

Clinton, Republicans approve deal

Budget agreement maintains right-wing consensus

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Congressional negotiators and the Clinton administration reached agreement October 15 on final budget provisions for the 1999 fiscal year, after eight days of closed-door negotiations. The minor increases in social spending which the agreement provides are completely inadequate to meet the existing needs, while the bulk of the budget remains set by past agreements between Clinton and the Republicans to slash social welfare spending, cut taxes for the rich and maintain military spending at near-Cold War levels.

Many of the specific provisions of the budget agreement have not yet been released, with only the highlights outlined of a bill which is expected to run over 4,000 pages and provide spending authority for more than \$500 billion, about one third of the total federal budget.

The axis of the bill is an agreement by Republicans and Democrats to spend an additional \$20 billion from the federal budget surplus on programs which they can use as the basis of their campaigning in the November 3 election. Half the increases are in Republican priority areas, including tax breaks for business and more money for the Pentagon, the CIA and federal police programs. The remainder are in Democratic-backed programs, including farm aid, education and health care.

The political posturing over the agreement has already begun, with Democratic politicians and the bulk of the media declaring the outcome a clear victory for the White House, only a week after the House voted to begin impeachment proceedings against Clinton. This assessment was echoed by the most right-wing congressional Republicans, who accused House Speaker Newt Gingrich and Senate Majority Leader Trent Lott of caving in to Clinton.

The *Wall Street Journal*, for its part, denounced the congressional Republicans for failing to pass the \$80

billion tax cut for the wealthy which the House initially supported.

If, as some Washington pundits claimed, the Clinton White House won the lion's share of the disputes over the budget, it is only because the issues over which the administration chose to fight were token gestures of reform, without little real substance. In some cases the Democratic administration pushed for even more reactionary measures than those sought by the Republicans.

Domestic social spending

There were some increases in social spending, including the \$1.1 billion for hiring new teachers and reducing class sizes in the lower elementary grades, which Clinton and congressional Democrats made their main domestic issue in the budget talks. Despite claims of '100,000 new teachers,' the bill does not guarantee any new hiring, mandate limits on class sizes or provide the funding required in future years.

Other education initiatives, including a proposed \$1.7 billion for school construction, were blocked, and much of the school funding comes at the expense of other social programs, including \$550 million to be cut from community service block grants.

The other increase in social spending was in health, where discretionary spending will rise 10 percent for the Department of Health and Human Services, and by \$1.9 billion for the National Institutes of Health and the Center for Disease Control.

These sums are insignificant, however, compared to the intrinsic social need. The additional \$1.1 billion for education is a drop in the bucket, given that current local, state and federal spending comes to about \$400 billion,

and that the estimated school construction deficit alone is over \$100 billion.

Similarly, the additional money for health care does not even scratch the surface of such burning social problems as 40 million Americans without health insurance coverage and a child vaccination rate barely above 50 percent in many impoverished urban and rural areas.

Funds for Pentagon and Wall Street

The increases in social spending is dwarfed, moreover, by the additional amounts approved for such measures as business subsidies, the military-police apparatus, and the International Monetary Fund.

The budget provides nearly \$6 billion in aid for American farmers, on top of the \$5 billion approved earlier this year. There is a deep crisis in agriculture, exacerbated by the 1996 'Freedom to Farm' bill which abolished federal price support and crop subsidy measures and declared that farmers should rely entirely on market forces. But it is significant that 600,000 farmers, mainly small businessmen, will receive substantial federal aid, while there is no action on an increase in the minimum wage for 10 million low-wage workers, or to provide health insurance for the uninsured.

Corporate America will reap a much larger windfall--\$9.2 billion in tax cuts or extensions of tax exemptions that were scheduled to expire. Oil companies received special treatment--an exemption from fees for drilling on federally-owned lands, worth an estimated \$564 million.

The Pentagon receives the largest single increase of any agency, \$9 billion, on top of a regular appropriation of nearly \$271 billion, with the result that military spending will increase, in real terms, for the first time since 1985. This increase is \$3 billion more than even the military brass itself asked for, with \$2 billion in additional spending on intelligence and counterterrorism and \$1 billion to revive Reagan's 'Star Wars' plan for an anti-missile system. The budget provides money for a new helicopter carrier to be built by Litton Industries in Pascagoula, Mississippi, Trent Lott's home town, and for cargo planes built by Lockheed Martin in Marietta, Georgia, where Gingrich lives.

Even more important, from the standpoint of big business, was Clinton's victory in obtaining the full \$18 billion in US funding for the IMF, which in turn will trigger contributions withheld by the government of other

member countries, providing a total of \$90 billion for the agency's operations. These funds are required both to maintain the dominant role of American imperialism in the lending agency, and to make possible the upcoming \$30 bailout of Brazil, whose debts are owed mainly to American banks. This victory for the White House was a victory for Wall Street.

A series of social policy measures were incorporated into the omnibus spending bill, again a mix of minor reforms and right-wing nostrums. Federal health care plans were instructed to extend contraceptive benefits to nine million women, a measure which would be considered routine in any industrialized country, but has long been blocked in the United States by opposition from the Catholic Church and Christian fundamentalist groups.

Efforts by the congressional Republicans to turn Washington, DC into a sort of laboratory for right-wing social policy were only partially successful. The budget bill incorporates a ban on efforts by the District of Columbia government to curb the spread of AIDS with needle exchange programs, but school vouchers, a ban on adoptions by gay couples and a proposal to make smoking by DC teenagers a criminal offense were all dropped.

A reactionary Clinton administration plan to provide \$500 million in criminal justice block grants to states which agreed to try juvenile offenders as adults fell through the cracks in last-minute negotiations, after Republicans objected to the spending level, not the attack on the democratic rights of young people. Both parties gave approval to another law-and-order measure, a provision giving federal law enforcement agencies easier access to 'roving wiretaps,' which allow police to listen in on multiple phone lines for a single suspect.



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