

# The US budget cuts and the fight for socialism

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The agreement worked out by the Obama administration and the Republican Party to cut trillions of dollars in social spending heralds a new period of social upheaval and class struggle in the United States.

Nearly three years after the financial collapse triggered by rampant speculation plunged the United States and the entire world into an economic depression, the ruling class responsible for the crisis is engineering a reversal of every social reform won in the 20th century.

The deal signed into law by Obama on Tuesday will require immediate spending cuts of \$900 billion over ten years, followed by an additional \$1.5 trillion to be put in place by the end of 2011. On the chopping block are grants for education, funding for food and energy assistance, corporate regulations, and the major federal health care and retirement programs.

Recent economic data make clear that the social crisis is getting worse. The economy is stagnating. Millions of people face prolonged unemployment with no end in sight. States and local governments throughout the country are bankrupt and are responding by shutting down schools and slashing health care. The cuts in federal spending will only compound the crisis.

The Economic Policy Institute released a report on Monday estimating that a total of 1.8 million jobs will be lost next year as a result of the cuts and the failure of the debt limit measure to extend unemployment benefits and a payroll tax holiday for workers. This is only the beginning. Obama himself declared before signing the legislation that it was merely “an important first step in ensuring that as a nation we live within our means.”

The result of the debt ceiling debate has left Obama’s liberal supporters floundering. Even within the exceedingly narrow terms of the official “debate” in Washington, it is widely recognized that the final agreement gives the Republican Party everything it

asked for. Obama dropped his demand for a “balanced approach,” i.e., the elimination of a few tax breaks for corporations, signing into law a measure that is comprised entirely of cuts.

Liberal economic commentator Paul Krugman published an essay in the *New York Times* Monday bemoaning Obama’s “abject surrender.” Krugman pointed out that the president had several other options than the course taken, including increasing the debt ceiling last year when the Democrats controlled both houses of Congress or threatening to use legal maneuvers to sidestep the debt ceiling.

Joe Nocera, another *Times* columnist, wrote on Tuesday that “Obama should have played the 14th Amendment card” to raise the debt ceiling unilaterally. “Inexplicably, he chose instead a course of action that maximized the leverage of the Republican extremists.”

There is nothing “inexplicable” or even surprising in the outcome. A basic deceit of the *Times* columnists, as well their counterparts in the *Nation* and other liberal and “left” publications, is the suggestion that Obama was somehow forced or duped into doing something he did not want to do. Nocera denounces the “Tea Party Republicans” who “have waged jihad on the American people.” Krugman worries that the outcome of the debate over the debt ceiling demonstrates that “raw extortion [by the Republican Party] works and carries no political cost.”

In fact, the demand of the Republicans that any increase in the federal debt ceiling be accompanied dollar-for-dollar by cuts in social spending was welcomed by the Obama administration as an opportunity to pursue an ever more right-wing policy. Obama went even further than the Republicans when he proposed that Social Security be included in the entitlement programs to be slashed in the name of deficit reduction.

This was a continuation of the administration’s lurch

to the right following the 2010 mid-term elections, which resulted in significant Democratic Party losses. The election results were seized on by the Democrats as a justification to extend Bush's tax cuts for the wealthy and launch a budget-cutting campaign that has reached a new stage in the legislation passed this week.

Krugman concludes his column with the worried comment: "What Republicans have just gotten away with calls our whole system of government into question." While his analysis of the relationship between the Republicans and Obama is false, his concerns are justified. The entire political and social system in the United States is being discredited before the eyes of the American people.

Millions of people invested their hopes in the election of Obama, who was packaged as a progressive alternative to the social reaction and militarism of the Bush years. They now discover that his entire campaign was a fraud, and that he was put into power by the same financial oligarchy that had backed Bush for the purpose of pursuing even more right-wing, anti-working class policies.

The working class stands at a historic crossroads. Workers and youth are coming to understand that it is impossible to change anything within the existing political system. Well before these cuts are fully implemented, the working class will begin to fight back.

If these struggles are to be successful, however, workers must draw the necessary political conclusions. There can be no solution to the crisis that does not begin with the understanding that the root of the problem is the capitalist system, under which the economy is subordinated to the profit demands of the giant banks and corporations.

This system is defended ruthlessly by both the Democratic and Republican parties. The outcome of the debt ceiling discussions is a devastating exposure of all those who promoted illusions that Obama could be pressured to the left. It demonstrates that the most powerful sections of the financial and corporate elite exercise a stranglehold over the entire political system.

Moreover, the attack on workers in the United States is part of an international process. Obama's budget cuts will encourage the ruling class in every country to expand its own assault. The essential ally of the American working class is the international working

class.

The unfolding social counterrevolution directed by the ruling class poses the necessity for its opposite: social revolution. The basic question is that of political leadership. From the beginning of the Obama administration, the Socialist Equality Party has explained its class character and the logic of its policies. We anticipated that the measures taken by the ruling class would lead to the reemergence of working class struggle in the United States.

This analysis has been confirmed. The turn now must be to the building of a mass socialist movement. In the coming weeks and months, the SEP will intensify its work among all sections of the working class in every part of the country—manufacturing workers who have seen their wages and benefits decimated, teachers who are being laid off by the thousands and scape-goated for the crisis in public education, service workers who do not make enough to get by, working class youth burdened by debt, the unemployed who have no prospect of a job.

We have every confidence that on the basis of a revolutionary socialist program, we will win the leadership of the emerging struggles. Such a fight, however, requires the active participation of all those who agree on the need for socialism. Now is the time to make the decision to join the Socialist Equality Party.

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