

# The Job Crisis: Obama's Vision Versus Economic Reality

By [Shamus Cooke](#)

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*It took less than 24 hours for Obama's "inspiring" convention speech to be smothered by the reality of the job crisis. The August national jobs report showed that the U.S. economy failed to create enough new jobs to keep up with population growth. More importantly, in August 368,000 Americans completely dropped out of the labor force, meaning that they've given up looking for a job (this ironically "lowered" the unemployment numbers, since demoralized workers aren't counted in the official rate).*

Most of the jobs created in August were low paying, such as retail, hotel, and restaurant jobs. Higher paying manufacturing and government jobs were once again cut by the thousands. These statistics are in line with Obama's tenure as president and will continue if he is re-elected. In fact, they are the result of a conscious policy that he is pursuing in the interests of the profits of big business, who are demanding lower wages from workers. As Obama has repeatedly said, the government is not in the job-creating business. According to a study performed by the National Employment Law Project, 58 percent of all new post-recession jobs come with hourly wages between \$7.69 to \$13.83. A worker would need two of these jobs just to afford rent, food, and other basics. The New York Times commented on the "new normal" of low wage jobs: "The disappearance of midwage [living wage], midskill jobs is part of a longer-term trend that some refer to as a hollowing out of the work force, though it has probably been accelerated by government layoffs."

This "hollowing out" of the workforce is — along with high unemployment — the most striking feature of the "new normal" of the American workforce. A new generation of youth entering the labor market is not finding secure jobs and decent wages but unemployment and wage slavery. Republicans and Democrats are completely silent on this all important subject because they agree that it is necessary.

The Democrats attack on public employees confirms that this dynamic is being purposely done: over 600,000 public employees have lost their jobs since 2009. Most of these workers were paid a living wage and had health care and pension plans. Their private sector replacement jobs that Obama boasts about pay peanuts and more often than not have no additional health or retirement benefits. The Obama administration understands perfectly well that these public sector layoffs could have been prevented by government action, but undermining employment and the wages of public employees is one way to drive down wages for everyone else. Together these trends lower the need for taxes and raise corporate profits.

The attack on unions is yet more proof that the low wage syndrome is a self-induced illness: Democratic Party governors across the country have demanded major wage and benefit concessions from public employees. And while the Democrats blame the Republicans for being "anti-union," the concessions demanded by the Democrats

drastically weaken unions to the point that Republicans can finish them off. For example, the Democrats in Chicago are presently preparing to smash the Chicago Teachers Union, if they can, by demanding massive concessions. The teachers will have to fight, not only for their standard of living, but for the survival of their union.

One of Obama's proudest achievements — "saving" General Motors — is yet more proof that the Democrats have a conscious plan to lower wages. The administration's Auto Task Force helped in the layoffs of 35,000 autoworkers while slashing the wages of the new hires by half as well as deepening the cuts in health care and pension benefits. This action created a precedent that other corporations were eager to copy in order to remain "competitive." Another example of Obama's push to lower wages is his purposeful lack of action to solve the unemployment crisis. Obama is perfectly aware that he could — like FDR before him — massively invest in a national jobs program rebuilding U.S. infrastructure, putting teachers back to work, and ideally transitioning to green energy sources. President Obama hasn't done this, in part, because doing so would raise the wages of all workers, and it would need to be funded by the people who fund his campaign the most, the rich, since they are the only ones with money to spare.

The labor market works like every other market, according to the rules of supply and demand. When there is high unemployment the supply of workers outstrips the demand, and thus workers' wages drop. The administration is using unemployment as a hammer against the wages of U.S. workers. Lowering the wages of public sector employees works the same way: if public employees have higher wages, the private sector must compete with the public sector by attracting workers with similar wages. When unions are strong and demand higher wages, they are able to alter the national labor market so that it acts more favorably towards workers: non-union companies must compete for workers by raising wages. When the labor movement is weak — as it is now — the exact opposite dynamic takes hold. Why is President Obama hell-bent on lowering wages for the U.S. workers? He was very clear about this in his acceptance speech, with his repeated reference to increasing U.S. exports for the world market. The rub, however, is that China, India, and other low wage countries also compete on this same world market, and the workers in those countries make horribly low wages. But in the last four years the U.S. corporations that aim to compete with these low wage nations have made spectacular "progress" in driving down the wages of their workers. Thus Obama can brag about his "achievement" of increasing U.S. exports. Democrats and Republicans agree that no national jobs program should be implemented, that unions should be weakened or destroyed, that the public sector should be slashed and its workers' wages cut. Both parties want U.S. corporations to compete better on the world market, requiring that U.S. workers make lower and lower wages. This is the fundamental economic issue being ignored in the mainstream media.

Workers must fight back in massive demonstrations to demand a federal jobs program and a consequent strengthening of the public sector, lest their issues be completely ignored in a national election that is promising them nothing. They should insist that taxes on the rich be raised, given that the rich are continually becoming richer while the rest of us are losing ground. They should demand no cuts to Social Security and Medicare and that the attack on public workers and their unions stop immediately. Workers can accomplish all this and more if they stop waiting and hoping for help from the Democrats and begin to build their own independent movement to fight for the interests of the majority. **Shamus Cooke** is a social service worker, trade unionist, and writer for Workers Action ([www.workerscompass.org](http://www.workerscompass.org)).

He can be reached at [shamuscooke@gmail.com](mailto:shamuscooke@gmail.com)  
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