

Whither the “Economic Agenda”: Unemployment is Worse Than We Know, Recovery Challenge Harder Than We Think

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As we move into the dog days of summer, and a coming Congressional recess, the Obama Administration has shifted its focus back on to the economy and wants to convince one and all that an economic recovery is just around the corner.

In recent speeches, the President warns that the Republicans, if they take over, will support policies that will usher in a new recession, as if the current recession is over. “They are the same policies, ” he said, “that led us into this recession. They will take us backward at a time when we need to keep America moving forward.”

He wants to push “distractions” like the Shirley Sherrod affair and the BP spill out of media view so we can all getj back to the economy.

Wake me up when reality intrudes into a “debate” that is flawed on all sides.

The “signs” of recovery, so breathlessly trumpeted by the politicians who want it to be true, is not generating the new jobs we need. The resumption of unemployment benefits will help those who were cut off but not all who need them. Foreclosures are rising, and government programs to stop them are not working.

It is unlikely that the current policies can remedy any of this and it is certain that extending tax cuts for the rich will not create jobs. There is no jobs bill about to be enacted. Many of the industries blue collar workers toiled in are going or gone. Bailed out General Motors just spent \$3.5 Billion dollars to buy a new lending company to get those subprime loans restarted to move cars off the lot. Is this moving “backwards” or not?

Unemployment is worse than we know. The Daily Finance site reports that the firm TechnoMetrica which monitors the stats is finding the real figures shocking. “.

“The June poll turned up 27.8% of households with at least one member who’s unemployed and looking for a job, while the latest poll conducted in the second week of July showed 28.6% in that situation. That translates to an unemployment rate of over 22%, says Mayur, who has started questioning the accuracy of the Labor Department’s jobless numbers.”

The site adds, “For years, many economists have pointed to evidence that the government data undercounts the unemployed. Economist Helen Ginsburg, co-founder of advocacy group National Jobs For All Coalition, and John Williams of the newsletter Shadow

Government Statistics have been questioning these numbers for years.

In fact, Austan Goolsbee, who is now part of the White House Council of Economic Advisers, wrote in a 2003 New York Times piece titled “The Unemployment Myth,” that the government had “cooked the books” by not correctly counting all the people it should, thereby keeping the unemployment rate artificially low.”

Those books are apparently still being cooked. The Administration now admits there will no movement in the rate until 2012.

What may be more serious is the erosion of the middle class that well underway, Business insider cites these statistics:

- 83 percent of all U.S. stocks are in the hands of 1 percent of the people.
- 61 percent of Americans “always or usually” live paycheck to paycheck, which was up from 49 percent in 2008 and 43 percent in 2007.
- 66 percent of the income growth between 2001 and 2007 went to the top 1% of all Americans.
- 36 percent of Americans say that they don’t contribute anything to retirement savings.
- A staggering 43 percent of Americans have less than \$10,000 saved up for retirement.
- 24 percent of American workers say that they have postponed their planned retirement age in the past year.
- Over 1.4 million Americans filed for personal bankruptcy in 2009, which represented a 32 percent increase over 2008.
- Only the top 5 percent of U.S. households have earned enough additional income to match the rise in housing costs since 1975

While the middle class is shrinking, their wealth is being transferred to the rich. Senator Bernie Sanders has been livid in denouncing this:

“The 400 richest families in America, who saw their wealth increase by some \$400 billion during the Bush years, have now accumulated \$1.27 trillion in wealth. Four hundred families! During the last 15 years, while these enormously rich people became much richer their effective tax rates were slashed almost in half. While the highest paid 400 Americans had an average income of \$345 million in 2007, as a result of Bush tax policy they now pay an effective tax rate of 16.6 percent, the lowest on record.

Last year, the top 25 hedge fund managers made a combined \$25 billion but because of tax policy their lobbyists helped write, they pay a lower effective tax rate than many teachers, nurses, and police officers.”

The words of Shirley Sherrod on our growing economic inequality are worth repeating in this context.

“Y’all, it’s about poor versus those who have, and they could be black; and they could be white; they could be Hispanic. And that made me realize I needed to work to help poor people—those who don’t have access the way others have.”

Speaking of “access,” last week we learned that the bankers siphoned off \$1.2 billion for their own bonuses from bailout funds. They were scolded but no one is demanding the money be paid back. We also learned that the total bailout for the banksters was not just \$700 billion but a whopping \$3.7 TRILLION once you factor in the Fed, et. al.

And on top of that, companies are making money, hoarding cash, but not creating jobs. The Times reports: "Among the S.& P. 500 companies that have reported second-quarter results, more than one in 10 had higher profits on lower sales, nearly twice the number in a typical quarter ... while wages and salaries have barely budged from recession lows, profits have staged a vigorous recovery..." If new jobs are to be created, it looks like small businesses will have to do it,

In light of all this, with jobs known as a "lagging indicator" of economic recovery, how can we expect the Obama Administration to effectively mobilize political support from the millions of Americans who are struggling harder than ever to survive?

The President is right about the Republicans threatening to make things worse, but is he really making them any better? He seems to prefer shadow boxing than ripping into his opponents, being a mediator rather than a fighter. Already, he's getting a lot of flack for being "anti-business." Bizarro!

Truth to tell, can he do what needs doing at all, given the conservative orientation of our politricks, and the reality that what we are dealing with are structural and systemic problems that political rhetoric of any stripe cannot overcome? As The Economist assessed the "unprecedented rise in the rate of long term-unemployment," it noted bluntly, "sadly, no quick fix is available."

More fundamental changes are needed than those that currently top the Obama agenda.

News Dissector Danny Schechter directed Plunder The Crime Of Our Time (Plunderthecrimeofourtime.com) investigating crime as a cause of the financial crisis. Comments to dissector@mediachannel.org

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