Obama: Business Leaders Must Back The Middle Class

Julie Pace, Associated Press

WASHINGTON (AP) — As corporate profits rise and Wall Street earnings soar, President Barack Obama is pressing American business leaders to create more jobs and find ways for struggling middle-class families to share in the nation's economic recovery.

Obama says the private sector has to do its part to ensure that "we're not simply creating an economy in which one segment of it is doing very well, but the rest of the folks are out there treading water."

"I don't know exactly where your future customers come from if they don't have jobs," Obama said Thursday during the first meeting of his newly created jobs and competitiveness council.

The president asked the 22-member council, comprised of business and labor leaders, to come up with new ideas for increasing hiring and boosting economic growth. He listed streamlining regulations and reforming tax laws as steps he would consider for creating jobs and bringing down the unemployment rate, stuck at about 9 percent.

While many Americans are either without jobs or are under employed, corporate profits continue to rise and 2010 saw record-setting earnings for some Wall Street banks. Still, many of those companies and banks are keeping trillions of dollars on the sidelines, wary of investing while the economic recovery is still fragile.

Some members of the council said their companies' economic data are showing the signs of economic disparity.

American Express CEO Kenneth Chenault said affluent Americans are spending again but lower- and middle-class people are not, in part because they don't have access to credit. And those who do, Chenault said, are wary of using it because of uncertainty over the strength of the economy.

"Seventy-five percent of the credit out there is not being used," Chenault said. "We've got to solve this credit issue."

Obama created the competitiveness council last month, naming General Electric CEO Jeffrey Immelt as its head. The move came as Obama sought to increase his outreach to the business community and shift his economic policies from short-term stabilization to increasing employment. The economy and joblessness remain top concerns of many voters.

Immelt said the council plans to deliver recommendations to the president within 90 days. The White House said the council will hold its next meeting outside of Washington as part of an effort to draw ideas from business owners and workers across the country.

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