

Republicans, Democrats escalate budget-cutting campaign

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Republicans and Democrats are escalating their campaign to cut trillions of dollars in federal spending for social programs in the lead-up to a vote this summer on raising the federal debt limit. In the crosshairs are the major health care programs for the elderly and the poor and other key programs that benefit the working class.

On Monday, Republican House Speaker John Boehner addressed Wall Street executives and other business figures at the Economic Club of New York. He told the assembled group that the Republicans would insist on deep cuts as part of any vote to raise the debt ceiling.

“Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase,” Boehner said. “And the cuts should be greater than the accompanying increase in debt authority the president is given.”

“We should be talking about cuts of trillions, not just billions,” Boehner added. “And with the exception of tax hikes—which will destroy jobs—everything is on the table.” He said that Medicare should be an element of any deal, amidst suggestions from some Republicans that significant cuts to the health care program for the elderly should be delayed.

Boehner repeatedly insisted that there could be no tax increases, saying that this would hurt “job creators.” He used the phrase “job creators” or a variant more than 10 times in the relatively short remarks to refer to corporate CEOs and Wall Street speculators who have presided over the economic collapse and the ongoing jobs crisis.

In an interview on NBC’s “Today Show” Tuesday morning, Boehner added that “there is a window of opportunity for us to address the big challenges.”

During the interview, Boehner made one statement

that was as revealing as it was false. He declared, “We could take all of the money from the wealthy, and we would hardly make a dent in the deficit.”

In fact, the combined wealth of just the richest 400 individuals in the US is \$1.37 trillion, which of itself would go a long way to offsetting the trillions in cuts demanded by both Democrats and Republicans. The richest 1 percent of the population in the United States controls about \$16 trillion, or nearly 40 percent of all household wealth. This figure is somewhat more than both the total gross domestic product of the country and the total US government debt (about \$14 trillion).

The demand from Boehner that “trillions not just billions” be cut in federal spending is, in fact, supported by both the Democrats and Republicans. An aide to the congressman subsequently clarified that the demanded cuts could take place over a period of up to five years. The Treasury Department is proposing a \$2 trillion increase in the debt, which would require a \$2 trillion cut over five years. The Obama administration has proposed a deficit reduction plan that would cut \$4 trillion over 10 years.

On Monday, White House Press Secretary Jay Carney said, “We agree there’s a problem. We need to deal with this... Now the details of how you get there are complicated; you’ve got to negotiate them.”

On Tuesday, Vice President Joseph Biden hosted the second of a series of meetings with a bipartisan group of legislators aimed at reaching an agreement on slashing social programs and raising the debt limit. The group includes Republican House Majority Leader Eric Cantor and Republican Senator Jon Kyl along with four Democrats (Representatives Jim Clyburn and Chris Van Hollen and Senators Daniel Inouye and Max Baucus).

Cantor, who after the first round of talks last week

said the two parties would “find some commonality,” declared his support for Boehner’s remarks.

Among the differences between the two sides is the Democrats’ insistence that a budget-cutting plan should also involve revenue increases. They have cited as an example the administration’s proposal to end Bush-era tax cuts for the wealthy. Since even this minor incursion into the wealth of the super-rich is highly unlikely—Obama himself extended the tax cuts last year—any tax increases in a compromise proposal would likely be in the form of regressive sales taxes.

Nowhere in the media is there any significant discussion of the impact of these cuts on the millions of people who will lose health care or other basic assistance. The proposals being discussed and advanced will lead to a drastic lowering in the living standards and life expectancy of the population.

One of the likely measures that has gone largely unexamined in the media is huge cuts in Medicaid, the state-federal health care program for the poor. While the Democrats have made certain criticisms of Republican plans to eliminate Medicare, they have said nothing about the parallel plans for Medicaid.

Included in the House Republican budget outline passed last month was a measure to transform the structure of Medicaid financing. Currently, the federal government pays a set percentage of Medicaid costs for all those eligible, while the state pays the remainder. Under the Republican proposal, this would be transformed into a block grant system, in which the federal government pays a set amount and the states are free to cut services and eligibility in response.

According to an analysis by the Kaiser Family Foundation and the Urban Institute, this change would leave up to 44 million more poor people uninsured, as federal spending on Medicaid is cut by one third over the next decade. (This amounts to a saving of \$1.4 trillion during this period—the approximate wealth of the 400 richest Americans.)

That is, millions more people would be left without the most basic medical coverage. This is the aim of both Democrats and Republicans, and the ruling class as a whole. Already, governors of both parties are slashing spending on Medicaid by billions of dollars in response to budget deficits at the state level.

Another proposal for cutting Medicaid is the repeal of the “maintenance of effort” (MOE) requirement

included in Obama’s health care overhaul last year. The measure blocks states from cutting Medicaid rolls before 2014. Repeal of the requirement has bipartisan support, and would allow the immediate elimination of Medicaid eligibility for hundreds of thousands of poor Americans.

According to a report in the *Hill* newspaper, “Governors have pressed hard for the MOE repeal, saying they simply can’t afford to maintain their Medicaid enrollment levels without making cuts in other areas. The Congressional Budget Office estimated that roughly 300,000 people would lose coverage as a result of eliminating MOE requirements, while the federal government would save \$2.8 billion over the next five years.”



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