

Political Report to the United Front Against Austerity

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Over the next several months, the Wall Street ruling class and its controlled politicians in the Republican and Democratic parties will attempt to inflict a series of savage and brutal austerity measures on the American people – measures which will add up to the initiation of domestic genocide on an unprecedented scale. This will occur irrespective of whether Obama or Romney has won the November presidential election.

The reason we are gathered here is to hammer out a strategy to attack, harass, disrupt, and defeat the forces of austerity, and – by breaking the power of the Wall Street financiers, the hated 1% – to prepare the political ground for an economic recovery program.

THE FISCAL CLIFF IS A BIG LIE

You have heard the buzz words of this austerity campaign. We are told that we are approaching a horrendous fiscal cliff which must be addressed during the lame-duck session of Congress. In reality, there is no fiscal cliff – it is a myth invented by reactionaries and proto-fascists. The lame-duck session suits Wall Street because many congressmen will be defeated or retiring, and looking to Wall Street for future jobs and lucrative consultancies. We are told we need a Grand Bargain. In reality, the Grand Bargain will be orders of magnitude worse than the Satan sandwich embraced by Obama and the Republicans in August 2011, on the brink of a totally unnecessary US national bankruptcy.

While many victims of the current system fix their attention on the presidential contest, the preparations for murderous austerity are in full swing behind the scenes in Washington. Leading the charge is the so-called Gang of Eight in the United States Senate, more accurately known as the Crapo Commission in honor of Republican Senator Mike Crapo of Idaho, the reactionary Mormon who is one of its leading figures. Other gangsters of the Gang of Eight include Saxby Chambliss of Georgia, Lamar Alexander of the prison industrial complex, and Dick Durbin of the corrupt Illinois bipartisan combine. These political gangsters are now colluding with Obama to shred the economic rights acquired by the American people over centuries of political, labor, and civil rights struggles.

Backing up the Gang of Eight is the so-called Simpson-Bowles commission, known more accurately as the Catfood Commission, since this is what senior citizens will be reduced to living on if their demands go through. Former Senator Alan Simpson of Wyoming is a decrepit misanthrope who has left little doubt that he thinks senior citizens should be exterminated to relieve the pressures on the federal budget and open the door to bigger and better bailouts of the Wall Street zombie banks in the near future. Erskine Bowles is a former Morgan Stanley zombie banker himself who joined with Newt Gingrich to wreck Social Security during the second Clinton administration when he was White House Chief of Staff, and would have succeeded – until Miss Lewinsky came along.

WALL STREET AUSTERITY GHOULS RUN WILD

Halloween will soon be upon us, and the austerity ghouls are running wild in the Witches' Sabbath of class warfare against working people. The Satanic orchestrator of much of this has over recent decades been Peter Peterson, the former head of Lehman Brothers, the bank whose orgy of derivatives speculation blew apart the world banking system four years ago. But, against all evidence, Peterson and the Wall Street faction he speaks for continue to argue that the current depression has been caused by excessive spending on entitlements and the social safety net, and not

by hot money speculation, derivatives, and hedge funds – which is what actually happened four years ago.

These are the forces with whom Obama has said he is “eager” to reach a grand bargain on the backs of the American people.

These will be killer cuts, following on years of bipartisan gouging, chiseling, and shredding. Manual laborers will have to work many extra years before they can get their pensions. The cost of living mechanism will be tampered with to guarantee that monthly benefits for retirees will dwindle rapidly over coming years. Be it by a death panel or by the alleged “market,” Medicare will be rationed and denied. Medicaid will be block granted to the states, meaning that more and more middle-class families will be pauperized by the costs of keeping their aged relatives in nursing homes. Unemployment benefits are already paying for fewer and fewer weeks, and the Ninety-Niners have been betrayed and forgotten. Pell Grants, the only way low-income kids can hope to attend college, will be on the chopping block. Child nutrition programs like WIC and school lunches will also be targeted. Both parties are targeting food stamps, the only remaining program keeping 50 million Americans alive – Americans who have no job, no unemployment benefits, no Welfare (Clinton ended Welfare in 1996), and no healthcare. If food stamps are cut, some of these people will die.

In the real world, between 30 and 40 million Americans who want and need to work have no jobs. Republicans and Democrats are cooperating to break the back of what remains of the labor movement. Romney and Ryan demand that all states be forced to institute union-busting right-to-work laws, of the kind that have just been rammed through by Governor Mitch Daniels of Indiana. Obama’s approach to union-busting is more complex: along with education Secretary Arnie Duncan, he has focused on busting the American Federation of Teachers, as for example in the recent Chicago teachers’ strike. The goal of both parties, backed up by Bill Gates, Eli Broad, and other 1%ers, is to privatize and asset strip the public school systems of the United States, taking us back centuries to a time when schooling was the prerogative of the wealthy. Obama calculates that, since public workers are the vanguard of today’s union movement, and since teachers are the strongest of the public workers unions, smashing the teachers union will prepare the ultimate demise of labor in this country. We should add that Obama’s much touted program for General Motors and Chrysler rescued the holders of bonds and derivatives, by forcing the once mighty United Auto Workers to reduce wages and benefits to the abysmal levels of the right to work sweatshop plants in the southern states.

