

The Budget Deal and Neoliberalism: The U.S. and the South African Connection

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Capitalism has made good use of the world's two most prominent Black men. Barack Obama and Nelson Mandela served as the faces that defused Black opposition to the neoliberal agenda. "What mattered in South Africa in the 90s as it does in the U.S. today is a relatively stable environment in which state power is used to realize the interests of national and international capital."

It was a fitting historical coincidence that during the same week President Obama was in South Africa to pay tribute to Nelson Mandela, whose Presidency ushered in the South African turn to neoliberalism, a budget deal was brokered by the Republicans and Democrats that reflected the continued bipartisan commitment to neoliberal policies in the U.S.

Hammered out behind closed doors and presented as a done deal to the House of Representatives, the agreement reflected the agenda and demands of the corporate and financial oligarchy that Congressional representatives do what they were sent to Washington to do - ensure that economic and social policies conform to their interests and priorities.

Voted on and passed by the House without debate, questions from the public or opportunity for adjustments, the Senate dutifully followed, quickly passing the agreement that was then signed into law by President Obama from his holiday vacation retreat.

When the details of the deal began to emerge, it became obvious that the agreement was yet another frontal assault on the working class and the poor that has characterized state policies over the last three decades. For the millions of people knocked to their knees by the economic crisis created by the robber barons of finance capital, the neoliberal fiscal priorities of the budget obliterated any hope that they would get relief from the insecurities and fears of living in an economy that seems aligned against them.

Not only was there no plan to use the power of the state to create or stimulate jobs, but the Christmas gift to the 1.3 million long-term unemployed left out of the deal was the elimination of their unemployment benefits on December 28.

The deal does not raise real revenue by closing tax loopholes for wealthy. It does not restore food stamps cuts for the 47 million receiving this assistance or cuts to Medicare and other vital public services like special education programs, Head Start and nearly \$2 billion slashed from housing aid.

And because the deal lacks mechanisms for raising revenues, it places the burden for

funding the deal squarely on the backs of working people by requiring federal workers to take another hit on their wages and benefits. This hit to federal workers is in addition to the increase in taxes that all workers experienced in January 2013 when the payroll tax cut was rescinded while the \$4 trillion in Bush tax cuts for the wealthy were allowed to continue for another decade.

Furthermore, while poll after poll demonstrated that the public was no longer in favor of costly military adventures around the world and wanted to see a reduction in military expenditures, Congressional representatives still increased military spending by \$20 billion.

This is neoliberal democracy at its best – no discussion, no debate, vote and leave town after setting policies that continue the deliberate and massive transfer of wealth from America’s working people to the financial and corporate oligarchy.

Obama, the quintessential neoliberal technocrat, calls these kinds of agreements “compromises.” But Obama’s calls for compromise have always really been a call for class surrender and abrogating the right to resist. His demagoguery masterfully obscures the class interests of the bipartisan elite agenda that underpin legislative agreements and the fact that the interests of working people and the poor are the interests usually compromised in those agreements.

His success as the “commander-in-chief” of demobilization has meant that a broad-based movement to oppose the neoliberal agenda never developed beyond the attempt by the Occupy Wall Street movement. And even though the Occupy movement was repressed by the coordinated efforts of Obama’ Department of Homeland Security, Obama escaped direct criticism. Tragically however, Obama’s success at defusing political opposition has come at a particularly high price for African Americans whose plight as a result of the capitalist implosion of 2008 normally would have generated intense political opposition.

African Americans have experienced Depression-level deprivations with astronomical youth unemployment ranging from 40-60 percent in some urban areas and a real adult unemployment rate of more than 25 percent. Single African American women with children who have lost eligibility for Temporary Assistance for Needy Families (TANF) make up the fastest growing population of the homeless. The older, largely African American urban centers like Newark, New Jersey, the South Side of Chicago and Cleveland are in crisis as a result of the disappearance of jobs, state and local level austerity plans and gentrification policies that are displacing the poor from urban cores across the country.

In Detroit, the majority African American government and public sector workforce was taken over by a white Republican governor who imposed state control over the city and forced it into bankruptcy with the likely loss of pensions and health care for the population of largely African American retirees. But despite these economic and social realities, the Obama effect – the reluctance to demand anything from the Obama administration – has meant that African Americans have not mobilized to secure through progressive social legislation any relief from the unending assaults on their ability to live a dignified life free from fear and social insecurity.

The deteriorating situation for poor and working-class people in the U.S. parallels that in South Africa, which in turn demonstrates the unfortunate similarities between Obama and Nelson Mandela. It is widely understood that no individual except Mandela could have

provided the political cover for the ANC to shift from a movement espousing the radical redistribution of economic resources and power from the white minority to the black majority, to a movement that essentially embraced neoliberal policies that would maintain white domination in every aspect of South African life.

And no one but the person of Nelson Mandela could have defused broad-based opposition to the ANC's turn to neoliberalism during his presidency that saw black unemployment go from 16 percent to over 30 percent; average household income of the black population falling 19 percent and 50 percent of black South Africans earning just 9.7 percent of national income while the richest 20% of the white minority earned 65 percent.

In the U.S., Barack Obama did not usher in neoliberalism. The foundation for the U.S. turn to neoliberalism began in the 1970s under President Carter and was accelerated by the policies of Ronald Reagan in the '80s. Therefore, the role that Barack Obama would assume was not to institute neoliberalism but to give it a palatable face. He would be the front man in the effort to stabilize the capitalist crisis in 2008 brought on by unfettered neoliberalism. Similar to the script handed to Mandela and the ANC, Obama's role, however, was global. He was perfectly cast to adroitly dress up retrograde neoliberal economic, political and military policies on a global scale.

For the masters of international capital, the pigmentation of the skin is of little concern when it comes to their interests and is why they finally forced the recalcitrant Afrikaners to the negotiating table. What mattered in South Africa in the 90s as it does in the U.S. today is a relatively stable environment in which state power is used to realize the interests of national and international capital.

Toward that end, outside of the racial paranoia of the neo-fascist tea-party fringe in the U.S., the black face of Nelson Mandela in the 1990s or Barack Obama today, is not seen as a threat but an advantage, especially when those black faces in high places are committed to policies that will ensure the hegemony of the global capitalist, imperialist, patriarchal, white supremacist minority.

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