

# Corporate Welfare: Obama Unveils Pro-Business “Jobs” Plan

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President Barack Obama’s Wednesday speech on the economy in Cleveland, Ohio was an exercise in deceit and demagoguery. Presenting himself as a defender of the middle class against the wealthy, Obama outlined a “jobs plan” based on a series of corporate tax give-aways that have long been championed by the Republican Party. The president made no proposals for direct job creation.

The Cleveland speech is part of a campaign to stave off what are widely predicted to be major losses for the Democrats in the upcoming November elections. It comes on the heels of Obama’s Labor Day speech in Milwaukee and in advance of a Friday press conference on the economy.

Obama’s new plan hinges almost exclusively on tax breaks for corporations, justified with the threadbare claim that the windfalls will convince firms to hire more workers. This ignores, for one thing, the fact that US banks and corporations are already sitting on a cash hoard of over \$1 trillion.

By way of defending his opposition to public works programs or other forms of government job creation, Obama offered a bald statement of his subordination to big business. “I’ve never believed that government’s role is to create jobs or prosperity,” he said. “I believe it’s the private sector that must be the main engine of our recovery.”

New give-aways for corporations in his plan include allowing them to deduct from their taxes the full value of new equipment purchases. He also proposed to increase and make permanent a tax credit for corporate research and development.

As for Obama’s proposed \$50 billion in funding for transportation development—a tiny fraction of the financial outlay required to repair the nation’s crumbling infrastructure—it would merely extend existing funding that is currently set to expire, while establishing an “infrastructure bank” that would attempt to secure profits for private investors in public projects.

All told, the new economic measures would cost about \$180 billion. According to economist Mark Zandi, the program might “a year from now... create tens of thousands of jobs.” As the *Washington Post* noted, “This would be a drop in the bucket compared with the 7.6 million jobs lost during the recession that began in December 2007.”

Meager as it is, the proposal has virtually no chance of passing, a fact underscored by its cool reception among many congressional Democrats. “Republicans noted that top Democratic leaders and embattled candidates were virtually silent on the proposals,” the

*Wall Street Journal* observed. “House Democratic leadership aides said they did not want to move forward without assurance that the Senate could pass the measures. And Senate aides gave no such promises.”

As always, the Democrats, who hold historically large margins in both houses, claim their hands are tied by Republican opposition. “The only way we can get anything done is with cooperation of Republicans, and that’s been in short supply in recent months,” said Jim Manley, spokesman for Senate Majority Leader Harry Reid.

What Obama presented as the main difference between the White House and congressional Republicans—whether or not to extend Bush administration tax cuts for the wealthy set to expire in January—is also more pretense than reality.

Obama claims to favor continuing the tax breaks only for households that earn less than \$200,000 a year for an individual or \$250,000 for a couple, about 98 percent of all households. But prominent Democrats, including Reid and former Office of Management and Budget head Peter Orszag, have already signaled their support for an extension of the cuts for the 2 percent with incomes above the cut-off levels as well.

In his speech, Obama sought to obscure the Democrats’ share of responsibility for the economic disaster, pinning blame on the “governing philosophy” of the Bush years: “Cut taxes, especially for millionaires and billionaires. Cut regulations for special interests. The idea was that if we had blind faith in the market; if we let corporations play by their own rules; if we left everyone else to fend for themselves, America would grow and prosper.”

“For a time, this idea gave us the illusion of prosperity,” Obama continued. “We saw financial firms and CEOs take in record profits and record bonuses... But while all this was happening, the broader economy was becoming weaker... The wages and incomes of middle-class families kept falling while the cost of everything from tuition to health care kept rising. Folks were forced to put more debt on their credit cards and borrow against homes that many couldn’t afford in the first place. Meanwhile, a failure to pay for two wars and two tax cuts for the wealthy helped turn a record surplus into a record deficit.”

These remarks reveal the Obama administration’s contempt for the intelligence of the public. The White House seems to assume that the American people are suffering from collective amnesia.

The policies of tax cuts for the rich and deregulation have long been bipartisan. They were expanded during the Clinton years.

And they have continued under Obama. One wonders whether Obama and his handlers think the public has forgotten that Obama supported the multi-trillion-dollar bailout of Wall Street under Bush and extended it once he came to power. And that Obama intervened to block legislation that would have imposed modest restrictions on the pay of bank executives, while insisting that government loans to General Motors and Chrysler be made contingent on a 50 percent wage cut for newly hired auto workers.

In its staggering dishonesty, the administration’s public relations campaign on the economy is strikingly similar to its effort during the BP Gulf catastrophe to appear “tough,” even as every step it took had as its overriding concern the protection of oil giant’s profits. Last spring Obama staged a visit to the Gulf, followed by a White House meeting with BP

executives and a prime-time press conference to present the \$20 billion cleanup fund—set up according to BP’s requirements—as a great boon to workers and small businesses victimized by the company’s negligence and criminality.

Similarly, the White House has stage-managed a series of events this week to package another bonanza for the corporate-financial elite as a lifeline to the “middle class.”

Yet even as Obama attempts to pose as an advocate of jobs and the middle class, the White House has been at pains to refute any notion that the latest proposals constitute a “stimulus,” or that they will significantly add to the deficit.

“I am absolutely committed to fiscal responsibility, which is why I’ve already proposed freezing all discretionary spending unrelated to national security for the next three years,” Obama declared, referring to his long-term budget plan dubbed “A New Era of Responsibility.”

The speech was two-faced throughout. Appealing to elderly voters, he promised to fight “the efforts of some in the other party to privatize Social Security, because as long as I’m president, no one is going to take the retirement savings of a generation of Americans and hand it over to Wall Street.”

But minutes later, Obama signaled to the ruling class that he was preparing, after the elections, to impose harsh cuts in basic entitlement programs such as Medicare and Social Security. “[O]nce the bipartisan fiscal commission finishes its work,” Obama said, “I will spend the next year making the tough choices necessary to further reduce our deficit and lower our debt.”

Obama was referring to his National Commission on Fiscal Responsibility and Reform, which in December—one month after the elections—is expected to propose a series of “reforms” of Social Security, including reductions in benefits, an increase in the retirement age, and the introduction of private “add-on retirement accounts.” (See [“US ruling class prepares attack on Social Security”](#))

Obama is playing his role in a carefully orchestrated political act. The media incessantly claim that the primary concern animating voters is their fear of “deficit spending,” and that businesses have frozen hiring due to excessive government intervention from the Obama administration. This is counterposed to the Republicans’ central policy goal—the extension of tax breaks for the extremely wealthy and the rejection of any form of assistance to the vast majority of the population.

In reality, both the Democrats and Republicans are committed to making the population foot the full bill for the economic crisis, the bailout of Wall Street, and the cost of the wars in Afghanistan and Iraq.

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