

Demagogy in defense of the rich

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President Obama will unveil today the complement to his bogus “jobs” campaign—a plan to slash hundreds of billions of dollars from Medicare and Medicaid and lower tax rates for corporations and the wealthy as part of a \$4 trillion deficit-reduction program.

It is difficult to overstate the cynicism of the White House, which is engaged in a series of campaign-style events to rally popular support for policies that mean the opposite of what they purport to mean.

Working people are being deployed as extras in a public relations exercise to demand that Congress pass measures that will drain the Social Security fund and provide new tax windfalls for corporations, while generating at best a handful of jobs. This so-called “job-creation” program—consisting of proposals largely supported by the Republicans—is being used to sugar-coat an attack on health care and other social programs that will have devastating consequences for tens of millions of people.

Obama is proposing no real measures—such as a broad public works program—to address the deepest jobs crisis since the Great Depression, while he promotes cuts in social benefits that will increase the hardship of the unemployed.

The ultimate framework of any deal will be determined by the bipartisan budget committee established in the bill passed in August to resolve the highly orchestrated debt ceiling crisis. The thoroughly undemocratic “super committee” was given broad powers to ram through measures overwhelmingly opposed by the American people.

Obama has insisted that all of his jobs proposals be paid for through spending cuts and other deficit-reduction measures. He is urging the committee, which is due to announce its plan in November, to “go big,” exceeding its mandate to find \$1.5 trillion in deficit reduction over the next decade.

To add to the demagogy, Obama will propose a so-called “Buffett tax”—a minimum tax rate for the super-rich that would ensure that they not pay lower taxes than ordinary people. As Obama is well aware, this extremely limited proposal—which would not even restore the tax rates for the wealthy that prevailed in the first years of the Reagan administration—is dead on arrival, opposed by many Democrats as well as the Republicans.

Republican Senate Minority Leader Mitch McConnell noted Sunday that a similar proposal was voted down by Congress in 2009, when both houses had large Democratic majorities. He also said there were many things on which the Democrats and Republicans were agreed, adding that he anticipated a “major bipartisan accomplishment” would emerge from the committee.

The result of the whole process will be a further redistribution of wealth from the working class to the rich.

In the wake of the financial crash three years ago, the American ruling elite initiated the largest bailout of the banks in world history. This produced a surge in the stock market and shielded the bank accounts of the super-rich. The resulting debt crisis has been used as an opportunity to undermine, and ultimately dismantle, all of the social gains achieved by the working class in the 20th century.

The real state of social relations in America finds no reflection in official political life. Millions of people live on the edge of homelessness, hunger and despair. The past three years have produced a collapse in living standards.

As documented by the US Census Report released last week, the number of people in poverty in the US is highest on records going back to 1959. In 2010, there were 2.6 million more people (a total of 46.2 million people) living below the government's absurdly low

poverty threshold than in 2009.

The report also documented a sharp decline in median income to levels last seen in 1996. This is the first time since the Great Depression that the population has seen such long-term income stagnation.

Joblessness remains the principle driving force of social misery, with unprecedented levels of long-term unemployment. In 2010, 48 million people between the ages of 18 and 64 did not work even one week, up by more than 3 million from the previous year. Every job fair that promises even the barest glimmer of hope for a job attracts thousands of people.

There are clear signs that the economic situation, already disastrous, is getting worse. In addition to the report of zero job growth last month, recent economic data point to a renewed recession. The majority of states in the US saw their unemployment rates rise last month, new claims for unemployment rose last week to their highest levels since June, and household wealth fell in the second quarter for the first time in a year.

Meanwhile, the corporations are hoarding cash. More than \$2 trillion was sitting on the balance sheets of non-financial companies in June, up nearly \$100 billion since March. The corporate-financial elite is carrying out an investment strike to keep joblessness high and use mass unemployment to slash wages, while it demands savage austerity measures as a precondition for any new hiring.

The United States is ripe for an explosive emergence of class struggle. Social tensions are building and the political system is incapable of proposing any solution. Nothing can be done that is opposed by the financial oligarchy that dominates both political parties and exercises an effective dictatorship.

The ruling class is itself concerned about the implications. New York's billionaire mayor, Michael Bloomberg, warned last week of riots erupting as a result of high unemployment, particularly among youth. "That's what happened in Cairo. That's what happened in Madrid," he declared nervously.

Obama's demagoguery on behalf of the rich will resolve nothing. The population has seen this act before.

There will be no resolution to the crisis facing workers without mass struggle. Absolutely nothing can be won outside of millions of people engaging in collective action—forms of resistance that break free of the ossified political structure and its various props,

including the trade unions and the various pseudo-left appendages of the Democratic Party.

Such struggle is not only necessary, it is inevitable. There is a huge reservoir of discontent, frustration and anger that is building up and must find an outlet. But for this opposition to succeed, it must take a politically conscious form. Here the question of revolutionary leadership and the development of a socialist program is decisive.

Working people must understand that nothing less than a fundamental reorganization of economic and political life will suffice. The Socialist Equality Party is the only organization that fights to mobilize the working class independently against the ruling elite and its political representatives and arm this movement with a socialist and revolutionary program. The answer to the counterrevolutionary policies of Obama and the entire political establishment is the building of the SEP to prepare the struggle for workers' power and socialism.

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