

Behind the “fiscal cliff” debate

Obama spearheads social counterrevolution

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As of this writing, talks are continuing between congressional Republicans and the White House on the eve of the so-called “fiscal cliff.” It is not clear whether an agreement will be reached over the next few days, or if the manufactured crisis atmosphere will continue into the New Year. What is clear, however, is the overall direction of US social policy and the fact that the real target of both sides in the Washington debate is the working class.

It is necessary to demystify the whole process, which is characterized by an extraordinary level of posturing and lies, behind which is concealed a conspiracy against the American people.

The “fiscal cliff” is an artificially erected deadline, laid down as part of previous negotiations and aimed at creating the conditions for implementing unpopular measures that previously would have been considered politically impossible.

If Washington “goes over the cliff,” the impact will be felt most directly by working people, including tax increases that will effectively cut take-home pay for workers by 7 percent and the immediate elimination of unemployment insurance for 2 million long-term jobless, followed soon after by the cutoff of benefits for another 1 million people. Federal workers will face unpaid furloughs, and essential social programs, from energy assistance to child nutrition to education grants, will be hit with across-the-board cuts.

This is only the beginning. The fiscal cliff is the first in a series of artificial deadlines established for the New Year. There will be another deadline in late February over raising the federal debt ceiling—the same issue that became the pretext in August 2011 for a bipartisan agreement to cut over \$1 trillion in social spending over the next decade. In March, the “continuing resolution” adopted before the election to authorize federal spending for six months will expire.

Each deadline will be utilized as the occasion to go after the most important federal social programs: Social Security, Medicare and Medicaid, which provide retirement income and pay for health care for tens of millions of elderly, disabled and poor people. The phony debate over a minuscule tax increase for the rich—which will be quickly replaced with “comprehensive reform” to lower income and corporate taxes next year—is intended to conceal this reactionary agenda.

The overall strategy of the ruling class was evident in an interview with President Obama aired Sunday morning on NBC’s “Meet the Press” program. While most press attention focused on his remarks criticizing congressional Republicans for balking at even the slightest increase in taxes on the wealthy, there was comparably little commentary on Obama’s embrace of cuts in entitlement programs.

Challenged by moderator David Gregory to “talk tough to seniors,” Obama replied, “but I already have, David.” He cited his support for the so-called “chained” consumer price index, a revised formula for calculating increases in the cost of living that will reduce future benefits for Social Security recipients. “Highly unpopular among Democrats,” Obama continued. “Not something supported by AARP (American Association of Retired Persons). But in pursuit of strengthening Social Security for the long term, I’m willing to make those decisions.”

In the Orwellian language of American politics, “strengthening” a social program means permanently slashing the benefits it provides, just as “balance” and “fairness” mean gutting the conditions of tens of millions of working people while imposing a token and temporary tax increase on bankers and CEOs. According to Obama, if millionaires and billionaires pay slightly higher taxes, while the hungry eat less,

poor children see the doctor less often, and the elderly lower their thermostats because they can't pay the fuel bill, that constitutes "everybody doing their share."

Towards the end of his interview, Obama went out of his way to deny any connection to the past liberal traditions of the Democratic Party. "I'm not driven by some ideological agenda," he said. His own position in the talks on the fiscal cliff called for "maintaining tax cuts for 98 percent of Americans," he said, adding, "I don't think anybody would consider that some liberal left wing agenda...that used to be considered a pretty mainstream Republican agenda."

Obama's remarks on "Meet the Press" are only the most explicit of a series of statements and actions by the White House since the November election. The Democratic president is reassuring his main constituency, the American financial aristocracy, that he is single-mindedly devoted to preserving its interests.

In the course of the presidential election, liberal publications like the *Nation* magazine and a panoply of pseudo-left groups such as the International Socialist Organization portrayed the reelection of Obama as a blow to the right-wing agenda of the giant corporations and banks. The truth is that Obama and the Democrats represent the financial aristocracy no less than the Republicans. In fact, Obama became the *preferred* candidate of the ruling elite, as demonstrated by his campaign cash hoard of more than \$1 billion.

Obama is spearheading the social counterrevolution that is the common policy of the ruling classes of the entire world—from Europe to Japan to the United States. In every country, the representatives of finance capital, having plundered national treasuries to bail out the banks and speculators, are now demanding that the working people pay the price.

The entire framework of the official budget "debate" is reactionary and false. It is based on the lie that there is no money for social programs such as health care and education, or for decent wages and benefits for the working class. Corporate profits and the fortunes of the financial elite continue to soar, while social inequality reaches unprecedented levels. It is estimated that US corporations are currently sitting on \$3 trillion to \$5 trillion in cash reserves.

The actions of world governments, led by the US, are dictated by definite class interests. Under conditions of

deepening economic crisis, the ruling class is seeking to defend its wealth through a historic retrogression in the living conditions of the vast majority of the people.

To fight the bipartisan policy of austerity, the working class must break with the Democrats and take up a struggle against the Obama administration and the capitalist two-party system. This means building an independent political movement based on a socialist program that defends the social rights of the working class—to jobs, decent wages, health care, education and a secure retirement—rather than corporate profits.

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