

Bush reassures American ruling class

## Tax cuts to continue, social programs to be slashed in wake of Hurricane Katrina

The Editorial Board  
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The day after his speech from New Orleans pledging that the government “will do what it takes, will stay as long as it takes, to help citizens rebuild their communities and their lives,” President Bush hastened to reassure the American ruling elite on Friday that whatever spending is required, it will not hurt the pocket books of the wealthy. Bush vowed that spending on the hurricane-devastated region would come from cuts in other parts of the federal budget.

“You bet it’s going to cost money,” Bush said. “But I’m confident we can handle it. It’s going to mean that we’re going to have to cut unnecessary spending.” Administration officials said that the spending would not require new taxes, nor would it mean a shift in the administration’s policy of pushing to make its tax cuts for the wealthy permanent.

The administration has not given specific proposals for cuts, but according to the *New York Times* on Saturday, “An administration official said the White House and Congress will look for specific spending cuts, starting with about \$20 billion in savings identified in the president’s 2006 budget. Still more could come from changes to entitlement programs to slow their growth.”

The *Times* points out that some of the proposals for cuts in the 2006 budget include programs needed for rebuilding devastated areas and aiding evacuees. These include \$60 billion from Medicaid over the next ten years, as well as cuts to the budget of the Army Corps of Engineers, which is responsible for maintaining public infrastructure such as the levees surrounding New Orleans.

Besides Medicaid, the other two major entitlement programs—Social Security and Medicare—may also be slated for the chopping block. Lawmakers have suggested that the Medicare prescription drug benefit may be delayed, while the administration may use the hurricane to try to push through its plans for a partial privatization of Social Security.

On Friday, the government announced that basic Medicare premiums will jump 13 percent next year. The

administration had previously proposed cutting funding for the food stamp programs, eliminating 200,000 to 300,000 beneficiaries, and has sharply slashed the budget of the department of Housing and Urban Development (HUD), which subsidizes public housing for the poor.

In pledging to balance any new spending with cuts elsewhere, Bush was responding to pressure from within his own party and from his corporate backers, who have been increasingly vocal in their concern over projections that the bill for the reconstruction effort could reach \$200 billion. While worried about the effect of this massive and unexpected allocation of resources, the administration is determined to make the most of it.

The real thinking behind Bush’s statements was expressed by Douglas J. Besharov, a researcher at the right-wing American Enterprise Institute, who has been in discussions with the White House in recent days. Besharov told the *Washington Post*, “If there is a silver lining in this tragedy it is that it is creating an atmosphere to try new approaches to ending long-term poverty.”

In other words, the tragedy will provide an opportunity for the government to continue a policy of shifting away from entitlement programs and toward programs long championed by think tanks such as the AEI and the Heritage Foundation: tax incentives for corporations and school vouchers that can be used at private schools.

On the same day as he made his pledge on spending cuts, Bush declared at a prayer service, “As we clear away the debris of a hurricane, let us also clear away the legacy of inequality.”

That Bush could make such a statement without serious challenge, even as he pledges cuts in social programs and continued tax cuts for the rich, is a testament to the complete bankruptcy of the media and official political opposition in the Democratic Party.

In fact, the proposals that Bush has announced will lead to an increase in social inequality. Most of the estimated \$200

billion price tag will be spent in the form of no-bid construction projects to rebuild roads, bridges and other infrastructure required to get the main centers of business in New Orleans running again. Much of this money will find its way into the corporate coffers and the pockets of executives and investors.

What these profit-seekers and speculators pull in as a result of the hurricane will be vastly greater than the amount of money going to individuals who have been most affected by the hurricane. The actual measures that are being proposed beyond immediate aid—job-training accounts and the distribution of a small amount of federal land for home construction—are mainly warmed-over ideas that collectively amount to token gestures for those whose lives have been devastated, who have lost their jobs, homes, assets and everything they once owned.

Aside from the utterly cynical and absurd aspect of Bush's statement about clearing away inequality, it is nevertheless significant that Bush has felt compelled to acknowledge inequality as a problem in the United States. In attempting to present his reactionary agenda as a program to attack poverty and inequality, Bush is providing an indication of the fear within the government over the impact of Hurricane Katrina on mass consciousness. The hurricane has revealed in graphic and tragic form certain truths about the nature of American society, truths that threaten to provoke a social explosion.

As always, the Bush administration is receiving crucial support from the Democrats, whose response to Bush's remarks has been characterized by a characteristic cowardice and complicity. The general reaction to Bush's policy proposals has been positive, and there have been no serious criticisms of the basic thrust of the president's speech.

No major Democratic Party official has sought to expose the hypocrisy of the administration's statements or called for rescinding the administration's tax cuts, which were passed with the support of many House and Senate Democrats—including Senator Mary Landrieu and former Senator John Breaux, both of Louisiana. The combined cost of the tax cuts is estimated at \$2 trillion over 10 years, enough to pay for the hurricane damage figure many times over.

No Democrat has called for an end to the war in Iraq and the redistribution of military funding to pay for reconstruction and for social programs to benefit all Americans. In discussing the cuts to be made in the government's budget, no one has raised the question of the enormous military expenditures of about \$500 billion a year.

An opinion piece that appeared in Saturday's *Washington Post*, written by Donna Brazile, Democratic policy advisor and former campaign manager for Al Gore, expresses the

truly craven attitude of the Democratic establishment. Under the headline "I Will Rebuild with You, Mr. President," Brazile heaped praise on Bush for his speech Thursday night, declaring, "[A]fter watching him speak from the heart, I could not have been prouder for the president and the plan he outlined to empower those who lost everything and to rebuild the Gulf Coast."

The response of the Democrats underscores their support for the basic orientation of the administration. Reflecting the transformation in the attitude of the American ruling elite over the past several decades, no Democrat supports anything like the social programs and public works projects that they once backed as a means of containing class tensions.

What would a real policy directed at social inequality look like? It would require first of all a complete restructuring of the tax code, including not only a repeal of the recent tax cuts for the rich, but a massive increase in taxes on accumulated wealth, along with sharp reductions in taxes for working people. Revenue from the wealthy elite would be used to fund social programs and decent-paying jobs to those who have seen their jobs destroyed by the hurricane, as well as those who were unemployed before the hurricane struck.

The federal minimum wage, which has remained stagnant for eight years and which, in real terms, is at its lowest level in decades, would be sharply increased. This would be bound up with a vast extension of social programs, to provide quality living standards and medical care for everyone.

Neither the Republicans nor the Democrats can seriously tackle the growing social inequality because that would require the repudiation of the policy which created that inequality: the deliberately funneling of society's resources from the working class into the pockets of a small and obscenely wealthy minority.

Measures such as cutting spending on social infrastructure and social programs, promoting privatization and deregulation, and tax cuts for the wealthy led to the conditions of neglect, poverty and ill-preparedness that made the hurricane so devastating. Far from rethinking this policy or altering it in any way, the Bush administration is pledging to continue and deepen it.



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