BEYOND THE TWO PARTY SYSTEM

The two-party system has obviously become an intolerable straitjacket for the political expression of the American people. It is now necessary to create a mass movement outside of the two parties, a mass movement at least strong enough to destabilize the existing power combinations in the direction of constructive and radical reform. Each party is a colossus with feet of clay. The Republican Party is demographically doomed because its core constituency of white men is dwindling as a proportion of the society. The Democratic Party is increasingly a loose congeries of parochial interest groups, held together only by support of the New Deal reforms. If Obama wins the election, the Republican Party could well dwindle to a regional party of racists and reactionaries in the deep South. In that case, the Democratic Party might split into a Wall Street faction led by Obama and a populist faction around Sherrod Brown, Kaptur, Defazio, and others.

If Romney becomes president, the Republicans will attempt to impose a permanent plutocratic austerity dictatorship. This will involve a restriction of the franchise by voter ID laws, by repeated purges of the voting rolls, by limiting the hours of voting, and by harassment and intimidation. Citizens United has opened the door to plutocratic and oligarchical domination of elections. If Romney can name one or two Supreme Court justices of the Scalia type, the way will be clear for such a permanent dictatorship, most likely fronted by the Republican Party. Naturally, such a low-wage sweatshop economy with no public education, declining rates of college attendance, no child labor laws, and a general atmosphere of Dickensian cruelty will not be able to compete with China and others. But the thoroughly incompetent US ruling class is unable to see beyond the prospect of short-term gain. Replacing this incompetent ruling class is perhaps the greatest historical necessity of all.

A MASS MOVEMENT BUILT AROUND ECONOMIC DEMANDS

The required mass movement must be built on the most basic issues of economic survival. We learned in the 1960s and 1970s that a foreign war, unless the casualties mount to the millions, cannot be the basis for a movement able to contend for power. We learned during the last decade that even a foreign war combined with mass skepticism about a false flag operation is also inadequate to the task. Process reforms like campaign finance limitations will appeal to the good government wing of the petit bourgeoisie, but this is also not enough. Only the bedrock life or death issues of individual and family survival can impel working people to enter the political fray with all its risks.

UNION BUSTING AND DRASTIC AUSTERITY ARE THE ESSENCE OF FASCISM

So far there are no black shirted or brown shirted storm troopers in American streets, and thus no classical Central European fascist movement, but this is beside the point. In a country with an entrenched tradition of elections and representative government, and a country which is so far not reeling from millions of war dead on the scale of World War I, fascism will inevitably look different in modern America, but the essence is likely to be the same. **The top priority for both Mussolini and Hitler was to smash the trade union movement**, and this is something the United States is well on its way to achieving by more gradual means. And then came the austerity. In Fascist Italy, the Mussolini regime reduced wages between 1927 and 1935 by 60% to 75%, even as the cost of living was rising by 30%. In Nazi Germany, Hitler cut wages in his first 2 ½ years in power after 1933 by 25% to 40%. Taxes and special contributions skimmed off another 20% to 30%. So, cutting the standard of living of working people by two thirds to three quarters appears as one of the essential features of fascism. Union busting and austerity are fascism. We are here to fight that fascism.

AUSTERITY PSYCHOSIS GAVE HITLER VICTORY

We must also recall that it was austerity that gave Hitler political victory. Anton Erlekenz was a moderate trade union official who campaigned against the austerity psychosis in Germany in 1930-1932, before Hitler seized power. He saw clearly that as long as millions remained unemployed, the struggle against fascist ideology, no matter how well intended and executed, was hopeless and doomed. Only by replacing austerity with the recovery program and creating millions of jobs could fascism be defeated.

If a democratic government in Germany had forced the central bank to issue several billion marks of long-term, low-interest credit – as demanded by the trade unionist Woytinsky and the civil servant Lautenbach – the autobahns and superhighways could have been started in 1931 and 1932, putting millions of unemployed back to work. The loss of millions of desperate supporters could have cut Hitler off at the knees. Such a policy might have meant no Nazi dictatorship, and no World War II in Europe. In the era of nuclear weapons, we are playing for even bigger stakes today.

The democratic forms of representative government in this country cannot and will not survive very long in the face of 30 to 40 million unemployed.

BREAK OUT OF THE THREE-STEP PROCESS OF DEPRESSION, DICTATORSHIP, WORLD WAR

Another word for austerity was and still is **deflation**, and Erlekenz was right to say that if you want to stop fascism you must “put an end to deflation, this immense destruction of labor, economic value, and capital.” No polemics against fascist ideology, no matter how brilliant, would do the job. No denunciation of fascist crimes, however graphic, could win the argument against the hunger and despair coming from unemployment.

In the 1930s, and they are relevant because we are now in a similar depression, the world was caught in a three step process of economic depression, totalitarian dictatorship, and world war. The totalitarian dictatorship grew out of the collapse of representative government and also of older authoritarian regimes. And the world war grew out of depression scarcity as reflected through the inner dynamics of the totalitarian governments.

The three phases are never neatly divided, but it ought to be clear today that we are well into a depression, with forms of totalitarian rule multiplying all around us, and clear rumblings of new international conflicts soon to come. So what do we do?

