

The Obama Economic Recovery: Rhetoric and Reality

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Global Research, April 12, 2012

[World Socialist Web Site](#) 12 April 2012

Region: [USA](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

Arguably the most noteworthy feature of President Obama's reelection campaign is its sheer cynicism. Having devoted his entire tenure to protecting and expanding the wealth of the financial elite at the expense of the working population, Obama is now presenting himself as the partisan of the common man and opponent of greed and privilege.

The centerpiece of this charade is the so-called "Buffett rule," according to which those with incomes over \$1 million would pay a minimum tax of 30 percent. Speaking at Florida Atlantic University Tuesday, Obama noted that the top 1 percent in America are paying taxes at the lowest rate in 50 years. He declared that these families should "pay the same percentage of [their] income as middle-class families do."

Obama feels he is at liberty to make this extremely mild proposal because he knows it will never be implemented. Congressional Republicans would unanimously oppose it, as would a considerable section of Democrats, and he would not fight for it. Even if implemented, it would do nothing to restore a progressive element to the US tax structure, since it rejects the principle that the rich should pay *more* on their income than everybody else.

Meanwhile, reports emerge virtually every day that document the socially reactionary impact of the policies of the Obama White House and their continuity with the pro-corporate policies of the administration's Republican predecessor.

On Monday, the *New York Times* reported that, in the midst of the gravest jobs crisis since the Great Depression, job training programs are being starved of funds due to spending cuts. Federal outlays for job training have been slashed by \$1 billion since the 2010 fiscal year. Total spending on job training for unemployed workers is barely half the level of ten years ago, even though unemployment has more than doubled.

The article noted that in the Seattle region, job training centers had sufficient funding to train fewer than 5 percent of those who applied last year. In Dallas, officials said they had enough funds to assist only 43 people.

On the other side of the social equation, the *Wall Street Journal* reported the same day that the biggest US corporations, those listed in the Standard & Poor's 500 stock index, have utilized the economic crisis and mass unemployment to emerge more profitable and competitive than ever, and to amass a cash hoard \$1.2 trillion larger than in 2007.

As a result of downsizing, cost-cutting and the introduction of labor-saving technology, the *Journal* reports, these companies in 2011 generated an average of \$420,000 in revenue for

every employee on their payrolls, an increase of more than 11 percent from the figure of \$378,000 for 2007. Over the same period, their net income rose 22.7 percent.

Small businesses, on the other hand, are being starved of credit by the banks and driven to the wall, increasing the domination of economic life by giant monopolies.

These indices show that the corporate-financial elite is using the crisis that erupted in 2007-2008 to carry out a historic reorganization of social relations. The centerpiece is the destruction of what remains of a social safety net and all of the past gains of the working class, and a sharp intensification of its exploitation. This process is not simply the result of impersonal and abstract economic forces. It is the outcome of definite class policies pursued by the Obama administration and the political establishment as a whole in the interests of the financial aristocracy.

What are the major features of the administration's social and economic policies?

- * An extension of the multi-trillion-dollar bailout of the banks.
- * The introduction of wage-cutting in the 2009 auto bailout, which imposed an across-the-board 50 percent wage cut on newly hired workers at General Motors and Chrysler.
- * A rejection of any government programs to create jobs or provide serious relief for the unemployed and victims of home foreclosures.
- * No reform of the banking system and a refusal to prosecute the Wall Street criminals whose actions precipitated the financial crash.
- * Further deregulation of corporations and new tax windfalls for big business disguised as "job-creation" measures.

This is the reality of the Obama "recovery," which is essentially a recovery of corporate profits and a further enrichment of the financial oligarchy at one end, and a growth of poverty and exploitation at the other. As recently reported, a staggering 93 percent of new income went to the top 1 percent of earners in 2010.

This process will be intensified after the November elections, regardless of which of the two corporate-controlled parties claims the White House. Even as he postures as a populist, Obama is pledged to slash hundreds of billions of dollars in federal social programs, including food stamps, Medicare and Social Security, while cutting corporate taxes.

The working class must prepare its own alternative to the twin parties of big business, one that defends its social interests and rejects the entire framework of the profit system. The capitalist system cannot be reformed, it must be replaced by a system based on public ownership of the banks and corporations under the democratic control of the working population, and production for social need, not private profit, i.e., socialism.

For more information click here:

<http://wsws.org/articles/2012/apr2012/pers-a12.shtml>

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