

“Economic Repression”: Obama, Democrats offer Deeper Social Cuts in New Budget Talks

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As informal budget talks between congressional Democrats and Republicans got underway in the wake of the 16-day federal government shutdown, the White House and Democratic leaders signaled their readiness to agree to sharper cuts in basic social programs.

Leaders of the House-Senate budget conference committee met Thursday, with the top Democratic negotiator, Senate Budget Committee Chairman Patty Murray of Washington State, repeating the Democratic mantra of bipartisan compromise. Saying “All issues are on the table,” she declared, “We believe there is common ground.”

Her counterpart, Representative Paul Ryan of Wisconsin, the Republican chairman of the House Budget Committee, made clear that the goal of the talks would be more sweeping austerity measures. The aim of the conference committee, he said, was “to get our debt under control, to do smart deficit reduction.”

Ryan voted against the bill passed late Wednesday to extend funding for the government through January 15 and raise the national debt ceiling through February 7, denouncing it for failing to include spending cuts.

Despite opinion polls showing popular support for the Republican Party at its lowest point in decades due to its aggressive role in precipitating the shutdown, the Democrats agreed to Republican demands that spending caps on federal agencies mandated by the across-the-board “sequester” process remain in place during the temporary funding extension. As a result, the sequester will automatically continue, imposing even deeper cuts in 2014 than the \$85 billion slashed this year, should the conference committee fail to agree on a budget blueprint by December 13.

In a White House statement Thursday, President Obama made clear that he would push for new cuts in social programs, leading to major attacks on the core programs for retirees dating from the New Deal and the Great Society—Social Security and Medicare. “The key now is a budget that cuts out the things that we don’t need,” he said, adding, “The challenges we have right now are not short-term deficits; it’s the long-term obligations around things like Medicare and Social Security.”

Obama boasted of having already carried out massive cuts in social spending, saying, “This shouldn’t be as difficult as it’s been in past years because we already spend less than we did a few years ago. Our deficits are half of what they were a few years ago.”

Later on Thursday, White House Press Secretary Jay Carney peppered a news briefing with invocations of “bipartisan compromise” and the search for “common ground.” He noted that

the budget proposal Obama submitted earlier this year made “tough choices” toward “further reducing our deficit.” The phrase “tough choices” is a Washington euphemism for unprecedented attacks on social program on which tens of millions of working people rely.

Carney, in keeping with the Democratic/White House line, also spoke of the need for “investments,” a code word for modest tax increases favored by Democrats to provide a false cover of fairness to an intensification of the assault on the working class. In the so-called “grand bargain” spending and tax deal Obama offered the Republicans in 2011, spending was to be cut ten times more than taxes were to be raised.

Obama is meanwhile pushing for a huge cut in corporate taxes as part of a long-term budget deal.

As underscored by the immediate aftermath of the government shutdown, both parties are seeking to use the latest budget crisis, and the threat of a new one when the extensions on funding and the debt ceiling expire early next year, to push through deeply unpopular social attacks that would previously have been considered politically impossible. This takes place in the context of an ongoing economic and social crisis that is devastating working class living standards, even as corporate profits, stock prices and CEO bonuses hit new record highs.

Just this week, the staggering growth of poverty in America was brought home with the release of a new study showing that 48 percent of US school children are poor, up 32 percent since 2001. (See [“Nearly half of US public school children are poor”](#)).

Behind the appearance of partisan gridlock and mutual recrimination, the differences between the two parties are tactical, concerning the ways and means of reversing all of the social gains of the working class and the pace of the onslaught, not the need to carry it out. The major difference is on taxes, with the Republicans rejecting any new government revenue from taxes and insisting that the budget deficit be slashed and the national debt reduced entirely through spending cuts.

That the Democrats are prepared to accommodate the Republicans by ratcheting up the scale and pace of spending cuts, so long as they can obtain the political sop of minor tax increases, was reiterated by Charles Schumer of New York, the number three Democrat in the Senate. “The old bugaboo that has made other conferences fail is revenues,” Schumer said on Thursday.

The mandate of the 29-member House-Senate budget conference committee is to reconcile divergent ten-year budget blueprints approved earlier this year by the two chambers. Both budget bills propose punitive attacks on working people and offer no serious measures to provide jobs or relief for the millions of people impacted by mass unemployment, wage-cutting and social cuts already enacted. As always, the Republican version is even more draconian than the Democratic, establishing the framework for a reactionary “compromise.”

On health care, the Democratic Senate budget proposes \$275 billion in cuts, mostly to Medicare providers. The House budget, drafted by Congressman Ryan, proposes \$2.7 trillion in cuts, including a repeal of Obama’s health care overhaul, massive cuts in the Medicaid government health insurance program for the poor, and the transformation of Medicare into a privatized voucher system.

The Senate proposal calls for an end to sequestration. The House bill leaves it intact, but redistributes military cuts to social spending, with the reductions totaling \$995 billion over ten years.

On other mandatory spending programs, the Senate bill cuts \$79 billion, including \$4 billion in food stamps. The House bill cuts \$962 billion, including \$39 billion in food stamps.

The Democratic bill would cut \$382 billion in discretionary spending, mostly from the military, but including \$127 billion in social cuts. The Republican version cuts \$249 billion, including major cuts in transportation programs.

The Democratic bill includes a derisory \$100 billion over a decade in new spending for job training and infrastructure. The Republican bill provides zero in new spending.

Press reports on Friday suggested that the budget conferees would likely aim for a narrow agreement by the mid-December deadline, laying down a tax and spending framework for one or two years and saving a broader agreement on long-term cuts in “entitlement” programs such as Medicare and Social Security for later. Most of the haggling will, evidently, center on how to continue in one or another form the sequester cuts to social spending while reducing or eliminating the cuts to military, intelligence and “homeland security” agencies.

The *New York Times* wrote: “On the table are ideas left over from past, failed bargaining: possible reductions in other programs—like farm subsidies, federal pensions, the Postal Service and unemployment insurance—and relatively minimal tax loophole closings, possibly as little as \$55 billion.”

That such cuts—in themselves catastrophic for millions of working class families—are only a foretaste of the assault to come was indicated by a report in the *Wall Street Journal* on Friday. The article noted that ten days into the federal shutdown, aides to Republican House Speaker John Boehner and Republican House Majority Leader Eric Cantor met with “senior” Obama aides to discuss broader budget talks that would include means-testing for Medicare and cuts in federal workers’ retirement benefits.

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