

# Obama pledges cuts in entitlement programs

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16 February 2011

At a press conference the day after releasing his budget for the 2012 fiscal year, President Obama declared his intention to carry out major cuts in entitlement programs as part of a deficit reduction program to be negotiated with congressional Republicans.

The press conference was dominated by critical questions that reflected the right-wing consensus of the corporate-controlled media. Reporter after reporter suggested that the budget contained too little in the way of spending cuts and failed even to mention “entitlement reform”—the official Washington code words for cutting pensions and health care for the elderly and the poor.

Not a single question was asked about military spending, the largest single item in the budget—at least until 2016, when interest payments on the federal deficit are projected to exceed the Pentagon’s share of total spending. There was no suggestion that the gargantuan military budget, larger than the combined military spending of all other nations on earth, was unaffordable or “one of the real drivers of long-term debt,” as one reporter described Social Security and Medicare.

Obama was in his preferred political environment—defending right-wing policies against criticism from even more right-wing critics. He emphasized that his budget provided “tough choices” and inflicted “real pain” on working people who deserved better, as though these were positive features.

Obama singled out federal health care costs as a target for budget-cutting, declaring, “Medicare and Medicaid are huge problems because health care costs are rising even as the population is getting older. And so what I’ve said is that I’m prepared to work with Democrats and Republicans to start dealing with that in a serious way. We made a down payment on that with health care reform last year.”

In one exchange, Obama was asked by Chuck Todd of NBC News why he had “shelved” the report of his own bipartisan commission on deficit reduction, which called last December for major cuts in Social Security and Medicare, as well as a significant reduction in the

corporate tax rate.

Obama responded, “The notion that it has been shelved I think is incorrect. It still provides a framework for a conversation.” He explained that there had to be discussions with congressional Republicans and Democrats who opposed various aspects of the commission’s recommendations, “to whittle their differences down until we arrive at something that has an actual chance of passage.”

He chided his critics for demanding action on cutting entitlement programs overnight, outlining a two-step process, beginning with the five-year spending freeze on discretionary domestic programs, proposed in his own budget, along with major cuts in Pell Grants for college students, home heating assistance for the elderly, environmental protection and other vital programs.

“Step number two is ... how do we make sure that we’re taking on these long-term drivers and how do we start whittling down the debt,” he said. “And that’s going to require entitlement reform and it’s going to require tax reform. And in order to

accomplish those two things, we’re going to have to have a spirit of cooperation between Democrats and Republicans.”

Obama held up as a model the bipartisan negotiations in December in which his administration capitulated to Republican demands for a two-year extension of the Bush tax cuts for the wealthy. “Both sides had to give,” he claimed. “And there were folks in my party who were not happy, and there were folks in the Republican Party who were not happy. And my suspicion is, is that we’re going to be able to do the same thing if we have that same attitude with respect to entitlements.”

As in his State of the Union speech, Obama presented the US economy as rapidly recovering from the slump triggered by the 2008 Wall Street crash. “The economy is now growing again,” he claimed. “People are more hopeful. And we’ve created more than a million jobs over the last year. Employers are starting to hire again, and businesses are starting to invest again ... we’re out of the

depths of the crisis.”

This picture bears no resemblance to the social reality confronted by tens of millions of working people, facing long-term double-digit unemployment rates, rampant wage-cutting, deteriorating social conditions and financial crises in the cities and states that have produced mass layoffs and threaten a wave of bankruptcies.

Only for Wall Street and the political representatives of the financial aristocracy in Washington—and their well-paid media apologists—has there been a genuine economic recovery. This restoration of corporate profitability and CEO bonanzas has come directly at the expense of the working class.

The details of the administration’s budget plan began to be disseminated through the media on Tuesday, as major newspapers published summaries of the 2,000-page budget document released the day before.

The broad outlines of the budget had already been anticipated, particularly the devastating impact of the freeze in discretionary spending and specific major cuts like Pell Grants and home heating assistance. (See “Obama to propose more than \$1 trillion in deficit reduction”)

*Washington Post* analyst Ezra Klein noted the highly favorable treatment of the Pentagon budget, in contrast with the spending freeze imposed on domestic social programs. Pentagon spending will be trimmed by \$78 billion over the next ten years, compared to \$400 billion cut from domestic discretionary spending. He wrote: “And keep in mind that the domestic discretionary budget is only half as large as the military’s budget. So if there were equal cuts, the military would be losing \$800 billion.”

While spending on the wars in Afghanistan and Iraq is projected to decline because of the drawdown in US military forces in Iraq, the baseline budget for the Pentagon will rise significantly, up \$22 billion in 2012 to \$553 billion.

State Department operations receive an increase of 1 percent, but there is an 8 percent jump in “overseas contingency operations,” which reflects the transfer of many US occupation activities in Iraq from Pentagon to State Department jurisdiction.

Other departments engaged in the “war on terror,” including the CIA and other intelligence agencies, the Department of Homeland Security and the FBI all receive substantial increases. The intelligence budget is to rise by 4 percent, the FBI by 4 percent, other Justice Department operations by 2 percent, and the DHS by 1 percent, in a

budget that reduces the overall level of spending across the board. Federal prison operations receive a whopping 10 percent boost, and the nuclear weapons facilities operated by Department of Energy get an even larger percentage increase.

The departments engaged in operating domestic social programs receive the bulk of cuts, including a 5 percent slash to Labor Department spending, the elimination of operating subsidies for Amtrak passenger rail services, a \$1 billion cut in conservation programs for wetlands, and a cut in overall spending by the Department of Health and Human Services for the first time in the 30-year history of that department, even though spending on Medicare and Medicaid are projected to grow by 8 percent a year.

One new feature of the 2012 budget is the proliferation of “Race to the Top” campaigns, modeled on the reactionary program in the Department of Education that offers incentives to states that carry out the most draconian attacks on public school teachers.

There will be a “Race to the Top” program in the Department of Transportation, to “create incentives for States and localities to adopt critical reforms in a variety of areas, including safety, livability, and demand management.” There will be a similar program in the Department of Energy “for communities to invest in electric vehicle infrastructure and remove regulatory barriers.” Another such grant from the Justice Department will reward states “for tangible improvements in juvenile justice systems,” and similar measures in education and job training.



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