

Obama embraces Republican assault on social programs for workers and the poor

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The budget agreement reached between the White House and congressional Republicans late Friday night puts the Obama administration's stamp of approval on a reactionary program of cutting spending on vital social services for working people, the elderly and the poor, four months after a similar bipartisan agreement to cut taxes for the wealthy. The result is a vast redistribution of wealth upwards, from working people to the millionaires and billionaires.

Obama's remarks Friday night after the budget agreement was reached, and then again Saturday in his weekly Internet/radio address, fully embraced the argument of the ultra-right that the principal task of the federal government is to cut spending. "Deficit reduction," as defined by the spokesmen for big business, means forcing the working class to pay for the bailout of Wall Street, tax cuts for the rich and three imperialist wars, through reductions in jobs, living standards and public services.

In his weekly address, Obama justified the cave-in to the Republicans under threat of a partial shutdown of the federal government, calling the agreement to cut spending "good news for the American people." Obama boasted, "This is an agreement to invest in our country's future while making the largest annual spending cut in our history."

Saying the tens of billions of dollars in cuts agreed to in the current fiscal year budget signified "beginning to live within our means," he implied that far deeper cuts would follow.

Obama admitted that "some of the cuts we agreed to will be painful—programs people rely on will be cut back," adding, "I would not have made these cuts in better circumstances." White House communications director Dan Pfeiffer elaborated on this statement Saturday, declaring, "These are real cuts that will save taxpayers money and have a real impact. Many will be

painful and are to programs that we support, but the fiscal situation is such that we have to act."

This talk of "painful" cuts imposed out of fiscal necessity is aimed less at feigning reluctance in order to placate popular anger as at reassuring the ruling elite that the White House is prepared to act with ruthless disregard for the social cost of its policies.

Obama summed up his position as follows, "Reducing spending while still investing in the future is just common sense." The reference to "still investing in the future" is merely rhetorical, an attempt to present his administration's policies as more "progressive" than those of the Republicans, when these distinctions have been effaced to the point of nonexistence.

In his weekly address, Obama hailed the budget agreement as a natural follow-up to the bipartisan tax package accepted by the administration last December, when, as he put it, "both parties worked through their differences and found common ground." Actually, in the wake of the November elections, Obama moved sharply to the right, abandoned his differences with the Republicans over the extension of the Bush tax cuts for the wealthy and agreed to this \$700 billion boondoggle for the super-rich—which increased the budget deficit by that same amount.

The first-year installment of this tax windfall for the wealthy amounted to \$61 billion. This was precisely the amount in immediate cuts in social spending demanded by the House Republicans in the name of "deficit reduction." In other words, the Republicans demanded cuts in programs for the poor and working class in order to offset tax cuts for the top one percent. It is this redistribution of wealth that Obama has adopted as his "good news for the American people."

The Friday night budget agreement is only the first step in the planned destruction of whatever remains of the social welfare programs established over the past 75 years

in America. Obama signed a one-week budget extension with \$2 billion more in cuts and agreed to the broad outlines of a 2011 budget bill that will cut \$37.8 billion overall.

The next action will be unveiling an administration plan Wednesday to reduce the long-term federal deficit, as part of its request for Congress to raise the federal debt ceiling, now at \$14.3 trillion. Treasury Secretary Timothy Geithner notified Congress last week that the government will hit that ceiling by mid-May and that expedients to avoid additional borrowing will be exhausted by July 8, raising the prospect of a default on federal debt if Congress does not act by that date.

House Speaker John Boehner said that there would be no increase in the debt ceiling unless it is “attached to something really big,” by which he meant a plan to drastically slash spending on the major federal entitlement programs, Medicare and Medicaid, which underwrite health care for the elderly and the poor, and Social Security, the main old-age retirement income program.

Last week the Republicans released a plan drafted by House Budget Committee Chairman Paul Ryan calling for eliminating both Medicare and Medicaid. Medicare would be phased out for everyone aged 55 or younger, to be replaced by limited federal “premium support” for buying private insurance. Medicaid would be replaced by block grants to the states, which would take over full control of the program and impose the cuts made necessary by the ceiling set by the block grants.

White House adviser David Plouffe, appearing on several television network interview programs Sunday, said the administration response to the Ryan plan will focus on cuts in Medicare and Medicaid and might address Social Security as well. He told ABC News, “the president’s commitment to spending cuts and deficit reduction is absolutely firm.”

The big business politicians, Democratic and Republican alike, claim that there is “no money” for public services, jobs and decent living standards for working people. The Socialist Equality Party and the *World Socialist Web Site* reject the entire framework of this official “deficit reduction” debate. The resources exist in abundance to meet social needs, produced by the labor of working people, but these resources have been monopolized by the ruling elite for its own reactionary and selfish purposes.

US military spending squanders almost \$1 trillion a year. Just the spending for ongoing wars in Iraq, Afghanistan, Pakistan and Libya accounts for a quarter of

that sum—more than eight times the amount of the budget cuts agreed on Friday night.

Even this gargantuan sum is dwarfed by the income and wealth of the super-rich and corporate America. The Forbes 400—the 400 richest Americans—dispose of a fortune estimated at \$1.37 trillion in 2010. The top one percent of the population controls nearly 40 percent of the wealth, and accounts for *all* of the increase in national income over the past three decades.

Corporate CEOs—dubbed the “job creators” by Boehner and Obama—have raised their own pay to record levels, with the median pay for CEOs at the top 200 US corporations approaching \$10 million last year. The *New York Times* published Sunday a detailed report on CEO pay, which began by declaring, “Rarely has the view from the corner office seemed so at odds with the view from the street corner.” Corporate profits in 2010 reached an all-time record of \$1.68 trillion. American corporations are sitting on a cash hoard of \$2 trillion while refusing to hire any significant number of new workers.

The SEP and the WSWs call on all working people to mobilize in opposition to the assault on jobs, wages, health care, education and pensions. These social rights can be defended only through an uncompromising struggle against both parties of big business and the financial aristocracy that they defend. This fight requires the building of new, democratic organizations of struggle—rank-and-file workplace, factory and neighborhood action committees—completely independent of the AFL-CIO, the UAW, the Change to Win Coalition and all of the official trade unions, which are instruments of the corporate elite for suppressing the resistance of the working class.

Working people require a new political perspective. Capitalism is preparing a social catastrophe. It will not stop until working people have been stripped of all social protections and driven into poverty. The only answer is the independent political mobilization of the working class to confiscate the accumulated wealth of the financial elite and reorganize economic life on the basis of social need and social equality, not profit.

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