We must deal with depression levels of unemployment before the totalitarian dictatorship is fully realized, since under those conditions organized political action may become virtually impossible. We need to make sure that we supplement whatever we and our organizations have been doing so far with **a high priority struggle for economic recovery and the creation of 30 to 40 million good jobs**. Otherwise, nothing else will matter.

But the crisis around us appears in outrageous, excruciating, heart-rending, and terrifying forms every day. Americans are being intimidated, starved, looted, exploited, abandoned, expropriated, harassed, beaten, jailed, framed-up, and simply murdered by Wall Street and its captive politicians, intelligence agencies, and police. We need to denounce these situations and focus public attention on them. But, if we tried to organize around each of these situations in its own terms, our limited forces would be dispersed and lost in the swirling currents of political and social chaos and breakdown. We need to proceed from a strategy of our own.

ATTACK THE WEAK POINT ON WALL STREET'S DEATH STAR

Responding to enemy attacks is not a strategy – in fact, it amounts to letting the enemy impose his will on us. Our task is to determine the single most vulnerable point in the enemy's deployment, and concentrate all our efforts there. We need to find and attack the weak point on Wall Street's Death Star.

Wall Street is determined to dismantle the economic rights of the American people, and reduce them to paupers. Two thirds to three quarters to four fifths of the American people – across all divisions of race, gender, age, geography, and other factors – want to maintain their hard-won economic rights. Surely this is the vulnerable point in the deployment of Republicans and Democrats as they strive to carry out the Wall Street program.

The obvious need therefore is to create **a national and international mass movement to oppose austerity, break the power of Wall Street, and carry out the revolutionary economic reforms** which alone can usher in a broad-based recovery and full employment.

But, all around us, the opposite seems to be happening. Today, radical or anti-establishment politics of all stripes appears as a shambles in this country. We need to survey the wreckage briefly in order to remind ourselves what has failed and what we must not imitate.

A LANDSCAPE OF FAILED MOVEMENTS

Obama has failed. His messianic and utopian rhetoric of 2007-8 stands revealed as a colossal con job, and some of us tried to point this out in useful time. 2008 was potentially the moment to launch the long-awaited second New Deal, but Obama's job was to make sure that potential was aborted. Obama has functioned as a Wall Street puppet, motivated by a neoliberal ideology which he seems to sincerely believe. Obama has declared himself "eager" to reach a grand bargain for austerity with the reactionary Republicans, at the expense of the American people. The lesson: don't fall for the demagoguery of politicians from either of the two Wall Street parties.

The current phase of mass resistance to austerity started in Wisconsin, but thanks to Obama, the model of statewide labor struggles typified by Wisconsin has also fallen short. The initial Wisconsin upsurge of February 2011 was magnificent, and marked the return of the mass strike to the United States after decades of labor rout. It was truly a general strike shutting down an entire state. But the treacherous Democratic Party immediately dumped all demands on wages and benefits, focusing only on representation – good for trade union bureaucrats, not so good for beleaguered workers. The successive efforts to recall Republican state legislators and the fascist Governor Walker himself were proportionally the greatest petitioning effort in the history of the United States. But all this immense labor was aborted by a failed Democratic Party hack, Tom Barrett of Milwaukee, who refused to campaign for the rights of state workers, and who dragged the entire effort down to defeat. Obama had promised to join the picket line if worker rights were under attack, but he never appeared – nor did Biden, nor Eric

Holder, nor Labor Secretary Hilda Solis. Obama cares about Obama, not the workers of Wisconsin.

Occupy Wall Street has also failed, as their one year anniversary flop underlined. Occupy Wall Street was pervasively under the influence of some very fishy characters from Adbusters Magazine of Canada, a descendent of NATO's Situationist International deployed against President Charles de Gaulle of France. The Occupy Wall Street program was to camp in the park, as Bill Maher has pointed out. The apparatus of the general assembly, consensus, facilitators, and mindless repetition was a straitjacket from which Occupy never emerged. It was New York City unions – the Transport Workers, the Communications Workers, and the United Federation of Teachers – which put Occupy on the map, but Occupy never seriously raised any demands whatsoever that would have benefited other groups in society. Occupy never fought for labor, women, blacks, Hispanics, farmers, soldiers, or anyone else, so when the police came there was nobody to fight for Occupy. Most insidious was the mindless doctrine that demands, organization, and leaders were bad in themselves. As Frederick Douglass wisely remarked, **“Power concedes nothing without a demand.”** Demands represent the goals and identity of the movement, and they are simply indispensable, as the debacle of Occupy should have taught us all by now. Without organization, impotence and defeat are certain. Without tested leadership worthy of confidence, the result is a leaderless group, the plaything of media and provocateurs. The defining moment for Occupy came when a creepy facilitator in Atlanta, backed up by his anarchist fund raisers, turned away Congressman John Lewis, a hero of the civil rights movement, who had come to offer the support of the black community. Such criminal stupidity can never be allowed again.

