

US Congress approves three-week budget extension

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The US Senate approved a three-week continuing resolution, funding the federal government through April 8, following a similar vote by the House of Representatives on Tuesday.

The resolution cuts \$6.5 billion in current federal spending, including \$2.5 billion in congressional earmarks, mainly for construction and water projects, and education programs that are largely geared to teaching reading to illiterate adults and high school dropouts. A total of 35 programs are completely eliminated.

Congress and the Obama administration now have three weeks to reach agreement on a budget for the remainder of the 2011 fiscal year, which ends September 30. House Republicans declared that there would be no further continuing resolutions—there have been six since the beginning of the fiscal year—making April 8 the deadline for a partial shutdown of the federal government if the House, Senate and White House fail to complete action on the budget.

Combined with the \$4 billion in cuts provided by a previous two-week continuing resolution, House Republicans have now forced budget cuts in domestic spending of more than \$10 billion in a single month, although the Democrats control both the Senate and the White House.

By contrast, a Republican-controlled House and Senate could only impose \$9 billion in cuts during an entire federal budget cycle in 1995, when Democrat Bill Clinton was in the White House. This demonstrates how far both big business parties have moved to the right. The Democrats have offered cuts more drastic than those demanded by Newt Gingrich 16 years ago, while the Republicans have dismissed such cuts as far too little.

The two continuing resolutions accept the basic premise of the budget legislation passed by the Republican-controlled House, which proposed \$61 billion in cuts over the remaining 30 weeks of the fiscal year, which ends September 30. Each resolution has incorporated cuts prorated at \$2 billion for each week of the extension.

The continuing resolution passed by the House margin of 271 to 158, with 186 Republicans joined by 85 Democrats in supporting the bill, while 54 Republicans and 104 Democrats opposed it. The vote totals are significant because the House Republican leadership needed Democratic votes to win passage.

Some 54 Republicans defied Speaker John Boehner and the rest of the Republican leadership and voted against the bill, up from only six opposing the previous continuing resolution. They either wanted greater cuts as the price of the continuing resolution, or opposed any continuing resolution in order to force a federal government shutdown. The 104 Democrats were mainly liberals and members of the black and Hispanic caucuses, opposed to the cuts in literacy programs.

Ultra-right Republicans called for a full-scale confrontation with the Obama administration and the Democratic-controlled Senate to force additional major spending cuts. They also objected to the Republican leadership's agreement that policy prescriptions like defunding Planned Parenthood, the Corporation for Public Broadcasting and the Obama health care reform program not be included in the continuing resolution.

They are concerned that the likely deal between the House Republican leadership, the Senate Democrats and the White House will concede the lion's share of the spending cuts enacted by the House but rule out the policy changes on so-called social issues—gay rights, abortion, the Obama health care law—backed by the Christian fundamentalist and Tea Party elements in the Republican Party.

Senate Republican leader Mitch McConnell of Kentucky added a new element to the negotiations, with a declaration Wednesday that any future continuing resolution should include full funding for the military budget through September 30. This would address complaints from the Pentagon brass and Robert Gates, the secretary of defense, that week-to-week funding disrupted military planning. It would leave only domestic social spending on the table in the upcoming budget talks.

Completing a federal budget for the 2011 fiscal year is only the first of three major budget hurdles. The Treasury will propose an increase in the federal debt ceiling sometime in April or May, before US government borrowing hits the \$14.3 trillion mark. House and Senate Republicans have already pledged to use the deadline to extract more cuts in social spending. And then Congress must begin work on the budget for the 2012 fiscal year, which begins September 30.

House Budget Committee Chairman Paul Ryan of Wisconsin is to draft and release a Republican budget for 2012 in April. He reiterated this week that the budget would include cuts in

entitlement programs like Social Security and Medicaid.

In an interview March 10 with Associated Press, Ryan declared, “If you want to be honest with the fiscal problem and the debt, it really is a health care problem. If you look at the future of our debt, it primarily comes from our health care entitlements. We have to reform those if we are going to get this debt crisis under control.”

This comment demonstrates that, underneath the mutual mudslinging of the Democrats and Republicans, there is substantial agreement both on the nature of the fiscal crisis and who must pay for it. Both parties agree that the crisis is caused by “excessive” spending on domestic social services like health care and not by the gargantuan tax cuts for the wealthy and the growth of economic inequality. They are united in proposing to make the working class pay for the crisis through slashing needed social services.

President Obama and his top budget aides have made statements very similar to Ryan’s, focusing on health care costs as the principal federal “budget-buster.” Obama’s health care reform plan, adopted last year over virulent Republican opposition, is based on cutting costs and insuring that the vast majority of Americans—all but the wealthy—will have access only to barebones medical services.

Another top House Republican, Majority Leader Eric Cantor, said Wednesday that there would be significant changes in Social Security benefits for those 54 and younger. Those 10 years or more away from retirement “will be faced and are facing the reality that if we want these programs to be around, they’re just not going to look the same. They can’t.”

Cantor added that “there are some tough decisions to be made,” suggesting that both cuts in benefit levels and an extension of the retirement age would be proposed, as well as partial or full privatization.

While sanctioning a default in the federal government’s obligation to pay Social Security benefits to future retirees, Cantor was adamant that the House Republicans would approve some form of increase in the debt ceiling in order to ensure that the federal government continued to pay bondholders on time.

Pursuing a somewhat different tactic, Senate Republican leader McConnell said that no Republican senator would approve an increase in the debt ceiling unless the Obama administration combined this with a broader bipartisan deficit-reduction agreement that included cuts in Medicare and Social Security.

Ten Republican senators sent a letter to Majority Leader Harry Reid, a Nevada Democrat, threatening to use parliamentary procedures to block any legislation of any kind that did not “affirmatively cut spending, directly address structural budget reforms, reduce government’s role in the economy so business can create jobs, or directly address this current financial crisis.”

The real class orientation of both parties was demonstrated in a remarkable report issued by the top Republican on the

congressional Joint Economic Committee Tuesday, Kevin Brady of Texas. He claimed that deficit reduction would spur the creation of jobs in the private sector because it would depress wages, as laid-off government workers were forced to compete with private sector workers. He wrote, “A smaller government workforce increases the available supply of educated, skilled workers for private firms, thus lowering labor costs.”

This is what House Majority Leader Cantor meant when he declared, “While we’re heavily engaged in the discussion about spending and cutting spending, it is all really about trying to create an environment for job creation in the private sector.”

In other words, American workers can look forward to employment as cheap labor, and American corporations will profit accordingly.

These policies are profoundly unpopular. Two recent polls show overwhelming opposition to plans by both parties to cut Medicare benefits (76 percent against, 22 percent for, in a Bloomberg poll), and to Republican proposals to slash funding for environmental protection, college student loans, and medical and scientific research (better than two to one against in each case). The poll showed that the only deficit-cutting moves that had wide public support were withdrawing US troops from Afghanistan and Iraq and repealing the Bush-era tax cuts for the wealthy.

A Washington Post-ABC poll found just 26 percent of Americans were optimistic about “our system of government and how well it works,” the lowest level recorded since the Watergate scandal in 1974. Disapproval of Congress stood at 69 percent, a figure that has remained essentially unchanged after the Republican takeover of the House.



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