

US budget talks target \$1 trillion in cuts

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US Vice President Joseph Biden said Tuesday night that bipartisan talks between the Obama administration and congressional leaders had identified more than \$1 trillion in possible spending cuts, about half the total demanded by Republicans as the price of a vote to raise the federal debt ceiling.

“Our Republican friends and the Democrats think we’re making progress. We’re confident if we keep on this pace we can get to a relatively large number,” Biden said after a 2½-hour meeting with the top Republican negotiators, Senate Minority Whip Jon Kyl and House Majority Leader Eric Cantor.

“I think we’re in a position where we’ll be able to get to well above a trillion dollars pretty quick, what would be a down payment on the process,” Biden said. “We’re going to be discussing trigger mechanisms,” he added, which could include either budget cuts or tax increases to be applied automatically if deficit-reduction targets are not met.

Biden refused to discuss any of the details of the proposed cuts, and there were conflicting reports about whether the major entitlement programs had yet been addressed, including Medicare and Medicaid.

The vice president seemed to imply that entitlements had been discussed but not yet agreed on, saying, “At the end of the day, we’re going to have to make some really tough decisions on some of the big-ticket items.”

The *Washington Post* reported that Biden had suggested a linkage between Democrats agreeing to cuts in Medicare and Medicaid and Republicans dropping their opposition to any tax increases on the wealthy. Both House Speaker John Boehner and Senate Republican leader Mitch McConnell have ruled out any discussion of tax increases as part of a budget deal.

Cantor, speaking for the Republicans, confirmed that the negotiators were reaching consensus on “over \$1 trillion in spending cuts.” He added, “I actually found the ability to work together to actually agree on spending cuts. I think some are finding that it’s not so hard.”

In addition to Biden, Kyl and Cantor, the talks include four congressional Democrats: Senators Daniel Inouye and Kent Conrad, and senior House members Chris Van Hollen and

Jim Clyburn.

The website *Politico.com* reported Wednesday that the Office of Management Budget had provided details of \$720 billion in net reductions over 10 years from the initial Obama budget request submitted in February. Of these, \$530 billion were in military, homeland security and foreign affairs, while \$190 billion came in domestic non-security spending.

By comparison, the House Republican budget calls for \$250 billion in reductions in security spending and \$1.3 trillion in cuts in non-security spending, “requiring a further cut of close to 26 percent,” the website noted.

Treasury Secretary Timothy Geithner praised the tenor of the budget talks Wednesday at a public appearance in Washington. “I think you’re seeing a fair amount of pragmatism” from both parties, he said.

He continued, “When you see that broad a consensus in the American political spectrum about what has to be done, and the debate is only about how to do it...then that has changed expectations about the probability of an outcome that’s good.”

Geithner’s comments demonstrate the reality in Washington, behind the media portrayal of unbridgeable differences and partisan warfare. Both the Democrats and the Republicans serve the interests of the ruling financial aristocracy. They make a show of disagreements to sustain the illusion that the US two-party system offers the population a choice. But both parties agree that deficit reduction is the top priority, and that this requires massive cuts in social programs on which tens of millions of working people depend.

Never mind that for the vast majority of Americans, jobs and the daily struggle to make ends meet are the central social problems. For the two parties that represent big business, on the contrary, deficit reduction tops the agenda and, as Biden put it, is “the most critical issue facing the country economically.” That is a remarkable declaration with some 25 million people unemployed or underemployed.

As for the Washington mania for slashing Medicare and Medicaid, the American people are adamantly opposed. An Associated Press poll taken over the weekend found that

most Americans did not believe Medicare or Social Security had to be cut to balance the federal budget.

Three out of five polled said the two programs were vital to their basic financial security, with 70 percent saying Social Security is “extremely” or “very” important for their current or future retirement, and 72 percent saying so for Medicare. Among those 65 or over, 84 percent said both programs were vital to their financial security.

A separate survey by the Kaiser Family Foundation, released Wednesday, showed that 60 percent of the people “would prefer to keep Medicaid as it is, with the federal government guaranteeing coverage and setting minimum standards for benefits and eligibility.”

Medicaid is the principal underwriter of medical care for the poor and the disabled and of nursing home care for many elderly people. More than 40 percent of Medicaid recipients are disabled and cannot work.

Only 13 percent in the Kaiser survey supported “major” reductions in Medicaid spending to reduce the federal deficit, while 30 percent supported only “minor” reductions, and the rest opposed any reductions at all.

In an indication of the impact of recession and cuts in benefits, some 69 million people are now covered by Medicaid. The Kaiser survey found that about half the population reported that someone close to them has been or is receiving Medicaid benefits.

The mass support for these social programs is expressed only in a very contradictory and distorted way in the official political system. Last year, Republicans profited from the cuts in Medicare that were incorporated into the Obama healthcare reform plan to pay for the limited extension of coverage to the uninsured. There was a sharp swing to the Republicans among the elderly, and dozens of Republican congressional candidates defeated Democratic incumbents by indicting them for cutting Medicare.

Then these same House Republicans last month approved the plan drafted by House Budget Committee Chairman Paul Ryan that would abolish Medicare entirely and replace it with a “premium support” plan based on private insurance, with the elderly forced to pay the lion’s share of their healthcare costs.

In the first contest since the emergence of the Ryan plan, Tuesday’s special election in New York’s 26th congressional district, the Republicans lost a safe seat outside Buffalo to a Democratic candidate who campaigned almost exclusively against the attack on Medicare. Elderly voters, including those identifying themselves as Republicans, voted to repudiate the Ryan plan.

Hoping to capitalize politically on the New York result, Senate Democratic Leader Harry Reid brought the House Republican budget, including the Ryan plan, up for a vote

Wednesday. The measure was defeated by 57-40, with five Republicans joining all the Democrats against it.

This is a transparent political stunt, aimed at allowing the Democrats to posture as defenders of Medicare, even while the two parties continue their backroom talks on how to slash Medicare, Medicaid and other vital programs.

The Senate’s top Republican, Mitch McConnell, gave perhaps the bluntest explanation of what is now taking place in Washington, during a meeting with Barack Obama Monday at the White House. He proposed a deal on entitlement programs such as the one negotiated by Republican Ronald Reagan and Democrat Tip O’Neill—then the House Speaker—on Social Security in 1983.

McConnell recounted how, in his first Senate election campaign in 1984, he was never asked his opinion on the Social Security deal, which raised the retirement age gradually to 67 and cut future benefits. “The reason for that was they did it together,” McConnell said. “And when you do something big and difficult together, it’s not usable in the next election.”

The Democrats and the Republicans make a backroom deal that the American people never have the opportunity to vote against, because both parties support it. Here is the logic, not merely of “bipartisanship,” but of the entire two-party system. Both parties do the bidding of the financial elite, and neither party can be held accountable when they work together.

Such brazen cynicism only underscores the political challenge facing working people in the United States. It is necessary to break with the two-party system and build an independent mass political movement of the working class, based on a socialist program, to defend jobs, living standards and social services, and oppose the social counterrevolution being conducted by both the big business parties.



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