Libertarianism, especially of the Ron Paul variety, has also failed. Libertarianism is frequently based on the Russian fascist author Ayn Rand, who is the idol of vice presidential contender Paul Ryan. Libertarian economics comes from von Hayek and von Mises, both of them financed by David Rockefeller of the Trilateral Commission. The current libertarian movement starts with the Mount Pelerin Society of 1947, sponsored by the right-wing CIA and European feudal aristocrats. Libertarianism has been spread by ultra-reactionary donors establishing endowed chairs at universities or think tanks – the relation of the Koch brothers to the Cato Institute tells the tale.

Until recently the top libertarian was reactionary Texas congressman Ron Paul, who used the gullibility of the now defunct 9/11 truth movement to build a mailing list and a national organization, even though Paul was always hostile to 9/11 truth. He voted for the Afghanistan war and all the dictatorial measures that has entailed. Ron Paul has proposed the most genocidal austerity of them all – \$1 trillion in killer cuts immediately, including a 63% cut in the food stamp program which keeps 50 million Americans alive from day to day. This is nothing short of a demand for massive genocide against the American people – a Nuremberg crime if there ever was one.

The entire Ron Paul campaign was a tentacle of Mitt Romney's presidential effort. Ron Paul was Romney's right wing man, ensuring the defeat of Santorum and other creatures, and funded with millions of dollars from an anarcho-capitalist Peter Thiel, a leader of the “young wolf” faction of the Bilderberg Group. **Lesson: libertarianism is in operation run by Wall Street. Another lesson: steer clear of the two parties if you have any brains at all.**

Thanks to Obama, the peace movement has failed. Many who opposed the Afghan and Iraq wars are now warmongers for Obama, applauding the bombing of Libya, and calling for US military intervention against Syria, which of course means against Iran. The 9/11 truth movement is long gone, and other movements have not fared any better.

If we look abroad, the situation is no better, with one significant exception. The much touted Spanish indignados are still incapable of mounting a political and programmatic challenge to the fascist Rajoy and his Lehman Brothers Finance Minister.

TRAGIC VOID AT THE CENTER OF US ANTI-ESTABLISHMENT POLITICS

Occupy has collapsed. Ron Paul has collapsed. The peace movement and protest movements of the 00's have collapsed. The result is a tragic void at the center of American politics – just when the American people are looking for a way to defend themselves against the bipartisan austerity assault. The task of the United Front Against Austerity is to fill that void as rapidly as possible.

Since there exists no single organization that one could simply join and begin to fill the bill, we need to use the time-tested method of the United Front, as it has evolved from over a century of labor struggles. We need not look far afield for examples of what to do. In the last days of his life, Dr. Martin Luther King had a strategic conception calling for the unification of the civil rights movement, the movement against the war in Vietnam, and the labor movement – this is why he attached such importance to the strike of black garbage men in Memphis.

SYRIZA OF GREECE: THE EXAMPLE FOR SUCCESS

As we survey the world of 2012, the one bright spot is Greece, where the Syriza bloc has rocketed from 4% of the vote to 27% of the vote, going from insignificance to the status of the main opposition party in just a few months, under conditions of extreme austerity dictated by the troika of International Monetary Fund, European Central Bank, and European Commission. Syriza is an excellent example of what we must generally accomplish in the United States in the next few months.

Syriza has grown thanks to four necessary ingredients – **organization, strategy, leadership, and program**. Notice that Occupy has been telling you that all of these elements are bad. Let us examine them one by one.

As for **organization**, Syriza started from a situation of extreme fragmentation and impotence of anti-austerity forces. This was especially because so many unions and groups are controlled by the Socialist International, meaning that they had to support the Papandreou government, who were the ones implementing the austerity. More than a dozen general strikes had not stopped the killer cuts.

Syriza started as a united front of more than a dozen smaller organizations who decided to make common cause around the program. These were political parties, splinter parties, sects, groups, grouplets, political organizations, and the like. Alone, each one counted for nothing. United, they reached the critical mass necessary to be taken seriously.

Then there was **strategy**. Syriza was adamant that it would under no circumstances support austerity cuts against Greek working people. It would not lend its support or its votes in the parliament to a government carrying out austerity. This allowed the Greeks to recognize that Syriza was fundamentally different from the reactionaries of New Democracy, the Papandreou socialists, or other contenders. We need to apply the same principles here. The United Front Against Austerity must be based on the bedrock refusal of any and all layoffs, firings, wage cuts, cuts in social services, of any and all forms at the expense of the American people.

WHO WILL PAY FOR THE DEPRESSION? WORKING PEOPLE OR WALL STREET

Since we are in a depression, the main political question is, Who Will Pay for This Depression? The Wall Street parasites demand that the cost of the depression they have created be shifted to working people. The United Front Against Austerity demands instead that Wall Street pay the cost of the depression it has created. All strategy flows from this simple idea.

Then comes **leadership**. Syriza benefited from a group of sophisticated and intelligent political cadre who had learned the necessary lessons from the post-2007 European banking crisis. Most prominent among them is Alexis Tsipras, who was born in 1974, just as the NATO backed dictatorship of Papadopoulos and the other Greek colonels was collapsing. Tsipras and his co-thinkers get credit for leading Syriza from 4% to 27%, and assuming the leadership of the opposition. Unlike the narrow chauvinism of so many European anti-establishment leaders, Tsipras has also understood the need to organize internationally from the get-go. During the last week of the election campaign, Tsipras visited Paris, where, under his influence, the leftist leader Melenchon rightly began talking about the need for a common struggle against the European Central Bank. In Berlin, Tsipras met with some leaders of Die Linke, the German leftist party, and the result was a joint European program of Die Linke and Syriza which has many valid elements. This is what serious politics looks like.

