

# Obama panel proposes destroying social programs

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## US deficit panel launches offensive against social programs

**The proposals announced Wednesday by the Democratic and Republican chairmen of the Obama administration's budget deficit panel amount to an all-out attack on the working class combined with even bigger tax cuts and windfalls for the corporate-financial elite. They are, however, only an initial indication of the assault on social programs, jobs and working class living standards that is being prepared in the United States.**

The principal measures in the report released by the commissioners, former Republican senator Alan Simpson and former Clinton administration official Erskine Bowles, include:

- \* Cuts in Social Security cost-of-living increases for retirees and an increase in the retirement age to 68 by 2050 and 69 by 2075.
- \* Reductions in health care expenditures across the board, including even deeper cuts in both Medicare and Medicaid than those included in Obama's health care "reform." The commissioners also champion "tort reform" to limit the ability of people to sue for damages in cases of medical malpractice.
- \* A 10 percent reduction in the total federal workforce, i.e., a loss of over 200,000 jobs. The elimination of an additional 250,000 non-military contractors, and a three-year pay freeze for all non-military federal employees.
- \* The implementation of one of several proposals for "tax reform" that will further skew the tax system in favor of the rich. Proposals include the elimination or lessening of tax deductions and the slashing of individual income tax rates, including a massive reduction for top earners from the current 35 percent to 23 percent. Also included is a reduction of the corporate tax rate from 35 percent to 26 percent and the permanent extension of corporate tax credits as part of a plan to "make America the best place to start and run a business." Popular tax breaks, such as the mortgage interest tax credit, are to be ended and regressive consumption taxes imposed, including a 15 cent increase in gasoline taxes by 2013.

That these proposals are broadly opposed by the American people is acknowledged by the commissioners themselves. Not bothering to conceal his contempt for the population, Simpson joked that he might have to join the "witness protection program." He said the commissioners had laid everything on the table to "let the American people chew on it."

The commissioners and the media are billing the report as a call for "shared sacrifice." This is a fraud. Not only are the cuts directed overwhelmingly against the working class, including cuts in health care for veterans, but under the cover of deficit-reduction and fiscal

responsibility changes are being proposed to the tax system that will effectively transfer trillions of dollars from the government to the personal bank accounts of the financial aristocracy.

The proposals demonstrate that the economic crisis unleashed by the criminality and greed of the ruling elite is being used to fundamentally and permanently alter social life and class relations to the benefit of the self-same elite.

This class-war policy has the support of the Obama administration and both political parties. Speaking from South Korea on Thursday, Obama jumped to the defense of the commissioners, criticizing members of his own party for suggesting that the cuts went too far. “We’re going to have to take actions that are difficult and we’re going to have to tell the truth to American people,” Obama said, echoing the talking points of the report itself.

The proposals were released the same day that the White House made its most explicit statement yet that it would agree to extend the Bush tax cuts for the wealthy, a policy demanded by the Republicans. Obama adviser David Axelrod told the *Huffington Post* on Wednesday that the administration would agree to a temporary across-the-board extension of the tax cuts, including for those making more than \$200,000 a year.

The *New York Times*, the liberal establishment’s newspaper of record, declared its full support for the commission. Its lead editorial Thursday hailed the report as a “welcome antidote” to the election campaigning, which “offered no credible plans” for reducing the deficit. The *Times* praised the commissioners for “daring to mention the need to find significant savings in Social Security, Medicare and other mandatory programs.”

The *Times* was particularly enthusiastic about cuts in health care. It noted approvingly that the chairmen “would go beyond the new health care reform law by strengthening some of the most important cost-cutting provisions ... It would strengthen a Medicare payment advisory board [to recommend cuts in the program for the elderly] and cap tax exclusions for employer-sponsored plans at a lower level than the law does”—that is, force workers onto cheaper plans with less coverage.

The proposals of Simpson and Bowles represent a continuation of the policies of the first two years of the Obama administration, which has been devoted to bailing out the banks, reducing wages, expanding war and slashing government spending on health care.

While the liberal and pseudo-socialist “left”—including the *Nation* magazine and middle-class groups such as the International Socialist Organization—provided Obama support and political cover, he spearheaded an attack on the working class. His administration also provided a breathing space for the corporate-financial elite to regroup after the financial crash of 2008, and for the Republican Party—repudiated by the voters in the Obama landslide of 2008—to capitalize on popular disillusionment resulting from Obama’s betrayal of his campaign promises and to make a comeback.

The 2010 elections were characterized by mass disaffection and abstention among workers and youth who voted for Obama two years earlier. The sweeping Republican victory heralds an even more aggressive assault on the working class by the financial elite.

The commission chairmen’s report underscores the utterly undemocratic character of the US political system and the essential fraud of elections dominated by two right-wing parties of

big business. In order to prepare social cuts opposed by the vast majority of the people, Obama formed the deficit commission last February, appointing two co-chairmen with an established record of attacking Social Security. The report of the deficit commission was deliberately scheduled for after the elections in order to give the electorate no say on the proposals.

No one should take seriously the criticisms of the commission report from sections of the Democratic Party, its middle-class “left” supporters and the trade union bureaucracy. They will work just as assiduously to demobilize popular opposition and pass brutal austerity measures as they did to promote Obama and support the policies of the first two years of his administration.

The proposals are a stark warning to the American people. They are only the beginning. Programs upon which millions of people depend and which have been taken for granted for generations are being targeted to be gutted. Everything is on the table—Social Security, unemployment benefits, health care programs, public education.

The American financial aristocracy is ruthless in its determination to carry out this restructuring of class relations. The experience of the Obama administration has demonstrated that it is impossible to oppose this attack within the rotten framework of the Democratic Party and the two-party system.

To fight for its interests, the working class needs its own political party and its own program, based on the socialist transformation of the American and world economy.

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