

# The Obama Budget: A Populist Fig Leaf for Militarism and Reaction

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*Following his demagogic State of the Union speech, the Fiscal Year 2016 budget document released Monday is a further attempt by President Obama to posture as a populist advocate of taxing the wealthy and helping the “middle class,” while pursuing policies whose substance is the exact opposite: tax cuts for big business, further cuts in domestic social programs, an escalation of imperialist military interventions in the Middle East and around the world.*

By now, the cynical modus operandi of the White House is a familiar one. Obama declares himself to be dedicated to the interests of ordinary working people and offers various benefits—free community college, tax breaks for child care, expanded pre-kindergarten, more spending on infrastructure to create jobs. He proposes to pay for these measures through taxes on Wall Street interests, including levies on financial transactions and inherited wealth.

Obama proposes measures to a Republican-controlled Congress that he never attempted to enact when the Democrats had large majorities in both the House and the Senate. This underscores the cynicism of the whole exercise.

He knows very well that his minimal proposals for increased social spending will be flatly rejected by the Republicans, leaving the joint program of war and austerity on which the White House and Congress will eventually reach agreement, most likely after a series of stage-managed confrontations and mock showdowns.

The right-wing character of the budget plan was signaled by Obama’s choice of venue to announce it—the Department of Homeland Security. He denounced the draconian budget-cutting process known as the “sequester,” which the White House itself devised in 2011, but focused not on the sweeping cuts in social programs, but rather the damage supposedly done to the Pentagon by the cap on its regular spending, proposing a \$38 billion increase for the military.

Combined with \$51 billion in “contingency” spending on military operations in Syria, Iraq and Afghanistan, the gargantuan US military machine will, under Obama’s plan, consume more than \$600 billion in Fiscal Year 2016.

There will also be a further increase in spending for domestic policing and intelligence programs.

As for social spending, the “breaking” of the sequester cap will have little impact. Obama’s

FY 2016 budget projects that over the next five years, discretionary domestic spending will fall to the lowest level, as a proportion of national economic output, since the early 1960s.

Dwarfing the \$37 billion Obama proposes in increased domestic spending—which the Republican Congress is virtually certain to reject—is the nearly \$400 billion in cuts to future Medicare and Medicaid spending. This includes both reduced reimbursements to hospitals, doctors and other providers—which will lead to increasing numbers of providers refusing to accept Medicare patients—and higher premiums, deductibles and co-pays for Medicare recipients.

On taxation, Obama is proposing to cut the corporate tax rate by up to 10 percent. The other main tax proposal amounts to accepting criminal tax evasion by large corporations providing they share a fraction of the loot with the Treasury.

A host of Fortune 500 companies are avoiding taxes by keeping \$2 trillion in profits parked in foreign bank accounts. The Obama administration plan would cut the tax rate from 35 percent to 14 percent for profits repatriated this year. This would net the Treasury as much as \$280 billion. The companies themselves would gain even more, saving \$420 billion in taxes. The Obama proposal would also allow them to distribute the remaining \$1.3 trillion as dividends or use the money for stock buybacks, pushing up their share values.

The three main components of the budget—corporate tax relief, an increase in military spending, and cuts in Medicare—far outweigh the minimal increases in other social benefits promised by Obama—increases that he and the Democratic Party can safely assume will never be enacted. Yet this budget is being portrayed in the corporate-controlled media as a political shift to the left of dramatic proportions.

Both the liberal and the ultra-right media, each for their own reasons, have joined in this exercise in falsification.

The *New York Times* hailed the Obama budget, while admitting that it was unlikely to be enacted by Congress. The newspaper all but acknowledged that the budget's populist trappings were intended, in advance of the 2016 presidential election, to re-inflate sagging popular illusions in the Democratic Party as the party of the "common man." The budget "seeks to frame the terms of the debate for the 2016 presidential election season," the *Times* wrote.

Nevertheless, the newspaper claimed that, "The core of the president's 2016 budget is a plan to boost the middle class" by extracting "greater contributions from corporate America and from those atop the wealth ladder."

The *Wall Street Journal* published twin editorials denouncing the budget. The first, "Obama Unchained," portraying Obama as a "tax and spend" liberal while decrying his supposed refusal to cut entitlement programs such as Social Security, Medicare and Medicaid, describing them as "largely untouched." A second editorial, headlined "Taxes Unlimited," simply itemized the proposed tax increases on the super-rich, as though each of these minimal proposals was an unthinkable outrage.

While the liberal and conservative media mouthpieces of the financial aristocracy pretend that a battle royal has broken out in Washington, a top Obama aide, multimillionaire investor and corporate adviser Jeffrey Zients, who heads the White House National Economic

Council, declared that there was every prospect for a deal with congressional Republicans, particularly on cutting corporate taxes. "You have strategic alignment in some very important areas," Zients said.

The purpose of this political charade is to provide ammunition for trade union officials, liberal publications such as the *Nation* magazine and various pseudo-left organizations to corral working people behind the Democratic Party in the 2016 elections. These forces will work to conceal the fundamental agreement of the two parties in defending the interests of the financial elite and keep working people tied to the corporate-controlled two-party system.

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