

Job losses pose danger for Obama and the Democrats

Written by Dr. Ron Daniels
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There is a rebellion against Washington brewing across the land, and that's bad news for President Obama and the Democrats. Unemployment is 10.2% and climbing. According to a recent poll, some 30% of American families are feeling the pain of the dramatic downturn in the economy, which has produced the highest level of joblessness in decades. Never mind that the devastating economic collapse was inherited by President Obama; what people care about is whether they see the government addressing their pain, whether any visible actions are being taken that give them hope that their job opportunities will improve in the near future.

While growing joblessness is the issue uppermost in the minds of millions of Americans, what they are witnessing in Washington is a protracted and divisive struggle over health care reform. And, on Wall Street, people are flabbergasted to see the stock market rising, bank and investment company profits soaring and monstrous bonuses for employees of the very companies whose reckless behavior precipitated the economic crisis. Meanwhile, hundreds of thousands of people continue to lose their homes as the depression in the mortgage industry continues.

It is not that health care reform is irrelevant. In a nation where nearly 50 million people do not have health care and the prices of premiums continue to skyrocket, health care reform unquestionably must be a major national priority. Indeed, President Obama is correct to argue that the long term well being of the economy depends on bending the cost curve for health care downward. The problem is that people are less concerned about health care reform when their families and communities are being ravaged by joblessness. In this regard, there appears to be a dangerous disconnect between the Obama administration and Main Street.

Unfortunately, the brewing rebellion is yet another consequence of the timidity of President Obama in dealing with the huge crisis he inherited from the Bush-Cheney administration. Some argue that he has his priorities backward because the economy does not appear to be at the top of the agenda. For those who hold that view, it may be useful to remember that health care reform was not the first issue President Obama targeted for action/resolution; it was the economy. The first months of his administration were devoted to rolling out a new economic stimulus package and bail out packages designed to rescue the ailing financial, auto and mortgage sectors of the economy. But as Paul Krugman has repeatedly pointed out, President Obama's stimulus package was too small to achieve the kind of job generation required to ameliorate the pain around the country.

Now President Obama is in a terrible bind. An inadequate stimulus package is "stimulating" far too slowly to reverse the tide of joblessness spreading across the country at a time when he is compelled to push through some form of health care reform legislation. After months of investing major political capital in this effort, the failure to produce something, no matter how modest, would be disastrous. The Republicans, who are determined to see him fail, are getting traction by howling about the lack of results of the stimulus package, the growing deficit and expansion of government. Sensing a political opening with the 2010 mid-term elections approaching, they are opportunistically tapping into and fueling the rage boiling across the country over the issue of jobs.

The question is how will President Obama and the Democrats respond. The President is

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scheduled to convene a Jobs Summit in the very near future, and that is a step in the right direction. However, it is not likely that the anger across the country will be abated by mere summitry. If there was ever a time for President Obama to be bold and decisive, it's now. He needs to unveil a substantial job generating stimulus package and dare Republicans and vacillating "Blue Dog" Democrats to oppose it. And, he needs to be bold enough to propose that public service employment/jobs be an integral component of the initiative.

There was a time when Democrats routinely advocated that the government be an "employer of last resort." With the successful Republican assault on "big government" and "social programs" beginning with the Reagan era, the idea of public service jobs as a remedy for unemployment disappeared from the political discourse. Democrats were cowered into refusing to consider initiatives that the Republicans might label as liberal "tax and spend" government proposals. However, the current crisis offers President Obama and the Democrats a golden opportunity to resurrect the concept of a full employment economy with public service jobs being part of the formula. Whether it is in a blue state or red state, most sane Americans want a job, no matter who provides it, that will allow them to bring home some green. So, rather than cower and be timid, President Obama and the Democrats should seize the moment to deliver a desperately needed jobs initiative and educate the American public on the importance of government as an employer of last resort in times of crisis.

President Obama now faces a critical moment of truth in his young presidency. With a rebellion brewing across the country because of massive joblessness, he must act boldly or the Republicans will ride the wave of discontent to an astonishing victory in the 2010 elections. A party whose philosophy and policies provoked the greatest economic catastrophe since the Great Depression and was repudiated by the voters in 2008 will likely regain control of the House and Senate, rendering the duration of President Obama's tenure miserable. It is an ironic circumstance which can and must be prevented with bold leadership by President Obama and the Democrats.

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