

Hidden Agenda: The “Debt Crisis Plan” was to Strike a Blow at the National Social Safety Net

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The debt crisis has been averted and people across the globe are breathing sighs of relief.

But in the back rooms of the US Congress, politicians are celebrating for a different reason. It's the kind of celebration that erupts when a group executes a complicated plan to perfection. The objective in this case was to strike the first blows against the national social safety net without encountering massive resistance. Mission half-accomplished thus far.

Half accomplished because only half of the \$2.5 billion in cuts have been decided on. The other half will be sent to a bi-partisan committee where, according to the White House Fact Sheet:

“... the committee will consider responsible entitlement [Social Security and Medicare] and tax reform [cuts to entitlement programs]. This means putting all the priorities of both parties on the table - including both entitlement reform [Social Security, Medicare and Medicaid] and revenue-raising tax reform.”

If the committee fails to agree on the cuts, they would be automatically triggered, and Medicare would be the target: “...any cuts to Medicare would be capped and limited to the provider side.” This means that fewer doctors would accept Medicare patients or they would provide fewer services to Medicare beneficiaries.

When it comes to cutting Social Security and Medicare, the Democrats and Republicans are only trying to get their foot into the door. Nevertheless, the potential cuts will have a massive impact on the millions of Americans who depend on these vital services. And if these cuts are allowed to happen unopposed, the possibility of future, more dramatic cuts is certain.

Equally bad is that the budget deal makes the unemployment situation even worse. In writing about the effect the cuts would have on employment, a Moody's analyst predicted that:

“The deal announced last night calls for a yearly average of \$240 billion in cuts over the next decade. Very roughly, that suggests the new plan would cost around *1.6 million jobs per year during that time*. [!]” (August 1st, 2011).

This noxious level of contempt for working people was the product of a manufactured crisis, with Democrats and Republicans playing along. How did Obama and the Democrats essentially push through the long-term objectives of the Republican Party? Author Michael Hudson explains on Democracy Now:

“... There has to be a crisis. Now, in reality, there is no crisis at all. In reality, raising the debt ceiling has been done for a hundred years automatically. There is no connection between raising the debt ceiling and arguing over tax policy. Tax policy takes many years to work out. All of a sudden, Mr. Obama is going along with the charade of saying, “Wait a minute, let’s create a crisis.”... And Wall Street doesn’t like real crises, so there’s an artificial non-crisis that Obama is treating as a crisis so that he can put forth the recommendations of the Deficit Reduction Commission to get rid of Social Security that he has supported all along.” (July 22nd, 2011).

Thus, it’s not true that Obama was “held hostage” by the Republicans. If he told the country only half of what Mr. Hudson explained on Democracy Now, the Republicans would have folded instantly. If Obama would have told the country that the Republicans wanted massive cuts to Social Security and Medicare, instead of purposely hiding these issues, Republican voters would have converged on Capitol Hill with torches and pitchforks. Instead, Obama went along with the charade; because in order for it to succeed, he was required to play a leading role in the drama.

Liberal groups and the major labor federations — AFL-CIO and Change to Win — have given a left cover to Obama’s far-right policies, wrongly blaming only the Republicans every step of the way. But this willful blindness has its limits. These groups intend to “get out the vote” for Obama in 2012 while ignoring all the damage he’s done to working families, while they also ignore all the promises Obama made to them and didn’t keep last time.

The rank-and-file members of labor unions and liberal groups are among the million of Americans suffering under Obama’s economic policies and will not follow their leaders like lemmings over the cliff for Obama’s next presidential run. There will be a profound lack of rank-and-file volunteers to campaign for Obama, even as labor union leaders throw away their members’ dues money for the campaign. And because fewer members will campaign for Obama, he will feel less inclined to reward them after (or if) he wins. Instead, he’ll again reward Wall Street, meaning, he’ll continue to take from working people and give to the rich, further exacerbating the problem.

To change this downward spiral for labor and liberal groups a new approach is desperately needed, and can be started in two steps: 1) Put forth independent demands. 2) Wage a real fight for these demands. The most immediate demands for the majority of people are job creation and saving Social Security, Medicare, and the broader safety net including Medicaid. These demands require that revenue be raised by taxing the rich and corporations, since no other group can afford any taxes, and inequality continues to skyrocket.

There is a direct link between the decades-long lowering of taxes on the wealthy and corporations and deficits rising on the national and state level. Economist Richard Wolff explains on Democracy Now:

“We’re running a deficit because the people who run this society would like us to deal with our economic problems, not by taxing those who have it, the way we used to, but instead by endlessly borrowing from them. And now the ultimate irony, we’ve borrowed so much as a nation from the rich and the corporations, they now are not so sure they want to continue to lend to us, because we’re so deeply in debt. And they want us instead to go stick it to poor people and sick people instead. It’s an extraordinary moment in our history as a

nation." (July 29th, 2011).

So instead of directly taxing the very rich and corporations, we are borrowing money from them with interest. Much of the money we are borrowing from them was given to them via the bank bailouts; they were given free taxpayer money and lent the money back to the taxpayers, while demanding that programs that benefit working people be slashed! This extraordinary moment requires extraordinary action from working class organizations, including mass demonstrations as part of a sustained, independent campaign.

The deficit reduction plan worked out by the cooperation between Republicans and Democrats is not set in stone. Massive, ongoing protests have a tendency to make politicians re-think their policies.

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