

# Obama's budget and the rot of American capitalism

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15 February 2011

On Monday, the Obama administration released its proposed federal budget for fiscal year 2012. After committing trillions in federal bailouts to the banks and billionaires, the White House is demanding cuts that will devastate the working class, and particularly its poorest and most vulnerable sections.

The \$1.1 trillion in cuts for the next decade proposed by the White House is to be only the starting point for further cuts, as spokesmen for both big business parties acknowledge. Senate Budget Chairman Kent Conrad, a Democrat, declared, "We've got to do substantially more than \$1 trillion worth of deficit reduction in the next decade." Republican House Speaker John Boehner said, "There's no limit to the amount we're willing to cut."

Democrats and Republicans agree on gargantuan military spending, an uninterrupted flow of funds to the financial aristocracy, and continued tax breaks for corporate America and the wealthy. As a top White House official told the press at a background briefing on the budget, "The debate in Washington is not whether to cut or to spend. We both agree we should cut. The question is how we cut and what we cut."

The Obama budget projects that the ten-year cumulative deficit will reach a staggering \$10.4 trillion. By attempting to wring such vast sums from the hides of the population, the ruling elite is trying to set American society back to conditions not seen for generations.

Programs to be cut include not only those targeted by Obama and the Republicans in the current budget debate—home heating assistance, Pell Grants, WIC, Head Start, etc.—but the much larger entitlement programs, Social Security and Medicare, which will face cuts later in the budget process.

The social impact will be incalculable. As hundreds

of thousands of people face the bitter cold of winter without heat and gas, Obama is proposing halving the grossly inadequate federal assistance that is available. As students graduate with record debt and no job prospects, the administration is proposing significant cuts in government aid. Such gross indifference to social distress is repeated in every sphere.

Significant cuts to Social Security and Medicare—which amount to denying America's elderly their right to pensions and health care—would have an even broader impact.

Behind the "debate" in Washington and the media over the budget is a massive lie—the claim that the budget deficits are a product of excessive social spending. Obama's budget director Jacob Lew summed up this grotesque falsification in an op-ed column published in the *New York Times* February 6, under the headline, "The Easy Cuts Are Behind Us." Lew claimed that the causes of the projected budget deficits were "decisions to make two large tax cuts without offsetting them and to create a Medicare prescription drug benefit without paying for it, combined with the effects of the recession..."

This list is notable for what it leaves out: the cost of two wars, in Afghanistan and Iraq, which runs into the trillions; and the bank bailouts, where more trillions in public funds were placed at the disposal of the financial aristocracy, with no questions asked. The military budget by itself accounts for the lion's share of the ten-year deficit: more than \$7 trillion of the projected \$10 trillion.

Lew's more fundamental omission, however, is the grotesque class inequality that pervades American society. The top one percent of the US population owns over one third of the country's wealth. The greatest wealth, however, is concentrated in an even smaller

layer. Indeed, the \$1.1 trillion in proposed cuts—which will have a terrible impact on the lives of millions of people—is somewhat less than the combined wealth of only the 400 richest Americans.

The arguments presented by the ruling elite for the cuts are staggeringly hypocritical. As they drown in floods of cash, they insist that no money is available for workers' most basic needs.

Workers must reject this argument out of hand. They are not responsible for the orgy of swindling and profiteering that produced the 2008 Wall Street crash and pushed the world economy into the deepest slump since the Great Depression. On the contrary, an essential feature of the speculative binge was that the share of national income received by workers has shrunk to the lowest level in nearly a century.

Underlying the rise of the financial aristocracy—which exercises control over the entire political system—is the failure of the world capitalist system as a whole. In amassing its wealth, this tiny layer of the population, concentrated above all in the United States, has overseen a vast destruction of industry and social infrastructure. The ruling classes of every country now openly proclaim that the maintenance of their system depends upon an unprecedented destruction in the living conditions of the broad masses of the population.

These measures will provoke mass opposition. The revolutionary struggles in Egypt—in which protests and strikes of millions of workers and youth forced the resignation of a US-backed dictator that ruled the country for more than 30 years—point to the forms of struggle that will spread worldwide in the coming period. Mass unemployment, record inequality, and the corruption of the political system are common to Egypt and the United States, and are in fact universal. At the foundation of this system is the principle that economic life must be subordinated to private profit and the maintenance of the wealth of those who control the giant banks and corporations.

The working class can secure its interests only through the overturn of the capitalist system as a whole—that is, the reorganization of economic life to meet social need. In every aspect of its policies and of its social being, the ruling class itself makes the case for socialist revolution.

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