

# Obama's budget summit

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Today's White House summit between President Barack Obama and congressional leaders of both parties is part of a stage-managed and cynical charade behind which a bipartisan plan is being worked out to dismantle large parts of basic social programs such as Medicare and Medicaid.

Without any democratic debate and over the heads of the American people—who overwhelmingly oppose the cuts—the social programs of the 20th century are being gutted. Reforms going as far back as the Progressive Era—such as the expansion of public education—and including those of the New Deal and Great Society of the 1930s and 1960s are being reversed.

The implications for the American people, already suffering under near-depression levels of unemployment and relentless attacks on wages and benefits, are catastrophic.

In remarks to the press Tuesday, Obama sent a clear signal to the corporate-financial elite that he is prepared to push through historic cuts. He rejected calls by some Republicans for a short-term deal to raise the federal debt limit before the August 2 default deadline in exchange for a down payment of hundreds of billions of dollars in spending cuts.

Saying he believed that “right now we’ve got a unique opportunity to do something big,” he declared that “we need to find trillions in savings over the next decade, and significantly more in the decades that follow.” He explicitly targeted “entitlement programs”—i.e., Medicare, Medicaid, Social Security, food stamps—for massive and permanent cuts.

This attack on health care, pensions and living standards for hundreds of millions of Americans is supposedly to be “balanced” by closing a few tax loopholes for corporations and the rich—token measures, such as ending tax write-offs for corporate jets, that would affect a relative handful of people.

The tax loophole issue is a red herring designed to give the Democrats a measure of political cover while they embrace the entire framework of the so-called budget “debate” dictated by finance capital and promoted most nakedly by the Republicans. The latter reject even the slightest increase in taxes on the wealthy.

Any restriction on tax loopholes for the wealthy that might

be enacted will be more than compensated for by tax cuts elsewhere. The *Wall Street Journal* in an editorial Wednesday proposed a course of action endorsed by the deficit reduction panel appointed by Obama. It advised the Republicans to support the elimination of some tax breaks in exchange for a sharp reduction in the corporate tax rate.

There is a division of labor between the Democratic White House and the Republicans. Obama agrees to carry through the agenda laid out by the financial establishment, while the Republicans provide background noise to promote the fiction that there are serious differences between the two parties, at the same time providing the atmospherics for Obama to move ever further to the right. The same propaganda techniques were used after the Wall Street crash of 2008 to justify the bailout of the banks.

The current austerity campaign confirms what the *World Socialist Web Site* said at the time about Obama's health care overhaul. The bill passed last year was aimed at breaking up the existing structure of health care in the US in order to carry through cuts in both corporate and government health care costs. It immediately ran up against massive popular opposition.

Republican Scott Brown won the January 2010 special Senate election in Massachusetts by appealing to opposition to Obama's bogus health care “reform” among the elderly and workers targeted for cuts in benefits. The so-called Tea Party, a media creation, was launched to channel anger over Obama's health care plan and the bank bailout and promote the myth that the American people wanted massive cuts in social spending. The Republicans recaptured control of the House of Representatives in the November 2010 midterm elections largely by posing as defenders of Medicare.

In the teeth of this popular opposition the ruling class decided to simply launch a frontal assault on social programs, and then created the crisis situation of a looming US debt default so as to push the measures through.

What is being implemented is a social counterrevolution. There is no precedent for such a far-reaching rollback in social programs and social conditions in modern American history.

Tens of millions of people who presently rely on Medicare or Medicaid will find themselves shut off from access to basic health care. Poverty and disease will rise dramatically. Life expectancy will fall. The US will see the return of infectious diseases associated with poverty such as tuberculosis. The public schools in working class neighborhoods will be turned into little more than holding pens for youth doomed to a lifetime of poverty wages or unemployment.

The trade unions and the liberal-left line up behind Obama, supporting his reelection, because they agree with his right-wing policies. If it takes the destruction of working class living standards to prop up American capitalism, they are for it. Trailing in their wake are the pseudo-left defenders of the trade unions, who devote their efforts to preventing a break by the working class from the Democratic Party and the two-party system.

The Socialist Equality Party approaches the so-called budget debate from the standpoint of intransigent opposition. We reject the entire framework of the discussion and oppose all cuts and all demands that working people “sacrifice” in order to balance the books of the ruling class.

The real causes of the debt crisis are not social programs or a failure of the American people to “live within their means.” The major causes are, first, the long-term decline of American capitalism, expressed most powerfully in the decimation of its industrial base and the stagnation and decline in the living standards of the general population; second, the reorganization of the economy in the interests of finance capital and the consequent growth of social inequality, speculation and economic parasitism; and third, a staggering reduction in taxes for the corporations and the wealthy over the past 30 years.

The responsibility rests not with working people, but with the capitalist system. To the extent that the Democrats and Republicans argue that “there is no money” and the living conditions of the people must be drastically lowered, they provide a powerful argument for the abolition of their own system.

To address the social crisis facing millions of people, we propose the levying of a 90 percent tax on all incomes over \$500,000. Just the return to the income tax rates that existed as late as the 1960s would itself bring in hundreds of billions of dollars. We further propose the immediate withdrawal of all US troops from Iraq and Afghanistan and the cessation of the neo-colonial war in Libya and US interventions in Yemen and Somalia. That would raise hundreds of billions more.

We propose that these funds be used to launch a vast program of public works, to put the unemployed to work rebuilding the crumbling social infrastructure.

Such measures are only the initial steps required to uphold the interests of the working class. But the fight to realize these demands will immediately bring workers into a collision with the entire political establishment and the capitalist system it defends.

The Socialist Equality Party insists that the working class has basic social rights—such as the right to a good-paying job, the right to health care, education and decent housing, the right to a secure retirement, the right to leisure and access to culture. These rights can be secured, however, only through a mass social and political struggle against the ruling class and all of its political parties, representatives and institutions. The conscious aim of this struggle must be the taking of political power by the working class, the expropriation of the wealth of the financial aristocracy, and the transformation of the banks and corporations into public utilities under the democratic control of the working people.

This is an international struggle. Workers in every country—from Greece, to Egypt to the US—face the same attacks and the same enemy. We fight for the international unity of the working class in the struggle for socialism.

The American working class stands at a crossroads. It must mobilize its collective strength against the unfolding social counterrevolution or suffer a catastrophic decline in its living standards and the destruction of its democratic rights.

Workers must and will fight back. Already this year there have been signs of growing opposition, in the form of mass demonstrations in Wisconsin and elsewhere against budget cuts. However, the social assault cannot be stopped by mere protests.

Workers are involved in a political struggle against the entire existing economic and political system. The critical issue is the building of a new political party and a new leadership to arm the coming struggles with a revolutionary socialist program. We urge all of our readers to study the program of the SEP and make the decision to join and build it as the mass party of the working class.

To read the program of the Socialist Equality Party, “*The Breakdown of Capitalism and the Fight for Socialism in the United States*,” click here.

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