

White House, Republicans use debt deadline to prepare historic cuts in Medicare and Medicaid

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President Barack Obama met Thursday with Senate Republicans as part of a stage-managed “debate” on raising the legal limit on the national debt, behind which the Democrats and Republicans are working out a bipartisan plan to slash trillions of dollars from Medicare and Medicaid, the federal health care programs for the elderly and the poor.

Early next week, the current debt ceiling of \$14.3 trillion will be reached. The Treasury Department has said it can continue to meet the US government’s obligations without legislation from Congress to raise the limit until August 2. After that point, unless the ceiling has been raised, the United States will for the first time in history default on obligations to creditors both at home and internationally.

With the Republicans taking the lead, both parties are using the threat of a default and resulting financial turmoil as a form of political blackmail against the American people. Following Thursday’s White House meeting, Republican senators insisted that any agreement would have to include sweeping cuts in Medicare and Medicaid as well as severe reductions in discretionary social programs such as food stamps, home heating assistance, education and housing.

Speaking for the Obama administration, Vice President Joseph Biden reassured the Republicans and big business that “everything was on the table” in the debt ceiling talks, including Medicare. Biden made his remarks following the third meeting of a group of Democratic and Republican lawmakers working with him on an agreement to raise the debt ceiling and impose austerity measures.

Neither the politicians nor the media bother to explain why, in a country where the richest 1 percent of the

population controls some \$16 trillion—40 percent of all household wealth and more than enough to cover the national debt—it is the working people and the poor who must be stripped of health care and other social services. And this in the midst of a desperate social crisis precipitated by the speculation and swindling of the banks.

Obama’s meeting with Republican senators Thursday followed a meeting the previous day with Senate Democrats at which the president cautioned against “drawing lines in the sand” in talks with Republicans on raising the debt ceiling. Such deference to the most right-wing sections of the political establishment—a hallmark of Obama and his administration—has, as always, encouraged them to press their demands more insistently.

At the White House meeting Thursday, Senate Republicans demanded that Obama agree to massive spending cuts in Medicare and Medicaid. Following the meeting, Senate Minority Leader Mitch McConnell (Republican from Kentucky) told reporters he will oppose increasing the debt ceiling unless Obama and congressional Democrats agree to short-term cuts in discretionary spending and major cuts in so-called entitlement programs (such as Medicare and Medicaid) over the medium and long terms.

He reiterated the position stated earlier in the week by Republican House Speaker John Boehner that the White House would have to agree to trillions of dollars in cuts and that tax increases—including the scheduled expiration of Bush-era tax cuts for the wealthy—were off the table.

McConnell said tighter eligibility requirements as well as reduced benefits for both Medicare and

Medicaid would have to part of any agreement. He also said he wanted a reduction in spending on discretionary federal programs in the 2012 and 2013 fiscal year budgets and caps on spending for 2014 and thereafter.

Perhaps unwittingly revealing the conspiratorial and anti-democratic character of the official debate, he said, “If there is a grand bargain of some kind with the president of the United States, none of it will be usable for either side in next year’s election.”

This statement takes as its premise the fact that the cuts being prepared are opposed by the vast majority of the American people. McConnell is saying, in effect, that if both parties approve cuts in defiance of democratic public opinion, voters will have no means of expressing their opposition and neither party will gain an advantage over the other in the 2012 election.

Republican senators who spoke to the press after the meeting praised Obama for his accommodating posture. The *Hill* web site reported Senator Bob Corker (Republican from Tennessee) as saying that the lawmakers in attendance left with a consensus that Medicare and Medicaid “reforms” had to be part of the negotiations.

Biden said of his meeting with Democratic and Republican legislators: “I’m convinced we can get to a significant down-payment to the \$4 trillion we all agree has to be cut in the escalation of the debt over the next 10 years.” (In fact, in Obama’s deficit reduction plan announced April 13, the proposal was for \$4 trillion in cuts over 12 years). Underscoring the subservience of the Democrats as well as the Republicans to Wall Street, Biden added that “everyone will think [the agreement] is real—including the international community, including rating agencies.”

In line with the drive to use the debt crisis to justify historic cuts in social programs, the trustees of the Medicare and Social Security trust funds issued a report Friday painting a more dire picture of the financial state of the programs. The report predicted that the Medicare fund will be exhausted in 2023, not 2029 as estimated last year, and the Social Security retirement program will run out of funds in 2036, not 2037.

Republicans seized on the report to bolster their demands for the privatization of Medicare and massive cuts in Social Security. Republican House Budget Committee Chairman Paul Ryan said the report vindicated his plan, approved by the House of

Representatives last month, to end guaranteed benefits under Medicare and turn the program into a voucher system for the purchase of private insurance—a scheme that would drastically reduce benefits for tens of millions of seniors.

The Democrats are attempting to give themselves a “progressive” cover as they negotiate brutal cuts in health coverage for millions of Americans by mounting a phony campaign against tax exemptions granted to major oil companies. Senator Robert Menendez (Democrat from New Jersey) is sponsoring a bill that would end an estimated \$21 billion in incentives over 10 years. On Thursday he suggested that he might link the measure to a deal on raising the debt limit.

Senate Majority Leader Harry Reid (Democrat of Nevada) has scheduled a test vote for Wednesday, but the Democrats are well aware that the bill has no real chance of passage. Republican senators are solidly lined up against it and are reinforced by Democrats from major oil-producing states, including Senators Mary Landrieu of Louisiana and Mark Begich of Alaska.

On Thursday, the Democrats staged a hearing by the Senate Finance Committee at which the heads of five major oil firms—Exxon, BP, Shell, ConocoPhillips and Chevron—testified. While Democrats politely chastised the CEOs for making record profits on the basis of skyrocketing gasoline prices, the oil chiefs arrogantly defended their tax exemptions.

One of them, James J. Mulva of ConocoPhillips, refused to apologize for a company press release the previous day that called the Democratic tax proposal “un-American.”



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