

The Coming Grand Bipartisan Bargain: “We’re All Neoliberals Now”

By [Shamus Cooke](#)

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After the U.S. government shutdown you’d expect Republicans and Democrats to remain at each others’ throats, so different was their vision for the country, or so it appeared. In reality, however, only a bit of the political theater was reserved for “Tea Party” Republicans to invest in their political future by denouncing Obamacare, which they know will enrage millions of people forced to buy shoddy corporate health care; many of these future victims of Obamacare will become diehard Teapartiers.

But the real intent behind the government shutdown was lost on the mute American media. The Republicans were once again allowed to use the threat of government default to steer the Obama administration to the right — the right-leaning tail wagging the dog of government in the direction of a “Grand Bargain” to cut “entitlement” programs such as Social Security, Medicare, and other public services. But like real dogs, government body and tail cannot be separated: the Democrats are allowing themselves to be “wagged” because they fully agree with the Republican’s neoliberal agenda.

The essence of neoliberalism can be reduced to the following: government should be used exclusively to help big business and the wealthy with tax cuts, subsidies, privatizations, anti-labor laws, etc., while all government programs that help working and poor people should be eliminated. It’s really that simple. In practice, Obama’s neoliberalism is blatant: after bailing out the banks he continues to approve of the printing of thousands of billions of Federal Reserve dollars to give to the wealthy and big banks who are racking in record profits, while the jobs crisis is ignored and public services slashed on a state by state level without hope of a government bailout.

Since Obama has been in office, a shocking 95 percent of income gains went to the richest 1%. This is not the blind hand of the free market, but government policy, which can be adjusted to reflect the priorities of working people. <http://blogs.wsj.com/economics/2013/09/10/some-95-of-2009-2012-income-gains-went-to-wealthiest-1/>

Obama dodges responsibility for his neoliberal policies by giving empty speeches about “hope” and whining about the very wealth inequality that he creates via policy. He gives speeches to labor unions about how it’s “unfair” that the rich just happen to be getting richer, while working people continue to suffer. Working people learned long ago to ignore Obama’s “progressive” blather, while the leaders of national unions drink in his words as if gulping from the Holy Grail.

The first steps of the coming Grand Bargain have already been taken: the “sequester” — massive cuts to national social programs including Medicare — have been extended as a

result of government shutdown “negotiations.” And now the media is casually reporting that a Grand Bargain that further “reduces entitlements” is inevitable, but it will be only a “small” bargain, so no need to worry.

The New York Times reports:

“Republicans on Capitol Hill are determined to mitigate those [military sequester] cuts by spreading them among various social programs, like education and Social Security...”

<http://www.nytimes.com/2013/10/20/us/lobbyists-ready-for-a-new-fight-on-us-spending.html?hp&r=0>

Obama has said several times that he’s more than prepared to use Social Security as a bargaining chip in his Grand Bargain.

<http://www.huffingtonpost.com/news/obama-chained-cpi>

At a time when more services are needed, they will be cut instead. Aside from the suffering it will cause millions of people, a “small” Grand Bargain will also create a precedent for even more “bargains” in the future, since the first step in creating negative social change is often the hardest, but once the foot is in the door the process accelerates.

Neoliberalism has already advanced on a state-by-state basis in the U.S., with Democrat and Republican governors in bi-partisan agreement that has drastically cut education and other social services, attacked the wages and benefits of state workers, while lowering the state taxes on the wealthy and corporations.

Large scale neoliberalism on a national level — like the coming Grand Bargain — is sometimes referred to as a “structural reform,” meaning that a major component of a nation’s economic policy is shifted, or eliminated.

For example, Social Security and Medicare are two bedrock social programs that constitute a major piece of U.S. budget spending, affecting hundreds of millions of people.

The attacks on Social Security, Medicare, and public education are neoliberal-style “structural reforms,” essentially a corporate attempt to change the underlying social compact of U.S. society that was created under Franklin D. Roosevelt and expanded under Lyndon Johnson’s “Great Society” programs.

How was the U.S. social compact formed? Like all social policy, it was a reflection of power, specifically the balance of forces between the corporate and working classes in the U.S. In the 1930s and 1940s, massive strike waves led to an ever-larger unionized workforce that repeatedly flexed its muscles by demanding living wages, health care, and other social programs.

These demands were backed up by waging mass demonstrations and industry-wide actions along with sympathy strikes. After WWII a third of the U.S. workforce was organized in labor unions, which shifted the entire labor market in favor of all working people, while also shifting the ground on which national social policy was created. A semblance of democracy was not possible without recognizing the demands of the powerfully organized working class.

When arch-conservative Richard Nixon famously declared “we’re all Keynesians now,” he was merely recognizing the balance of power that existed in the U.S. political system, and the unwillingness of the elites to challenge this social pact for fear of the destabilizing effects that would result.

This Keynesian consensus was essentially a truce declared in the U.S. class war, where the power of both sides — capital and labor — were balanced, both independently strong enough to repel attacks from the other. In response, Nixon’s economic policies make Obama seem like a right-wing neoliberal fanatic.

But while Nixon agreed to the Keynesian consensus at home, he gave his blessing to the radical right-wing economist Milton Friedman to “reform” the economy of Chile under the bloody dictator, Pinochet, whom the U.S. brought to power over the corpse of the democratically elected President Salvador Allende, as well as the thousands of his supporters who were butchered. Chile was essentially a neoliberal experiment that, if successful, would be transferred to the United States.

Due to the Keynesian consensus, Milton Friedman’s radical pro-corporate doctrine was at the time viewed as right-wing fanaticism, which it is. Now, however, with labor’s faltering power, the corporations feel confident enough to flex their muscles unhindered. To enhance their new power they needed an accompanying ideology — Friedman’s neoliberalism, free market capitalism unleashed.

Margaret Thatcher and Ronald Reagan’s “revolution” ushered in the neoliberal transformation of the U.S. after seeing the “success” of the Chilean economy. Chile successfully increased corporate profit rates by removing “barriers” to profits, such as trade unions, socialists, and any democratic voice that opposed the “restructuring” of the Chilean economy to reflect the interests of the rich, finally unshackled from the “constraints” of wealth accumulation. Reagan and Thatcher followed in lock-step, targeting unions for destruction, lowering tax rates for the rich, and preaching the virtue of neoliberal “trickle down” economics.

Implementing the neoliberal shock doctrine breaks the social contract and thus ends the truce of the class war. The first shots were fired by Reagan and the onslaught has continued under the two Bush’s as well as under Bill Clinton. The 2008 recession has pushed both parties to double down on neoliberalism as their solution to the ongoing economic crisis.

Naomi Klein’s book, “The Shock Doctrine,” tells in gruesome detail the brutality that has accompanied the “implementation” of neoliberal reforms across the globe over the last 30 years. And while the U.S. has slow played this process since 2008, U.S. politicians are slated to follow the example of the European Union elites by accelerating the cuts on a national level.

The labor and community groups that have tried to deal with the corporate attack by hiding from it still have time to unite their forces to fight for full funding for a national jobs program, expanded Social Security, Medicare for all, accessible, quality public education, and other public services, all to be paid for by taxing the rich and corporations.

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Articles by: [Shamus Cooke](#)

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