

# Obama, Republicans discuss massive cuts in social spending

**Patrick Martin****2 June 2011**

President Obama met with the entire House Republican caucus Wednesday, the latest step in the bipartisan talks aimed at slashing federal social spending by historic amounts.

The face-to-face meeting in the East Room of the White House was behind closed doors, but congressional participants said it had focused on the issue of Medicare, the program that underwrites healthcare for most Americans aged 65 and older.

House Budget Committee Chairman Paul Ryan, who drafted a plan to phase out Medicare and replace it with private insurance, purchased with government vouchers that would gradually shift the bulk of the healthcare costs to the elderly, claimed that Democrats were unfairly describing his proposal as one to “end Medicare as we know it.”

“We simply described to him precisely what it is we’ve been proposing, so that he hears from us how our proposal works, so that in the future, he won’t mischaracterize it,” Ryan told reporters after the meeting with Obama.

He said he told Obama, “We’ve got to get our debt under control, and if we try to demagogue each other’s attempts to do that, then we’re not applying the kind of political leadership we need.”

What Ryan condemns as “demagogic” is the process in which the two big business parties, for partisan reasons, occasionally, if infrequently, tell the truth about each other’s right-wing policies.

Last year, Republicans campaigned, with great electoral success, against the Medicare cuts that were a key component of Obama’s healthcare reform legislation. Many of the Republican congressmen elected by appealing to the fears of the elderly then turned around and voted for Ryan’s plan to phase out Medicare altogether.

The Ryan plan in turn was front-and-center in a special election May 24 in upstate New York, where a Democratic candidate captured a longtime Republican House seat by campaigning largely on the issue defending Medicare.

Ryan is now voicing the concern that if both the Democrats and the Republicans posture as defenders of Medicare, it will make it politically too difficult to enact the massive cuts that both parties agree are required. Leading Democrats like former president Bill Clinton and House Minority Leader Steny Hoyer have already expressed themselves along similar lines. (See “The conspiracy against Medicare”)

Republican congressmen who attended the White House meeting said that Ryan, House Speaker John Boehner and other House leaders had pressed Obama to offer his own plan to “save Medicare,” as they put it. In other words, they sought agreement from the White House that Medicare must be transformed beyond recognition, effectively destroyed, in the name of “saving” it.

White House press secretary Jay Carney said that Obama had already offered extensive cuts in Medicare and Medicaid in the budget proposal he announced in April, which called for \$4 trillion in deficit reduction over 12 years, including \$480 billion cut from the two health care programs.

The White House meeting came less than a day after the House Republicans staged a symbolic vote to reject an increase in the federal debt ceiling unless it was coupled with major cuts in future spending, particularly on the entitlement programs like Medicare and Medicaid.

The bill would have raised the debt ceiling by \$2.4 trillion, approximately the amount the US Treasury estimates is required to get through the end of 2012,

without imposing any spending restrictions. It was introduced by a leading Republican, House Ways and Means Committee Chairman David Camp, but voted down by every Republican and nearly half of the Democrats.

Speaker John Boehner made it clear that the vote was intended to reassure corporate America that major cuts in federal social spending would be enacted. “Increasing the debt ceiling without significant spending cuts and budget reforms will send a message to American job creators that we still are not serious about ending Washington’s spending addiction,” he said, “and this will bring further harm to private-sector job growth in America.”

The minority Democratic caucus split down the middle, with 82 siding with the Republicans out of fear of offending ultra-right Tea Party elements, and 97 voting for the position initially adopted by the White House, that the debt ceiling vote should be separated from the budget talks. The latest Treasury estimate is that the debt ceiling must be raised from its present level of \$14.3 trillion by August 2, or the US government will be unable to meet its financial obligations.

What is emerging is a summer-long two-track process of budget cutting. The bipartisan talks on the debt ceiling, linked to overall spending caps and cuts, will resume June 9. The group led by Vice President Joseph Biden has already identified \$1 trillion in spending cuts.

At the same time, the House of Representatives, which under the Constitution must initiate all spending bills, is enacting appropriations bills for the 2012 fiscal year, which begins October 1. The House began consideration of the first such appropriations bill, providing \$40.6 for the Department of Homeland Security.

The House Appropriations Committee is operating under the budget resolution adopted by the House in April that sets a spending cap of \$1.019 trillion for 2012, \$30.4 billion less than the spending level set for the 2011 fiscal year.

Under the procedure devised by the Republican majority, 70 percent of all proposed cuts will be applied to the last three of the 12 annual spending bills, those providing funding for the departments of labor, education and health and human services. These three

departments plus the department of transportation will absorb \$25.9 billion in cuts, while spending for the Pentagon is set to increase by \$17 billion

Another House committee voted Tuesday on a 14 percent cut in food aid and nutrition programs, under conditions where demands for food assistance is soaring.



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