The French leftists and Die Linke are not ideal partners, but let us remember: you don't go into the mass strike with the revolutionary party you'd like to have; you have to do it with the political forces you actually have.

The question of leadership is posed in the United States in a very acute form. If the leadership of any movement turns out to be Noam Chomsky and Michael Moore, with Amy Goodman providing the news reporting, that movement is doomed.

Finally, there is the most important ingredient of all – **program**, the one you actually start with, and which determines the rest. Syriza began with the categorical rejection of austerity for working people, be it in the form of wage cuts, firings, layoffs, tax increases, benefit cuts, service cuts, user fees or any other. Government workers and other workers who had been fired in the austerity campaign would have to be rehired immediately, with no loss of seniority

A second point was the rollback of repressive anti-union, anti-worker, and anti-collective-bargaining measures imposed in the framework of austerity. This would apply to the union busting assaults successfully carried out in Indiana, beaten back for the moment in Ohio, and still pending in Wisconsin and many other states.

A third point involved social and economic democracy. Much of this is specific to Greece, and need not be detailed here. In the United States, it is clear that police brutality, which has long targeted the black, Hispanic, and labor communities, is now being extended to middle-class protesters. The mass incarceration of black men and others, combined with the prison industrial complex, is creating a slave labor sector of the US economy which looks more and more like the concentration camps run by the Nazi SS. Part of the problem derives from the perversion of the war on drugs. This has become a war against the black and the poor, and it must be halted. The reality of the drug plague is that the CIA runs the drugs, and Wall Street launders the proceeds. We need to fight the CIA and Wall Street, and stop scapegoating the American people.

A fourth point in the Syriza program is that bankers who have committed felonies must go to jail. This stands in sharp contrast to the Obama administration, which has so far refused to bring any criminal indictments against the zombie bankers and hedge fund hyenas who created the world derivatives bubble and panic of 2007-8, and who have continued these activities ever since.

The fifth and final point of the Syriza platform is that illegitimate debts which have been contracted by corrupt politicians or sociopathic bankers and executives must yield in every case to the need of the Greek people for survival. This point specifies that if certain categories of international financial debt are found to be oppressive for the Greek people, they can and will be subject to a debt freeze or debt moratorium, meaning a halt in all payments of interest and principal. The debt moratorium has been a key element in the economic self-defense strategies of nations like Mexico in the early 1980s, Brazil in the 1990s, and Argentina after 2000. It is the legitimate assertion of national sovereignty and paramount national interest against the predatory international banking system led by the IMF and World Bank.

The leading role currently played by Greece could have been assumed two years earlier by Iceland, where the excesses of the zombie bankers had caused a general political crisis and mass strike movement in 2008-2009. By October 2009, key leaders of The Movement, the political formation which had emerged from months of demonstrations, were beginning to raise the demand for a debt moratorium in the Icelandic parliament. But, before long, the clever operative Julian Assange blew into town and convinced The Movement to turn away from the debt moratorium and instead join in his limited hangout operation inspired by Langley. As a result, Iceland never has declared a debt moratorium, and the value of its currency has shrunk by one half. Unfortunately, the standard of living in Iceland has also shrunk by about one half, and the Socialist International Prime Minister who still holds power in Reykjavík is still scheming about how to pay the debt.

NO GREXIT FROM EURO, BUT EUROPE-WIDE FIGHT TO SEIZE ECB

Syriza is quite correct to stay inside the euro and build a European wide coalition against the ECB. The entire euro crisis is really a crisis of the European zombie banks, created in turn by London and Wall Street as a means of exporting the depression to Europe and relieving pressure on the US dollar. The euro resembles a wartime convoy in which stragglers who fall behind will inevitably be destroyed by wolf packs of hedge funds. Greece is looking forward to probable early elections in the spring of 2013, and we must do everything possible to support Syriza as they march towards power. They are currently the vanguard of the entire worldwide movement.

THE SIGNATURE DEMAND: THE 1% WALL STREET SALES TAX

Here in the United States, the signature demand of the United Front Against Austerity – the leading edge of our agitation – must be the **1% Wall Street Sales Tax**, which grows organically out of every demand for the maintenance of public services and the social safety net, and out of every strike by public employees fighting for their own survival. The social safety net must be maintained and public employees must keep their jobs. When the reactionaries ask how this can be paid for, the answer is in every case the Wall Street sales tax.

The Wall Street sales tax has also been called the Tobin tax, the financial transfer tax, the securities transfer tax, or the Robin Hood tax. It should be called the Wall Street sales tax because this is the name that expresses most clearly what is being demanded. Quirky names like Robin Hood tax appear designed to fail.

