

White House, Congress press plans for major cuts in social programs

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Using the cost of Hurricane Katrina reconstruction as a pretext, Congressional Republicans, backed by the Bush administration, continue to push for sharp cuts in social programs.

The position of the Bush administration is that the federal government will play as limited a role as possible in aiding the evacuees from the hurricane and rebuilding devastated regions. At the same time, whatever spending is agreed will be balanced by cuts to programs, such as Medicaid and food stamps, that benefit the most vulnerable layers of society, including those most severely affected by the hurricane.

Bush reiterated this position on Tuesday, saying on NBC's "Today" program, "You see, I don't think Washington ought to dictate to New Orleans how to rebuild." Bush said he told New Orleans Mayor Ray Nagin and "a group of distinguished New Orleans citizens" that the federal government "will support whatever plan that you develop. The point is that it comes from the local folks."

The talk of "local folks" running the operation is intended to convey a definite message: the administration will not allow the hurricane to alter its policy of gutting social programs, privatizing public services, deregulating business and slashing taxes for the wealthy. There is to be no significant federal commitment to rebuilding New Orleans or addressing the problems of poverty and the decay of the social infrastructure laid bare by the hurricane and the government's failure to respond.

This has been the more or less constant refrain from the administration since the hurricane struck. Treasury Secretary John Snow made similar comments at a Senate hearing last week, saying, "It is essential that the federal government play an appropriate role, but it should avoid taking steps that are excessive. We must tailor our response appropriately."

Snow told Congress the administration would not

guarantee New Orleans municipal bonds—a stand that condemns the city to bankruptcy. Within days the city announced the layoff of 3,000 municipal workers.

Bush also repeated last week his insistence that "Congress needs to pay for as much of the hurricane relief as possible by cutting spending." He continued: "I will ask them to make even deeper reductions in the mandatory spending programs than are already planned. As Congress completes action on the 2006 appropriation bills, I call on members to make real cuts in non-security spending."

Aside from declaring the military and intelligence agencies to be off limits as far as spending cuts are concerned, Bush has remained silent on specific programs to be slashed. This has been left to Republican members of Congress, working behind the scenes with the White House.

One of the main proposals has come from Representative Jim Nussle, the House Budget Committee chairman, who last week suggested an across-the-board 2 percent cut in all spending bills. This would yield something on the order of \$17 billion from the \$843 billion annual budget for discretionary spending.

Nussle insisted that the 2 percent cut would only be the beginning. "This is a down payment," he said. "This is not making that much of a dent in the total amount that will be needed to deal with all the proposals in their totality for the Gulf."

Entitlement programs—in particular, Medicaid, the government health-care program for the poor—are to be cut back through the separate process of budget reconciliation negotiations. According to a budget blueprint passed earlier in the fall, Congress is to cut \$35 billion over five years from mandatory spending programs, including some \$10 billion from Medicaid and \$600 million from food stamps. Current proposals advanced in Congress, however, call for even further cuts,

totaling at least \$50 billion.

Nussle's proposal for an across-the-board cut was largely for show, since there is no support within Congress for a cut in appropriations for the Defense Department or the Department of Homeland Security. Supported by the White House, both Duncan Hunter, chairman of the House Armed Services Committee, and Peter King, chairman of the House Homeland Security Committee, have refused to consider cuts in their programs.

On the other hand, Senator Arlen Specter, chairman of the Labor Health and Human Services subcommittee, told the *Hill* newspaper that he was amenable to cuts in his bill, which would include most non-mandatory social programs.

A conflict has emerged between the White House and Republican Senator Charles Grassley over a bill supported by Grassley that would extend Medicaid benefits to all hurricane victims. The bill has been stalled in Congress by Republican lawmakers acting at the urging of the administration.

Aside from short-term emergency assistance to evacuees, the measures enacted since the hurricane have for the most part provided handouts to corporations involved in relief and reconstruction. This includes corporate tax breaks, wage-cutting through the suspension of the Davis Bacon Act, which requires federally-subsidized construction companies to pay prevailing wage rates, and the lifting of other regulations on business. Lucrative no-bid contracts have been signed with giant corporations with close ties to the administration, such as Halliburton.

On October 7, the House passed an energy bill which includes many giveaways to energy companies and oil refiners. Meanwhile, the administration and Congress have stonewalled calls for investigations into price-gouging by oil companies, which have raked in huge profits from soaring gasoline prices in the aftermath of Katrina.

Hurricane Katrina laid bare the enormous level of social inequality in the United States. The devastation of New Orleans was a consequence not primarily of natural causes, but rather decades of right-wing policies, in which questions of social planning, social infrastructure and public needs have been increasingly subordinated to the drive for profit and private wealth accumulation.

Far from changing course, the American ruling elite is using the hurricane as a pretext to deepen the very policies that led to the disaster.

An October *New York Times* article (the "Hopes Ebb in Post-Storm Poverty Debate") reported the concern of various Democratic Party-oriented advocacy groups. It quoted Robert Greenstein, director of the Center on Budget and Policy Priorities, as noting, "We've gone from a situation in which we might have a long-overdue debate on deep poverty to the possibility, perhaps even the likelihood that low-income people will be asked to bear the costs. I would find it unimaginable if it wasn't actually happening."

If the administration is able to operate in such an extraordinarily brazen manner, it is due first and foremost to the absence of any serious opposition from the Democratic Party. There have been no calls from the Democratic Party leadership for the type of public works projects that would be required to seriously address the level of rebuilding needed to support the approximately 1 million evacuees. Not only have there been no serious demands for the provision of housing, health care or jobs for those devastated by the hurricane, no prominent Democrats have even called for rescinding Bush's \$1 trillion-dollar-plus tax cuts for the wealthy.

There is, in fact, no significant constituency within the Democratic Party officialdom for even a modest return to the social reform policies with which the party was associated from the 1930s to the 1960s. For a quarter century, the Democratic Party has ever more openly embraced the right-wing, "free market" policies of the Republicans. This is because the Democrats, no less than the Republicans, uphold the basic interests of the American ruling class.

Despite the Democratic Party's threadbare claim to be a "party of the people," the social layers upon which it is primarily based—sections of the financial elite and the most privileged sections of the middle class—have shared in the general enrichment of the top echelons of American society at the expense of the broad mass of the population. They have a direct economic stake in continuing the policies of unbridled capitalism and social reaction that have swelled their stock portfolios and bank accounts.



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