

# Obama White House Unravels In Face of Depression Reality

by Debra Hanania-Freeman

Oct. 24—In his Sept. 8 webcast, Lyndon LaRouche warned that at the end of the fiscal year (Sept. 30), the month of October would bring a dramatic phase-shift downward in the state of the U.S. and world economy. And, the painful accuracy of LaRouche's forecast, as reflected in the rapid acceleration of the collapse of the conditions of life for the majority of Americans, has left both the Congress and the Obama Administration in a state of unprecedented disarray.

Last week was characterized by a seemingly endless stream of "emergency" meetings as the White House scrambled to salvage "Obamacare." Because many interest groups, most notably, organized labor, warned that their support, both of Obamacare and of individual members of Congress, hinged on the inclusion of the so-called "public option," positions changed so many times, that daily status reports began to resemble a political Kama Sutra. By week's end, however, it should have been apparent, that all the position changes in the world were not going to bring satisfaction. With or without a "public option," polls universally reported that 72% of voters *opposed* Obamacare. For many, the reason for their opposition was a basic distrust that anyone in Washington had their interests at heart.

And, it is undoubtedly that same distrust and sense of betrayal that is responsible for the fact that Obama's popularity has undergone a more dramatic decline, during these last nine months, than any U.S. President in more than 50 years. Back in January, with promises of a return to the ideals and principles of Franklin

Delano Roosevelt, Obama enjoyed a soaring 78% approval rating. Today, that approval has plummeted to 49%. It isn't difficult to understand why.

A newly inaugurated Obama promised Americans that his economic stimulus package would create millions of new jobs as part of an unprecedented effort to rebuild the nation's crumbling infrastructure. In fact, as far as anyone can tell, the multi-billion dollar package did little more than channel funds through budget-strapped state treasuries into the coffers of big banks. The total number of jobs created? According to the last Bureau of Labor Statistics report: approximately 13,000.

## The Truth About Jobs

In reality, unemployment is not only at an all-time high, but unfulfilled promises of an emergency extension of unemployment benefits means that a little more than 2,000 Americans per day, who currently receive benefits, will join the 1 million who have been kicked off the unemployment rolls during the last month. A closer look at the numbers reveals an even more dire situation, as the real economy suffers utter devastation, and production grinds to a halt.

For instance, in the city of Wichita, Kansas, 20,000 highly skilled machine-tool jobs have been lost in the last year, as the collapse of the American auto sector spread to aerospace. A report on U.S. manufacturing technology consumption, i.e., machine-tool purchases, released last week, shows a one-year collapse of 67.7%.

One cannot help but be reminded that, had Congress

not failed to heed LaRouche's warnings, back in 2005, of precisely this sort of catastrophe, it could have been avoided. But, despite Congress's failure, the fact is, that Obama came into office with a sufficient mandate to allow the kind of sweeping overhaul that LaRouche had proposed. Not only did Obama fail to do that, but, instead, his Administration, along with the Federal Reserve, is best known for choosing to dole out unprecedented, and seemingly unlimited, funds to big banks.

And, today, with no visible end to the skyrocketing unemployment numbers, with the rate of home foreclosures continuing to accelerate, leading to a shocking increase in homelessness, and with state and municipal services literally shutting down across the nation, although both Congress and the President are feeling the wrath of the American people, almost no relief has been offered.

On Oct. 22, Obama's Council of Economic Advisors chair Christina Romer told Congress that the Administration's stimulus plan had given *a boost to the economy, but would diminish in impact over the next year*. She left the panel utterly stunned when she said spending so far had created 600,000 to 1.5 million jobs, but warned that unemployment will remain high at least through the end of 2010. Every report issued by the Obama Administration thus far has admitted that it can only account for 13,000 new jobs. When pressed, Romer backtracked, admitting that she was including jobs that "had been saved!"

Obama himself has jumped into the fray by blustering about taking on Wall Street and the big banks. On Oct. 21, the White House, in a lame attempt to stem growing public anger over the massive salaries and bonuses being paid to Wall Street's bankers, leaked a plan to the *New York Times*, from "pay czar" Ken Feinberg, that orders massive pay cuts for top executives at seven financial firms that still hold billions in U.S. government bailout funds. Financial press inside and outside the U.S. screamed "White House Slashes Pay for Wall Street Execs."

But that night, Administration officials were forced to admit that the President didn't have all that much to do with Feinberg's plan. A senior Administration official told *Politico* that Obama had not signed off on the decision. In fact, Feinberg didn't even brief the White House on it, the official said.

The real intention of the leak was to bury the news of an extremely unflattering report by the TARP inspector general, Neil Barofsky, concluding that the TARP has made the "too big to fail" problem much worse, and destroyed government credibility.

## Biden Spills the Beans

Earlier in the week, just before leaving Washington for a European tour, Vice President Joe Biden said that, contrary to talk of an economic recovery, for the millions of Americans without a job, "It's a depression."

The White House was furious and went into a mad scramble to put a lid on the story, and to portray Biden's statements as merely a case of typical Biden "mis-speak." But, the very next day, Biden's economic policy advisor Jared Bernstein told reporters that the Vice President was "very accurate" in his statement; that, "in an economy with over 15 million people unemployed, there's a lot of folks out there that are facing deep economic struggles."

The incident was just one of several indications of what has been described as a brawl in the institution of the Presidency over the destruction being wrought by Obama and his inner circle (specifically, the Chicago mob of Rahm Emanuel, David Axelrod, and Valerie Jarrett, plus the Larry Summers-Tim Geithner nexus). The split on foreign policy and national security matters came to a head last weekend, when Jarrett, Axelrod, and Emanuel took to the airwaves on Sunday morning, waxing on about Administration policy on Afghanistan. The statements were made without any consultation with the national security team of Secretary of Defense Robert Gates, Secretary of State Hillary Clinton, and National Security Advisor Gen. Jim Jones. And, a growing number of economic advisors, including former Federal Reserve chair Paul Volcker and former Secretary of Labor Robert Reich, are countering Summers and Geithner, with strong calls for a return to Glass-Steagall (see article, p. 48).

In his recently released LaRouche Plan, LaRouche demands that all non-productive elements tied to the nation's commercial banks, that do not qualify under a strict Glass-Steagall standard, be wiped off the books so that we may save what is essential.

While Volcker and company are pushing for a Glass-Steagall restructuring of the banking system, they are not yet prepared to do what is actually required. LaRouche has stepped forward and declared that our people have run out of patience, and our nation has run out of time. "Set the priorities, determine what things are vital to a physical economic recovery and what can be thrown to the wolves." And, with a grin, LaRouche said, "We know already that we can start by throwing Larry Summers to the wolves."