The fiscal problems of the United States are largely due to the fact that Wall Street pays no taxes. Like the nobility in France before the French Revolution of 1789, the zombie bankers and hedge fund hyenas do not contribute to the public treasury. The total turnover in terms of buying and selling of securities, including stocks, bonds, and derivatives on US exchanges is surely in excess of five quadrillion dollars (5,000 trillion dollars). A 1% tax on this turnover, equally divided between the federal government and the states, largely solves the budget deficit at all levels of government. It also discourages the most dangerous forms of speculation, especially derivatives speculation, and helps to level the playing field between financial services – which are now in effect subsidized because they are not taxed – and the tangible, physical production of manufactured goods on which our economic survival depends.

A small federal tax on securities transfer was in effect until the Johnson administration. Here in New York State, a small transfer tax remains on the books, but the \$20 to \$30 billion yearly proceeds are being remitted to the zombie banks as a result of successful Wall Street extortion starting with Governor Hugh Carey. The Wall Street sales tax is very much in the mainstream. It has been nominally endorsed by the AFL-CIO, and has been vigorously supported by National Nurses United, one of the most militant and intelligent trade unions in the country. It is endorsed by the European Trade Union Confederation, the International Metal Workers Federation, and other leading institutions. The governments of Germany and France are in the process of instituting such a tax, although they also want to misdirect the proceeds. Opposition to this tax has been centered in Wall Street and the city of London.

The restoration of the Glass-Steagall Act is sometimes proposed as the leading edge of education in the current phase. The Glass-Steagall Act represents a necessary reform, but it is also a process reform inherently unsuited to be the centerpiece of mass action. Working families urgently need jobs, unemployment benefits, defense against foreclosures, student loan amnesty, access to Medicare, food stamps, and the like. The Wall Street sales tax is naturally paired with each of these demands as the means of paying for them. We should avoid Glass-Steagall fetishism, which presents the separation of commercial banking from investment banking and insurance as a kind of universal panacea.

The labor movement in Wisconsin, Ohio, Indiana, Michigan, and everywhere else needs the Wall Street sales tax as a principal weapon to put the pro-austerity union-busting forces on the defensive. When the average person realizes that, while individuals pay sales tax on necessities like clothing and often even food, while Wall Street pays nothing on flash trading and high frequency trading, the result is a powerful indignation which can be the key to the large-scale political transformation we need.

NO CUTS

The most basic anti-austerity demand which must be advanced everywhere is that there must be no cuts in wages, benefits, social services, public services the social safety net, and related payments to working people. There must be no layoffs, no firings, no downsizing, no outsourcing, no off-shoring. There must be no tax increases or user fees for working people. This is the pledge which political candidates must sign, starting with Obama.

We propose a series of related anti-austerity demands for immediate educational use, each of which reflects the general principle of making Wall Street pay for the depression which the plutocrats have produced.

STUDENT LOAN AMNESTY

Students and young people are being crushed by a burden of \$1 trillion in student loan debt. This debt is illegitimate, since it reflects the success of US corporations in making working families pay to train the labor whose economic benefits will then be harvested by these firms. Student loan debt is now interfering with the normal progression of human life itself. This makes it less and less possible for young people to secure an apartment of their own, to get married, have children, and to pursue advanced degrees or professional training. Even Defense Secretary Panetta is now complaining that the fear of student loan debt now looms larger than the stress of combat for military personnel. Here is a classic example where the demands of debt collide head-on with the demands of human society.

We demand an immediate comprehensive student loan freeze, meaning a total halt to all payments on interest and principal for at least five years or for the duration of the world economic depression, whichever lasts longer. At the end of this time, the issue of his student loan debt can be re-examined, with a view to instituting a complete amnesty or cancellation. A provision of this type should have been instituted in the Bush-Obama TARP legislation, and should have been made a precondition for financial institutions drawing on the \$26 trillion, 0% interest line of credit made available by the Federal Reserve. The student loan amnesty can therefore be considered as Wall Street's thank you for the younger generation.

STOP ALL FORECLOSURES

Another area where the machinery of debt collection is interfering more and more with the requirements of human life and human society is the foreclosure crisis. Three to four million American families are being kicked out of their homes each year by the zombie bankers as a result of a financial panic created not by subprime mortgages, but rather by the Collateralized Debt Obligations and Credit Default Swaps which were permitted on top of these mortgages by the bankers themselves. These subprime mortgages with a result of fraudulent marketing, and the foreclosures frequently involve robo-signers, robo-judges, and other obvious political corruption, which the Obama-Holder Justice Department is eager to ignore.

NEW FRAZIER-LEMKE ACT

The only answer to this chaotic situation is an immediate and uniform federal law outlawing all foreclosures on primary residences for five years or the duration of the depression, which ever lasts longer. The model should be the Frazier-Lemke Act of 1934, which prevented banks from foreclosing on homes and farms if the owner could get a payment plan agreed to by any court at any level. This is another requirement which should have been built into the TARP, and which also should have been attached to the cheap federal credit made available by the Federal Reserve to financial institutions. As for the Collateralized Debt Obligations and Credit Default Swaps, there is a growing consensus that these extremely dangerous forms of derivatives need to be outlawed.

MEDICARE FOR ALL

About 50 million Americans currently have no health insurance, and many of them have no access to medical care. All Americans must immediately be given access to the Medicare program, one of the most successful federal programs of all time, which has been instrumental in lowering the levels of morbidity and mortality among senior citizens, thereby saving and prolonging millions upon millions of lives. Those who can afford to pay can contribute \$100 a month towards this coverage, which is comparable to the current fee. Those who are unemployed or destitute must be given free access, with no person turned away.

