

Social inequality and the war against the working class

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7 February 2014

Today, President Obama will sign a bill to cut \$8.7 billion from the Supplemental Nutrition Assistance Program (SNAP), also known as food stamps, slashing almost \$100 per month in benefits for nearly a million households.

The attack on food stamps comes as Obama and the Democrats posture in the run-up to this year's mid-term elections as opponents of social inequality and defenders of the poor and jobless. Nowhere in the establishment media is the glaring contradiction between what the Democrats say and what they do even discussed.

Obama's action on food stamps is indicative of the state of politics and the reality of social life in America. It is the second cut in three months to a program that provides minimal assistance for the most vulnerable sections of society. The lie that there is simply no money for basic social programs is repeated even as new reports document the unprecedented rise in the wealth of the financial elite.

The levels of wealth accumulated by a tiny layer of society—in the United States and internationally—are almost unfathomable. A report commissioned by Bloomberg last month found that the world's 300 richest people (0.000004 percent of the world's population) had a net wealth of \$3.7 trillion in 2013, an increase of \$524 billion (13 percent) in one year alone.

Bill Gates, the world's richest man, saw his wealth soar last year by \$15.8 billion, to \$78.5 billion. Warren Buffett, awarded the Presidential Medal of Freedom by President Obama in 2011, increased his wealth by \$12.7 billion, to \$60 billion, in 2012. Facebook CEO Mark Zuckerberg's wealth nearly doubled, from \$11.3 billion to \$23 billion.

The astounding growth of the fortunes of the super-rich is tied to a record rise in the stock market, the

direct and intended result of government policy. In the US, the Federal Reserve holds interest rates to near-zero and pumps tens of billions of dollars into the financial system every month, a policy copied by central banks in Europe and Japan.

The corporate-financial elite uses its control of the political system to carry out a vast redistribution of wealth. Unlimited funds are made available to the banks and corporations, while governments slash social programs and lay siege to the jobs, wages, pensions and health benefits of working people.

The scope of the attack makes clear that what is involved is a social counterrevolution. Every aspect of social life of the broad masses of people is affected:

Jobs and wages

Permanent mass unemployment is the result of relentless downsizing and cost-cutting by the corporate elite. Nowhere is the assault more ruthless than in America. This week, mass layoffs were announced by Dell, International Paper, Disney, Time Inc. and United Airlines, as well as many corporations based outside the US. Since 2009, wages in the auto industry, which the Obama administration singled out for restructuring, have declined an average of 10 percent, while manufacturing wages as a whole have fallen 2.4 percent. The nominal decline in the unemployment rate is mainly the result of millions of discouraged jobseekers leaving the labor market. The majority of new jobs pay near-poverty wages and provide little or no benefits.

Unemployment benefits, food stamps, social welfare programs

The cuts in food stamps are part of a broader attack on social programs. They follow the expiration of extended jobless benefits for 1.3 million long-term unemployed workers in the US. The percentage of long-

term unemployed receiving cash benefits has fallen from two-thirds in 2010 to one-third today. The new bipartisan budget keeps in place \$1 trillion in across-the-board “sequester” cuts over the next decade. The Obama administration has reduced domestic discretionary spending as a percentage of the gross domestic product to its lowest level since the 1950s.

Pensions

In the 1980s, 60 percent of full-time private-sector workers age 25 to 64 in the US had a defined-benefit retirement plan. Now, that number has dropped to about 10 percent. Among the last holdouts are municipal employees, who are facing the gutting of their pensions in a wave of municipal bankruptcies. With the support of the Obama administration, a bankruptcy court judge in Detroit has given the go-ahead for overriding state constitutional protections and slashing city workers’ pensions.

Health care

The attack on workers’ pensions is coupled with the introduction of the Affordable Care Act, a “reform” that aims to dismantle the system of employer-sponsored health care and force workers to individually purchase health insurance on the private market. The scheme will cut health care costs for corporations and the government, boost the profits of insurance and health industry companies, and reduce coverage while increasing out-of-pocket costs for tens of millions of workers.

As the social conditions of workers are decimated, corporate deregulation, tax windfalls and government handouts to big business continue unabated.

The latest round of attacks on working people is a continuation of an offensive that has been ongoing for decades. The ruling class responded to the decline in the global economic position of American capitalism with a policy of deindustrialization, financial speculation and wealth redistribution from the bottom to the top. This was intensified following the collapse of the Soviet Union, which the corporate and financial elite saw as lifting a major restraint on the exploitation of the working class at home and imperialist aggression abroad.

The financial collapse of 2008 and the ensuing slump were seized on to further restructure class relations. The result: levels of social inequality that have not been seen since the years prior to the Great Depression of the

1930s.

The staggering growth of social inequality—to the point where less than 100 people control more wealth than the bottom 3.5 billion people on the planet—has destroyed any social basis for democracy. It underlies the preparations of the US and governments around the world for police state forms of rule, as exposed by Edward Snowden’s revelations of mass spying.

What is emerging from the crisis and decay of capitalism is a new form of aristocratic privilege and political reaction. The only alternative is socialism—the expropriation of the wealth of the ruling class, the transformation of the corporations and banks into publicly owned and democratically controlled institutions, and the reorganization of society on the basis of social need, not private profit.



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