

# US states carry out European-style attacks on jobs and services

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With the new fiscal year commencing next Sunday for most of the 50 US state governments, the balance sheet of the 2012 fiscal year shows that European-style austerity measures, on the scale of those imposed in Spain, Ireland and approaching those in Greece, are being carried out in one state after another.

The Obama administration, with the help of the US media, has sought to portray its policies as less harsh than those imposed by the European Union, the European Central Bank and the International Monetary Fund on financially stricken countries of the euro zone.

The truth is that American states far larger than Greece have carried out similar policies, including the slashing of public employment and the elimination or privatization of a wide range of public services, from education to health care to parks and recreation.

The current fiscal year began with nearly every state slashing spending to close combined deficits of \$107 billion. It ends with 30 states carrying out further cuts to slash projected deficits of \$54 billion for fiscal 2013.

Ten states have had to address budget gaps that developed in the course of the current fiscal year because the slowdown in the US economy cut anticipated growth in tax revenues and drove up the demand for state-administered social benefits like Medicaid.

Budget-cutting policies have been adopted on a bipartisan basis, by Democratic governors and Democratic-controlled state legislatures as well as Republican, and with the approval of the Democrat in the White House, the Democratic-controlled US Senate and the Republican-controlled House of Representatives.

Since the exhaustion of the wholly inadequate assistance provided to the states in 2009-2010 under Obama's stimulus package, neither the White House nor Congress has lifted a finger while 600,000 state government jobs have been eliminated—next to the collapse of the construction industry, the biggest single

component of the ongoing depression in the job market.

Even the limited aid provided in the stimulus bill was enacted only to prevent a complete collapse of state finances and the likely bankruptcy of one or more US state governments, which would have disrupted the financial markets, particularly the market for interest-free municipal and state government bonds, held largely by the wealthy.

News reports last week, based on financial projections for the fiscal year now ending, said that state and local government spending dropped 0.8 percent this year, a 2.7 percent drop when adjusted for inflation. Fourteen states are reducing aid to local governments, in effect shifting part of the burden of the fiscal crisis to the cities and counties, and the *New York Times* reported that more than a quarter of municipal governments have planned layoffs this year in response to the ongoing cuts in state and federal aid.

Reports from around the US suggest that state governments are proceeding with a degree of callousness that indicates a combination of enthusiasm for mass suffering and reckless indifference to the popular reaction. A few examples:

- The state of Florida, with one of the highest unemployment rates in the country, approved a cut in the basic unemployment insurance benefit to as little as 14 weeks, although the average jobless worker faces nearly 40 weeks of unemployment before finding a new job.

- The state of Illinois is enacting a bill that would compel families with children living at home on ventilators to pay a huge portion of the cost or place the child in a nursing institution. Families with incomes as low as \$94,450 will be required to pay the entire cost of care, estimated at \$188,210 a year, to keep their child at home.

- The state of California is putting six state parks up for bid by private companies. The firms would operate all concessions, visitor services and security and seek to make a profit. Another two dozen parks will simply be closed once the new fiscal year begins on July 1. Meanwhile, the state's richest citizen, Oracle CEO Larry Ellison, bought himself one of the Hawaiian Islands for his own private use.

The crisis of the states is a further demonstration of the stark contradiction between the capitalist social order and the basic needs of masses of working people. According to recent studies, the 50 states will have to educate 350,000 more elementary and secondary students and 1.7 million more community college and university students than five years ago. The number of people eligible for Medicaid will be 5.6 million greater than five years ago. Faced with a combination of stagnant revenues because of the protracted economic slump and cuts in federal aid, the outlook is for further deep reductions in public services.

The alternative to this program of ruthless austerity is for the working class to demand the recognition of basic social rights—to decent-paying jobs, free public education, adequate housing, and access to health care, pensions and culture. This means rejecting the pro-capitalist program of both the Democrats and Republicans and building an independent political movement of the working class based on a socialist program.

The Socialist Equality Party is running in the US presidential election to present the case for such a socialist program to the widest possible audience. We urge working people and youth to support Jerry White for president and Phyllis Scherrer for vice president and to join the SEP campaign. For more information, visit [www.socialequality.com](http://www.socialequality.com).

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