The terminology of **Medicare for All** is decisive. Very few people understand the slogan of single-payer, and even fewer know the difference between single-payer and the public option, whatever the latter might be. But the vast majority of the American people can immediately understand Medicare for All, reflecting the broad popularity of this program which three quarters to four fifths of Americans do not want to see cut.

Obamacare is largely concerned with bailing out insurance companies bankrupted by their own derivative speculation through ensuring them a permanent cash flow. The most sinister feature of Obamacare is the

rationing board which decides which life-saving technologies can be used and who is to be excluded. The only way a civilized nation can save money on health care is by finding cures to heart disease, cancer, Alzheimer's, and other dread diseases. This requires a massive investment in biomedical research, meaning an effort on the scale of the Manhattan Project in World War II. As diseases are cured, costs can be humanely reduced. In order to guarantee that medical care will be available, the United States will need to train approximately 250,000 doctors and specialists over the next few years. We will also need to build about 1,000 modern hospitals to replace the ones shut down by privatizers and looters over the last quarter-century.

JOBLESS BENEFITS FOR 99ERS AND BEYOND

Wall Street is responsible for this depression, and not American working people. Unemployment benefits represent an economic right, and must not be reduced in the way that Obama and the reactionary Republicans have been colluding to do. Those who have exhausted their unemployment benefits, including the so-called 99ers, must be given immediate assistance. Unemployment benefits must be made open ended, for the duration of the current depression.

10% NATIONAL USURY LAW

American working families are currently crushed by over \$1 trillion of high interest consumer and credit card debt. Before the tenure of Paul Adolf Volcker at the Federal Reserve during the Carter and Reagan administrations, most states had usury laws which limited interest payments to 10% per year. Those laws were phased out because of Volcker's 21% prime rate. This has resulted in the current plague of high interest payday lenders who prey upon the most vulnerable working people. We urgently require a federal law to put a 10% ceiling on all interest rates. If necessary, this can be implemented under the Defense Production Act and motivated by the current multiple national emergencies.

MINIMUM WAGE AND LIVING WAGE

By reducing the amount of national income absorbed by high-interest speculation, resources will become available to begin raising the standard of living of the American people. The federal minimum wage, at its highest point in 1968, reached the equivalent of about \$11 in today's money. Obama has done nothing on this front, including when he had a Democratic majority in Congress. Accordingly, it is time to raise the federal minimum wage from the current \$7.25 per hour to \$11, as a first step towards further increases in the near future.

RESTORE FOOD STAMP BENEFITS

The 50 million Americans who currently survive on food stamps (SNAP) generally have no jobs, no unemployment benefits, no healthcare, and no Welfare payments, and are entirely dependent on this program. With increases in food prices due to financial speculation, the food stamp benefits have been increasingly eroded. The food stamp program must include a cost-of-living escalator to allow these payments to offset the effects of price inflation. In addition, the food stamp benefits must be increased to a level adequate for the well-being of recipients, as determined by the most modern nutritional science.

The measures detailed so far represent the urgent defense of our greatest national resource, the qualified labor power of the US workforce. Beyond this, we must demand policies which can set in motion an economic recovery with the creation of at least 30 million new productive jobs.

SEIZE AND NATIONALIZE THE FEDERAL RESERVE SYSTEM

How can the necessary economic recovery be financed? It is clear that the zombie bankers cannot do this, since these banks are derelicts, bankrupted by the masses of kited derivatives they hold. The zombie banks absorb the resources, drive up the price of food and gasoline through speculation, collect exorbitant fees, and otherwise parasitize the economy. The zombie banks need to be put through Chapter 7 bankruptcy proceedings, with all of their derivatives wiped out in the process.

Paul Krugman and other Keynesians propose an economic recovery financed exclusively through the federal budget. Our objection to this method has nothing to do with the reactionary Republican demagoguery about deficits and debt. Alexander Hamilton pointed out that a funded national debt, provided it is not excessive, is actually an advantage to a modern nation. But the measures we have already proposed, even with the help of the Wall Street sales tax, will represent a significant expansion in federal spending. A sustained economic recovery requires a source of credit which cannot be the zombie banks and which should not be the federal budget, given the urgent competing claims on the resources of the US Treasury.

The obvious source of financing for the US economic recovery is the Federal Reserve System. In the 2008 financial panic, the Federal Reserve made available approximately \$27 trillion in credit. But only financial institutions were eligible for these loans. To get a 0% loan from the Fed, you had to be a bank, a money market fund, a credit card company, or some other kind of financial service. Some loans were made available as monetary stimulus, such as QE I, II, and III. Other loans were made as a credit stimulus, including the Term Auction Facility (TAF), Term Asset-Backed Securities Loan Facility (TALF), Primary Dealer Credit Facility (PDCF), Term Securities Lending Facility (TSLF), and others.

These policies have failed to create a recovery. It is now time for the Fed to stop serving the banks, and to start serving the needs of the US economy as a whole. This would take the form of a **Main Street Credit Facility** and a **Rebuild America's Infrastructure Facility**.

