job creation, think job destruction.

Why is this happening? The smart folks at the Economic Cycle Research Institute point to structural problems beyond the reach of any President.

Ed Harrison reports on Credit Write Downs: "we are in a decade-long post-credit crisis struggle which will mean high unemployment even if policy makers focused on jobs (which they have not, I would add)...The likely outcome for the next decade is one of sub-par global growth with short business cycles punctuated by fits of recession."

So, yes, while it may be wrong to blame Obama for forces beyond his control, beyond any President's control, it isn't wrong to ask what has taken him so long to make jobs a priority?

Just as justice delayed is justice denied, waiting too long to do what has to be done insures that that we may be beyond the tipping point, too late to get much accomplished, given the political realities and uncertainties in this government killing environment.

Economist Dean Baker thinks this delay may prove fatal. "President Obama's weak response to the recession over the first two and a half years of his presidency, explains the tidal wave of skepticism facing his widely hyped upcoming speech on jobs after the Labor Day weekend. The list of remedies leaked ahead of time does little to inspire hope.

"At the top of the list of job-creating measures is extending the 2 percentage-point reduction in the social security payroll tax. This provides no boost to the economy, since it

just keeps in place a tax cut that was already there, but if the cut is allowed to end at the start of 2012, it will be a drag on growth.”

And at a time of a crisis brought about in part by banks, the golden bullet now being touted is a National Infrastructure Bank. The idea: give investors who already have too much a chance to make even more by bailing out an economy they helped wreck.

Concludes Harrison, “Ocala’s failure to understand where we are in the economic cycle and the relationship to historical precedent has been catastrophic to the conduct of economic policy and critical in his missteps. There is more to Ocala’s misfortune than a bad economy.”

So what can he do? His proposals will be skewered just because he is making them, What buttons can he push when any initiative he takes will be labeled Marxist or worse?

Oddly enough—and perhaps as a sign of the times where the people who are supposed to know what to do don’t, a banker, George Magnus, writes on Bloomberg business news that Karl Marx may actually have had the answer all along.

He says the bearded one taught us, “We have to sustain aggregate demand and income growth, or else we could fall into a debt trap along with serious social consequences. Governments that don’t face an imminent debt crisis — including the U.S., Germany, and the U.K. — must make employment creation the litmus test of policy. In the U.S., the employment-to-population ratio is now as low as in the 1980s. Measures of underemployment almost everywhere are at record highs.”

Concludes Harrison, “What President and Congress do now will only be relevant in the medium-term as the election of 2012 nears. I have repeatedly indicated Republicans will be unlikely to support these current job initiatives. Instead they will focus on trimming government expenditure.”

It sounds like stalemate revisited, paralysis redux.

What no one is talking about is why the jobs are gone—and a good part of the reason has to do with the attacks on unions that fought to protect American workers. As one analyst noted, at least three million of 10.4 missing jobs can be traced to a form of aggressive class war where the “weakened bargaining position of labor was achieved by the growing assertiveness of management in slashing costs to maintain share prices.”

With their work outsourced, factories gone and anti-labor laws restraining their growth, Marx’s faith in the working class going from being a class in itself to a class for itself—and the rest of us—was sabotaged.

So if Marx can’t help us, and Obama is posturing for political reasons, and the Republicans are playing at trench warfare in the interest of big business, and while the US still lacks the kinds of populist movements that are rocking the streets of Europe and even Israel, where can a breakthrough occur?

Calling our superheroes. We need you now more than ever.

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