

As Obama reassures financial markets, public opposition grows to budget cuts

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As a series of US opinion polls showed massive popular opposition to the bipartisan drive to slash Medicare and other vital social programs, President Obama sought to reassure the financial markets that he would reach agreement with congressional Republicans on major spending cuts.

Obama spoke at a community college campus in suburban Washington Tuesday, and declared, “Both Democrats and Republicans agree that we should reduce the deficit. And when folks in Washington agree on anything, that’s a good sign. So the debate isn’t about whether we reduce our deficit. The debate is about how we reduce our deficit”

While not mentioning the decision by Standard & Poor’s to downgrade its outlook on US government debt—based on the assessment that a budget agreement was unlikely before the 2012 election—Obama disputed the premise. “Both sides have come together before,” he said. “I believe we can do it again.”

Press accounts of Obama’s appearance noted the distinct softening of his rhetoric in relation to congressional Republicans. He did not name any Republican or even mention the party at all during his prepared remarks, and only voiced mild criticism after being asked directly by a student towards the end of the town hall-style meeting.

The *Washington Post* described Obama’s speech and a series of television interviews given by Treasury secretary Timothy Geithner as “a coordinated effort Tuesday to reassure nervous investors and a concerned American public that sharp ideological differences would not prevent the two parties from reaching an agreement in coming months over how best to close the federal budget deficit.”

Only hours after Obama’s appearance, the *Washington Post* and ABC News released the findings of an opinion poll that showed overwhelming opposition to the policies

of both Obama and the congressional Republicans.

The poll found the greatest opposition to the proposed cuts in the federal programs that underwrite health care for the elderly and the poor, Medicare and Medicaid. Those polled rejected cuts in Medicare as a means of reducing the federal deficit, by a 78-21 percent margin. They rejected similar cuts in Medicaid by 69-30 percent.

Opposition to specific changes in Medicare was even stronger. Some 65 percent opposed transforming Medicare into a program that provides vouchers to buy private insurance, as proposed by the House Republicans in a bill drafted by Budget Committee Chairman Paul Ryan.

When informed that the Ryan plan limits vouchers to well below the rate of inflation in health care costs, ensuring ever-rising medical bills for senior citizens, opposition to the proposal rose to 80 percent. (The actual projection by the Congressional Budget Office is that under the Ryan plan, the share of health care costs borne by seniors will rise from 25 percent today to 68 percent by 2030.)

The protracted and largely stage-managed wrangling in Washington over how badly to shred the federal safety net has succeeded in discrediting both the Democratic and Republican parties. The *Post*/ABC poll found that 58 percent disapproved of how Obama was handling the federal budget deficit, while even more, 64 percent, disapproved of the performance of the congressional Republicans.

This reflects not only popular hostility to the devastation of Medicare and Medicaid, but overwhelming support for increasing taxes on the wealthy. Some 72 percent backed raising taxes on those with incomes of more than \$250,000 a year, including 54 percent who strongly support such tax increases. Only 27 percent were opposed, including 17 percent strongly opposed.

Remarkably, majorities supported tax increases across

all political affiliations. This included 91 percent of Democrats, 68 percent of self-identified independents and 54 percent of Republicans. Only 36 percent supported the Republican policy of reducing the federal budget deficit exclusively through spending cuts, with no tax increases at all.

Only one social demographic showed less than a majority “strongly supporting” tax increases on the upper-income group: those with incomes above \$100,000 a year.

The *Post*/ABC poll confirms the findings of a series of polls released over the past week. A McClatchy Newspapers/Marist poll released Monday found 2-1 support for raising taxes on the upper-income bracket, and overwhelming opposition to cuts in Medicare and Medicaid. Self-identified conservatives opposed cuts in Medicare by 68-29 percent.

Only 44 percent approved of Obama’s job performance, while only 30 percent approved of the performance of the congressional Republicans. Only 32 percent thought the United States was headed in the right direction, while 63 percent thought the opposite.

A Gallup poll released April 13 found just 13 percent favoring a complete overhaul of Medicare, along the lines of the Republican Ryan plan.

These polls underscore the dramatic and widening gulf between mass sentiment and the politics of the American ruling elite. There is overwhelming popular opposition to cuts in Medicare and Medicaid and overwhelming support for making the rich pay for the crisis of the federal budget. Yet in the precincts of official Washington, it is impossible to raise taxes on the 50,000 wealthiest Americans, but considered perfectly reasonable to slash medical benefits for 50 million people.

In his speech Tuesday, Obama sought to adapt to the shift to the left among working people with a bit of threadbare populist rhetoric. “There are powerful lobbies and special interests in Washington,” he said. “And they’re going to want to reduce the deficit on your backs. And if you are not heard, that’s exactly what’s going to happen.”

However, both the Democrats and the Republicans serve the needs of these corporate interests. Both of them are prioritizing deficit reduction over any measures that would create jobs or alleviate the mass suffering caused by the ongoing economic slump.

The French news agency AFP published an analysis of the rival budget proposals by an economist for Société Générale, one of the major French banks, who estimated that Obama’s budget cuts would slash 0.9 to 3.0

percentage points off economic growth each year after 2012, while the Republican plan would cut between one and 3.6 percentage points off growth each year.

Obama’s immediate response to the S&P ratings warning was to tell a television interviewer in Raleigh, North Carolina Monday, “We’ve got to start making sure we’re living within our means, both medium term and long term.” He pointed to the \$2 trillion in spending cuts he proposed last week, while suggesting that a modest tax increase on the wealthy—only \$320 billion would be raised by phasing out the Bush tax cuts—would constitute “making the tax system fairer.”

House Majority Leader Eric Cantor, the second-ranking Republican, called S&P’s negative outlook on US debt “a wake-up call” that demanded “meaningful fiscal reforms that immediately reduce federal spending and stop our nation from digging itself further into debt.”

The leading media voice of American liberalism, the *New York Times*, chimed in with an endorsement Wednesday, in an editorial headlined, “Good Advice From S.&P.” The editors admitted that the ratings agency served as “enablers of excess” in the run up to the 2008 financial crisis, although criminal accomplice would be a better term.

Nonetheless, the *Times* suggested that the credit warning should be heeded, and used by the Obama administration to pressure congressional Republicans not to jeopardize legislation to raise the federal debt ceiling. The newspaper particularly calls attention to the S&P’s demand for “the emergence and debate of credible budget plans” before the 2012 election. The *Times* thus suggests that deficit reduction should be decided before the election, in keeping with the desire of the US ruling elite to carry out policies in defiance of the popular will revealed in the opinion polls.



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