Either through law or political pressure, the Federal Reserve must be forced to put out a tender offer to states and regional authorities like the New York-New Jersey Port Authority stating the Fed's willingness to buy an initial \$1 trillion of state bonds with the proceeds devoted exclusively to rebuilding the infrastructure of the United States. These must be century bonds, with 100 year maturities and the coupon rate must be set at 0%. Once the first tranche of \$1 trillion is expended, another tranche should be offered, until the point at which full employment is reached. The states issuing the bonds can offer solid collateral of the infrastructure improvements that are being created.

These state and authority bonds will make possible the long overdue rebuilding of the entire US Interstate Highway System, including its bridges; the national passenger, freight, and commuter rail using the technology of the 21st century; the national electricity production and transmission grid; canals, ports, sewage and water systems; telecommunications; public housing; schools, hospitals, libraries, public buildings, etc.

0% FEDERAL CREDIT FOR PRODUCTION

At the same time, the Main Street Credit Facility will offer 0% federal credit to automobile manufacturers, Silicon Valley, biotech and pharmaceuticals, farmers, and any and all companies active in manufacturing, construction, mining, scientific research, energy production, and other forms of tangible, physical, commodity production. Cheap credit for productive activity must be available all the way down to the local auto repair shop, dry cleaner, plumber, electrician, or restaurant, since all of these represent tangible physical production. Financial services will no longer be eligible to be subsidized by cheap federal credit.

This policy of federal lending, as distinct from federal spending, can be used to break the current political impasse. The cost of capital can be radically lowered, and a competitive advantage of the United States in world markets can be secured. The overriding goal is the creation of 30 million new jobs, with high capital investment, high energy intensity, high value added, and high technology.

A president of the caliber of Franklin D. Roosevelt could implement this policy with a single phone call to the Federal Reserve, informing Bernanke of what the national interest requires in the current emergency. The ultimate goal must be the nationalization of the Federal Reserve, meaning that its policies must no longer be set by secret cliques of bankers meeting in the paneled boardrooms, but rather by public laws approved by the House and Senate and signed by the president – the only conceivable method under the current system. These laws must determine the amount of credit to be made available, the interest rates to be applied, and the approved categories of lending.

Cheap federal credit can and must be used for the vast program of biomedical research already mentioned, for research and development in the field of high-energy physics, and for the revival of the space program. These represent the first three of multiple science drivers that can be used for technological modernization and the increasing the productivity of labor.

If applied today, the Keynesian methods suggested by Krugman and others would result in excessive burden on the federal budget, thus creating a vulnerability to speculative attack on the Greek model. The Keynesians also do not understand that it is impossible to defeat a depression without a recovery in the capital goods industry. The consumer-led recovery was implicit in the Obama stimulus of 2009, which had positive effects, but which has failed to produce a sustained broad-based recovery. The theoretical basis for the program advanced here is the traditional **American System** of Alexander Hamilton, Friedrich List, Henry Carey, Henry Clay, Abraham Lincoln, the populists, and the New Deal. The method of transforming the central bank into a national bank to finance a recovery derives from the work of Woytinsky and Lautenbach, interpreted in the light of the experience of the US Lend-Lease Program.

OUR METHOD OF INTERVENTION

Under depression conditions of economic breakdown and increased political repression, traditional methods of class defense and struggle become outmoded and likely to fail. Any struggle which remains isolated or confined to a single group in the population is in danger of defeat. Our guiding principle is to mobilize and rally the principal components of the 99% around individual struggles, with the goal of uniting them in a single common front capable of effective action. Labor unions, unorganized workers, the unemployed, blacks, Hispanics, women, farmers, soldiers, and other groups are all indispensable for such a common front. We seek to create a national coalition capable of asserting the common interest of the 99% against the 1% who currently monopolize all power.

For this to happen, a common program of the type we have outlined is required. The time is coming when it will be realistic to think of a nationwide general strike capable of directing the Congress to enact a Wall Street Sales Tax as part of legislation rolling back cuts to social services, the social safety net, and government jobs at all levels.

In the run up to the November 6 election, we call for a mobilization of all persons of good will to secure the passage of proposals A and B in Michigan, to assist communities like Benton Harbor putting an end to the dictatorship of Governor Snyder's emergency managers.

For November 8, we urge all who can to intervene to breathe life and a program of the Wall Street sales tax into the demonstrations called by the AFL-CIO and the SEIU to protest against cuts in Medicare and Social Security. We expect to provide programmatic leadership in the fight against the Grand Bargain.

We are closely following developments in the struggle at Sensata Technologies in Freeport, Illinois, where workers are fighting the export of their jobs to China planned by Romney's Bain Capital. We're also following the nationwide agitation against Walmart.

We are also closely following the efforts of French workers to prevent the closure of Peugeot plants, and also the resistance to plant closures by Ford in Great Britain. We are in touch with anti-austerity forces in Greece, Spain, Italy, Germany, the UK and elsewhere.

The objective necessities of the current phrase mean that habitual and customary methods can no longer be effective. All individuals and groups must recognize the need to alter their practice so as to contribute to a united front capable of implementing a recovery program.

To this end, we suggest that participants in this conference and other interested parties should form an informal coordinating committee for the exchange of ideas and information about how to proceed during the difficult months ahead ■

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