

The class issues in the “fiscal cliff”

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With the 2012 presidential election over, the Obama administration has turned to its first order of business, and the issue that the corporate elite is most concerned about: slashing trillions of dollars from Medicare, Medicaid, and other social programs.

The rapidity with which the administration, together with the Republican Party, is moving to try to push through extremely unpopular cuts, worked out long in advance of the election, points to a fundamental reality in the United States and internationally: society is split into two basic classes—the corporate and financial elite, on the one hand, and the working class, the vast majority of the population, on the other. In relationship to these two classes, the state—in the US including both Democrats and Republicans—is not a neutral arbiter, but a ruthless defender of the one against the other.

Whatever disagreements exist between the two parties over the exact form that the cuts should take, and to what extent certain tax proposals will be included as a fig leaf of “shared sacrifice,” they are entirely agreed that there is no money for the social programs that keep millions of people out of poverty, and that the working class has to pay for the crisis of the capitalist system.

The stated rationale for the cuts is the “fiscal cliff,” a term first invented by Federal Reserve chairman Ben Bernanke earlier this year. The ruling class is seeking to present an entirely artificial deadline, selected for political reasons (to take place after the US elections) as an event with potentially apocalyptic consequences.

The goal of the panic-mongering over the “fiscal cliff” is to present cuts to Medicare, Medicaid, and Social Security, long regarded as the “third rail” of American politics, as not only permissible for

discussion, but absolutely necessary and inevitable.

Speaking at a press conference at the White House Wednesday, Obama repeated this mantra, saying, “We face a very clear deadline that requires us to make some big decisions on jobs, taxes and deficits by the end of the year.”

He added, “I believe that we have to continue to take a serious look at how we reform our entitlements, because health care costs continue to be the biggest driver of our deficits.”

Behind this rhetoric is concealed a set of assumptions based on definite class interests. In every social question, the wealth and social privileges of the financial aristocracy are presented as inviolable, while social programs essential to the livelihood of millions are treated as expendable luxuries.

In particular, the claim that health care costs are the biggest driver of the budget deficit comes from a president who has handed out trillions of dollars to the banks. In the United States, the 400 wealthiest people own \$1.7 trillion, enough not only to cover any shortfall in social entitlements, but to fully pay for Social Security for more than two years. Thanks in large part to the policies of the Obama administration, social inequality has soared over the past three years.

A fifth of the entire federal budget is eaten up by military spending, used to kill and terrorize the populations of countries throughout the world. If spending on “Homeland Security” and related items is included, the US government doles out more than \$1 trillion every year on determining the best means of killing people abroad and spying on the population at home.

US corporations, meanwhile, are sitting on a cash hoard estimated to be as high as \$5 trillion, a figure larger than the gross domestic product of Germany, which they refuse to invest.

No problem in American society can be addressed without addressing the fundamental issue: social inequality. Yet it is the class conflict that the political and media establishment, with increasing difficulty, seeks to cover over.

A critical role in this attempt is played by the “left” critics of the Obama Administration, who have hailed his reelection. Race, gender, ethnicity, sexual orientation—the various forms of identity politics—are brought in to obscure the class issues and justify support for a government of extreme reaction.

It is appropriate that, in opening up discussion on the “fiscal cliff” this week, Obama made it a point of meeting with a group of union officials and representatives of the liberal “left.” These people will be indispensable in selling cuts to Social Security, Medicare and Medicaid to the general population, by presenting them as somehow necessary in the face of Republican intransigence.

Against this single-minded policy of austerity, which threatens to throw millions of people into destitution, the working class must respond with its own, equally determined policy.

A program for the working class must begin with the rejection of the entire framework of the discussion. It is not a question of what must be cut, but what must be done to insure the basic social rights of all: including the right to the highest quality health care, a secure retirement, a good education and a decent-paying job.

These rights, however, are incompatible not only with the policies of the two major parties, but with the interests of the ruling class they represent and the structure of the society—capitalism—that they defend.

The only way to preserve the gains of past generations, and to defend the social rights of the

population, is through the class struggle. In every country, the ruling classes have declared war on the workers, determined to force the population into poverty for their own enrichment. The working class must, and will, fight back.

While the ruling class may seek to deny it and the pseudo-left may seek to contain it, the class struggle operates with an irrepressible logic. The interests of the working class cannot be secured except through the revolutionary transformation of all of society, replacing capitalism with socialism.

But the class struggle must be a political struggle. The working class requires its own political party to fight for its interests. The 2012 elections and their aftermath will serve to nurture this conviction in the minds of millions of workers and youth.

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