

# Liberalism and capitalist austerity

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An array of media liberals are hailing the deficit-reduction speech given by President Obama Wednesday, in which he called for trillions of dollars of cuts in domestic spending. Praise came from columnists like Paul Krugman of the *New York Times* and E. J. Dionne of the *Washington Post*; one particularly delusional pundit compared Obama's words to those of liberal icon Eleanor Roosevelt.

The most significant voice of American liberalism, the editorial page of the *New York Times*, headlined its editorial on the speech, "President Obama, Reinvigorated." Its first sentence gushed: "The man America elected president has re-emerged."

The editorial piles on the flattery of Obama, with unwarranted praise of the supposedly huge political distance between his policies and "Republican plans to heap tax benefits on the rich while casting adrift the nation's poor, elderly and unemployed." If one pursues this simile, the actual difference is that Republicans are openly hostile to the victims of American capitalism, while Obama pretends sympathy, offering those who are drowning a rope that is far too short. The end result is the same.

The editorial makes much of Obama's call to raise taxes on the wealthy, while saying nothing about the president's past performance. Obama caved in last December to the Republican demand to extend the Bush tax cuts for the rich, even when the lame duck Congress was still controlled by the Democratic Party. Now that the Republicans control the House of Representatives, there is no prospect of increased taxes on the millionaires, and Obama's pledge is both empty and cynical.

The *Times* declares that Obama's budget proposal "should have been less fixated on spending cuts at the expense of tax increases," and notes that his proposed cap on health care cost increases "was surprisingly low ... and it is not clear that that goal can be met without

harming providers or beneficiaries."

Since the *Times* has been an extremely vocal advocate of health care cost-cutting, particularly targeting supposedly excessive use of medical services by the elderly and the seriously ill, such assertions are mere window-dressing. The editors seek to disguise the fundamentally reactionary character of both the Obama health care plan, passed last year, and the new measures proposed by the administration to cut \$1.5 trillion in health care costs over the next 20 years.

The editorial goes on to criticize Obama from the right. It expresses regret that he did not demand more sacrifices from working people by "reminding those in the middle class that their incomes taxes remain low and will need to go up" and by proposing additional consumption taxes "like energy taxes ... or a value-added tax."

Neither the president's speech nor the *Times* editorial make any mention of the real cause of the fiscal crisis of the federal government: the 2008 Wall Street crash, which resulted in the biggest economic slump since the Great Depression, and the multi-trillion-dollar bailout of the banks, which emptied the federal treasury.

On the same afternoon that Obama delivered his speech, and only a few blocks away, a Senate committee released its 650-page report on the wholesale swindling that produced the subprime mortgage debacle and the subsequent financial collapse. This report provides ample documentation of the criminality of the most powerful players on Wall Street—the giant investment banks and hedge funds that fueled the speculative frenzy and profited enormously from the bailout.

As press accounts of the report were compelled to note, nearly three years after the Wall Street crash, none of the major figures responsible for the greatest financial catastrophe in history has gone to jail. The vast majority remain in their positions and are raking in

more money than ever—even while their political servants in Washington demand that the American people pay for the crisis with savage cuts in social services, income and jobs.

Meanwhile, the economic crisis continues to deepen, with new jobless claims this week rising back over the 400,000 mark. Long-term unemployment has become a scourge afflicting more than six million workers and their families. Neither of the big business parties is offering a dime for job creation.

Behind the phony populism of Obama's budget speech, the real attitude of the Democrats to austerity and budget-cutting was demonstrated Thursday afternoon, when the fiscal year 2011 budget, incorporating nearly \$40 billion in cuts demanded by the Republicans, passed the House of Representatives with the crucial support of 59 Democrats. Without their votes, the measure would have been defeated.

There are three political responses to the crisis now confronting American capitalism:

The Republicans propose a further trillion-dollar tax cut for the financial criminals, while imposing \$6 trillion in budget cuts on the American people. They represent the most rapacious and aggressive section of corporate America.

The Democrats propose to leave the financial criminals in possession of their ill-gotten gains, while demanding “only” \$4 trillion in cuts. They are in alliance with the trade union executives, who agree that the working class must pay for the crisis caused by the corporate elite.

The Socialist Equality Party demands the confiscation of the wealth of the financial criminals, and the utilization of these resources to provide jobs, increase living standards and expand vitally needed social services, including health care, education and retirement income.

We call on working people and young people to reject the entire framework of the deficit reduction debate, which has been rigged by the big business politicians and the corporate-controlled media to lead to only one conclusion—the inevitability of slashing living standards and social benefits for the great majority of the American people.

Working people must assert their social rights to good-paying jobs, health care, education and pensions. This requires an uncompromising struggle against both

parties of big business and the financial aristocracy that they defend. We call for the building of new, democratic organizations of struggle—rank-and-file workplace, factory and neighborhood action committees—completely independent of the AFL-CIO, the UAW, the Change to Win Coalition and all of the official trade unions, which are instruments of the corporate elite for suppressing the resistance of the working class.

These new organizations must be based on a new political perspective. The answer to the capitalist program of austerity and mass misery is the independent political mobilization of the working class to confiscate the accumulated wealth of the financial elite and reorganize economic life on the basis of social need and social equality, not profit.

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