

# The US budget deal: A new stage in the attack on the working class

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The shutdown of the US government, the threat of a debt default, and Wednesday's agreement between the Democrats and Republicans have revealed certain fundamental features of the political system in America.

What has been the end result? The "sequester" budget cuts—which impose tens of billions of dollars in across-the-board spending reductions, including in education, home heating assistance, legal aid and other social programs—have been extended into the new year. The implementation of Obama's Affordable Care Act will continue largely unaffected, setting the stage for the elimination of employer-provided health care for millions of workers.

From the standpoint of the political establishment, the main achievement of the budget deal is the creation of a framework within which the two parties can come to an agreement on sweeping cuts in social spending and reductions in corporate taxes. The agreement mandates the formation of a conference committee to forge a bipartisan budget agreement by mid-December that will reduce the deficit and the national debt, primarily through the slashing of entitlement programs such as Medicare and Social Security.

In his press conference Thursday morning, President Barack Obama made clear that the focus of the Democrats and Republicans will now turn to these programs. "In the coming days and weeks," he said, "we should sit down and pursue a balanced approach to a responsible budget, a budget that grows our economy faster and shrinks our long-term deficits further."

Obama added, "The challenges we have right now are not short-term deficits; it's the long-term obligations that we have around things like Medicare and Social Security." As a result of the massive cuts already implemented, he said, short-term deficits have already

fallen significantly.

Thus the government shutdown and threatened debt default have been used to establish the political conditions for the imposition of massively unpopular cuts to Social Security and Medicare, while making these cuts somehow appear "rational" and "moderate."

Even though the resolution of the crisis was largely presented as a defeat for the Republicans, they achieved a significant portion of their agenda. As in each of the previous manufactured crises, the extreme right of the Republican Party sets the framework for the discussions and the Democrats take the opportunity to agree to most of their demands, with which they broadly agree in any case.

In the end, whatever the various political conflicts in Washington, the most decisive question in the series of events beginning with the shutdown and ending with Wednesday's agreement was: What would the financial markets accept? When the debt limit deadline loomed and markets began to worry about the global consequences, Congress snapped into line and ensured that an agreement was quickly pushed through.

The initial issue that led to the shutdown—opposition within the "Tea Party" wing of the Republican Party to the Obama administration's health care plan—faded into the background and has been dropped. While sections of the Republican Party oppose the plan, it was ultimately supported by the US corporate establishment, which quite correctly sees it as a mechanism for slashing workers' health care benefits and a prelude to privatization schemes planned for Medicare.

What is most significant is that, throughout the entire debate over the budget, the sentiments of the great majority of the population were totally excluded. As the political establishment conspires to slash the two most

important social programs in the United States, which keep millions of people out of poverty, there is not a voice of opposition from within the two big business parties or the mass media.

This is one particularly striking expression of the almost surreal political vacuum that exists in the United States. Under conditions of historic inequality, record corporate profits, collapsing wages and a universal attack on every social right of the working class, there is no organized resistance. The trade unions and the various organizations that orbit around the Democratic Party not only do nothing to oppose what is taking place, they participate in the process.

Yet the latest budget crisis has only intensified the growth of popular disgust and alienation from the political establishment. The central question that emerges is the necessity for the independent mobilization of the working class. The political gulf between official politics and the real interests of masses of people is an expression of the social gulf between the corporate and financial elite and the working class. But this social division must find conscious political form.

The alternative to the politics of austerity is socialism. Five years after the 2008 Wall Street collapse, it is evident that the crisis of capitalism is systemic and that it has inaugurated a period of social reaction, as the ruling class seeks to preserve its system by turning the clock back generations. This system must be replaced by a society that serves social need, not private profit and the enrichment of the financial aristocracy.



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