

White House, Republican discussions target federal workers' pensions

Joseph Kishore
17 May 2011

The US government reached its official debt ceiling on Monday, as White House and Congressional Republicans and Democrats intensified their push for historic cuts in social programs and in pay and benefits for government workers.

The federal government has said it will be able to continue financing operations until early August under the old limit through various accounting measures. Treasury Secretary Timothy Geithner announced that the government would delay payment into two government employee retirement funds and borrow funds from one of them.

The debt ceiling will be used to blackmail the population into accepting draconian cuts in social programs. Treasury Secretary Timothy Geithner called for Congress to raise the \$14.3 trillion limit quickly in order to "avoid catastrophic economic consequences for citizens."

Vice President Joe Biden is chairing meetings by a group of Democratic and Republican congressional leaders aimed at reaching an agreement to raise the debt ceiling. Republicans have called for cuts equal in magnitude to any debt increase (i.e., \$2 trillion in cuts for a \$2 trillion increase). Obama has already committed the administration to trillions of dollars in cuts over the next decade.

On Sunday, the *Washington Post* reported on the likely component of any compromise: a sharp cut in pay for all federal workers in the form of increased contributions to retirement programs. The demand is in line with the attack on government workers at state and local levels throughout the country. (See, "Democrats, Republicans escalate attack on government workers") It also corresponds with Geithner's decision to continue government services by raiding worker pension funds.

"Republicans have proposed saving more than \$120

billion over the next decade by requiring the civilian workforce to contribute more toward retirement—a plan that would effectively impose a 5 percent pay cut on more than 2 million federal employees," the *Post* reported. "President Barack Obama's fiscal commission has also endorsed the idea, calling the federal system 'out of line' with the private sector."

By "private sector" is meant not the lavish, multi-million dollar pensions allocated to corporate executives, but the grossly inadequate 401(k) packages available to ordinary workers, when they have retirement programs at all. The aim is to force all public workers to accept benefit packages that are in line with what is demanded by corporate America.

Currently, a federal employee with an average income of \$50,000 will get a pension of a paltry \$15,000 a year. This, however, is considered too generous.

In November, Obama launched the attack on public workers by announcing a two-year pay freeze for 2.1 million federal workers. This was followed by an extension of the Bush administration's tax cuts for the wealthy. The proposed savings from the cuts in federal worker pensions (\$12 billion a year) is a small fraction of the cost of the tax cuts.

According to the *Post*, among the other measures discussed by the Biden commission are cuts of "\$30 billion in farm subsidies, nearly \$20 billion from making graduate students pay interest on college loans while still in school and \$16 billion in higher premiums for private pensions insured by the federal Pension Benefit Guaranty Corp."

The big money, however, is to be gained through sharp cuts in Medicare and Medicaid. Last week, Biden and top Democratic Congressmen stressed that "everything was on the table" in the negotiations. This

was a reference to Republican demands that Medicare cuts be included in any deal to raise the debt ceiling.

On Monday, House Democratic Minority Leader Nancy Pelosi reiterated this point, saying, “When we’re talking about Medicare, we are open to many [changes]. We are listening to every suggestion.” While saying that Democrats would be opposed to “the abolition of Medicare,” when it comes to “considering some changes to funding and the rest, that is a different story.”

The *Post*, in an editorial Saturday, pointed to the bipartisan conspiracy against health care in an editorial, “Where President Obama and Rep. Ryan intersect on health care.” Paul Ryan (Republican, Wisconsin) drew up the Republican proposal to transform Medicare from a federal health care program into a system for providing subsidies to purchase of private insurance.

The Republican proposal has many similarities to Obama’s health care “reform,” passed last year, which includes a requirement that all individuals without insurance and ineligible for Medicare or Medicaid must pay for a policy from a private insurer, with inadequate government subsidies. The proposal immensely strengthened the power of private insurers, with the aim of eventually dumping workers and retirees with employer-sponsored health care, as well as those receiving health care from the government, into the private market.

Republicans and Democrats are criticizing each other’s proposals, the newspaper wrote, when in fact they agree on the basic approach. Both the Ryan plan and Obama’s healthcare reform plan enacted last year by the Democratic Congress—and demonized by Republicans in the 2010 congressional elections—are based on cutting costs to government and corporations by imposing an ever-greater burden of costs on healthcare recipients.

While mildly criticizing Ryan’s plan for not increasing government assistance fast enough, the *Post* insists, “The flaws in the Ryan plan should not sink the broader concept.”

“The current debate has an ideological incoherence on both sides. Republicans endorse a premium support model for Medicare even as they work to undo the new insurance exchanges in the health care law. Democrats distrust premium support when it comes to Medicare but support the exchanges, with sliding scale subsidies

that amount to premium support, in the health care plan. The problem of getting health care costs under control is complicated enough without knee-jerk opposition being the default reaction from the other side.”

What the editorial underscores is that both Democrats and Republicans are united in attempt to use the economic crisis as an opportunity to dismantle government health care programs.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact