

Obama steps up campaign for “tough choices” on Medicare, Social Security

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23 July 2011

In a town hall appearance at the University of Maryland and a column in the newspaper *USA Today*, President Obama on Friday stepped up his campaign for what he called “tough choices” on Medicare, Social Security and other core domestic social programs.

Obama’s remarks to an audience of college students and staff in College Park, Maryland were even more right-wing than his statements at press conferences the week before. He sought to separate his proposals for spending cuts from the previous decade of economic crisis, two wars and enormous tax cuts for the wealthy, saying, “regardless of your views on these various actions that were taken, the fact is they all cost money.”

He reiterated his insistence that the debate in Washington not focus solely on raising the debt ceiling. “This is a rare opportunity for both parties to come together and choose a path where we stop putting so much debt on our credit card,” he declared.

Obama boasted, “I’m willing to cut a historic amount of government spending in order to reduce the deficit. I’m willing to cut spending on domestic programs, taking them to the lowest level since Dwight Eisenhower” (whose presidency ended in 1961).

Obama admitted that the cuts would target programs that help millions of people and enjoy widespread popular support, but declared, “I’m willing to sign a plan that includes tough choices I would not normally make, and there are a lot of Democrats and Republicans in Congress who I believe are willing to do the same thing.”

As in previous statements on the deficit, Obama claimed that combining a handful of minor tax increases on the wealthy with cuts that will devastate the elderly, the poor and the sick constituted a “balanced” approach.

He was at pains to deny any hostility to the rich,

declaring, “I think the free market system is the greatest wealth generator we’ve ever known.” He continued: “This isn’t about punishing wealth. This is about asking people who have benefited most over the last decade to share in the sacrifice.” He added later, “This isn’t some wild-eyed socialist position.”

Obama sounded the same theme in his *USA Today* column, which was headlined, “Go ‘Big’ on Debt Deal.” He reiterated the line that Washington must cut spending just as families hard-hit by the recession do, although the effect of the spending cuts is to inflict more social misery on working class families by eliminating jobs and social benefits on which they depend.

He said, “I’m willing to take on the rising costs of health care programs like Medicare and Medicaid,” claiming that this was necessary to “meet our obligations to an aging population.” This echoes the language of the House Republicans, who adopted a budget in April calling for the phasing out of Medicare for everyone under 55 and proclaimed this abolition of the program an effort to “save Medicare.”

Again claiming a “more balanced approach” than the Republicans, Obama called for asking “the wealthiest individuals and biggest corporations to pay their fair share through fundamental tax reform.” While Obama has cited certain specific tax loopholes, like favorable treatment of corporate jets and subsidies for oil companies, the “tax reform” he envisions would actually result in a net reduction of taxes on the wealthy.

Earlier this week, Obama endorsed the plan put forward by the so-called “Gang of Six” group of Democrats and Republicans in the Senate under which the top income tax rate would be slashed from 35 percent to only 29 percent, a cut that would more than

offset the closing of various loopholes. The so-called tax “reform” would reportedly reduce or eliminate tax deductions that benefit millions of working class and middle class families, including tax breaks on mortgage payments, retirement savings and health care expenses.

Obama closed his column with an appeal for bipartisan support for deficit reduction, invoking right-wing figures like Fox television blowhard Bill O’Reilly and the late Ronald Reagan, as well as billionaire Warren Buffett, as supporting budget-cutting deals that included tax increases.

Obama has turned his back on a measure proposed by the Senate Democratic and Republican leaders Harry Reid and Mitch McConnell that would allow him to raise the federal debt ceiling without the enactment of drastic cuts in entitlement programs.

The Senate also voted Friday 51-46 to reject the “Cut, Cap and Balance” legislation adopted by the Republican-controlled House, which would have required \$5.8 trillion in spending cuts.

Senate Majority Leader Harry Reid announced Friday that the Senate would stand in recess over the weekend, stalling any push for the McConnell-Reid measure, as well as the \$3.7 trillion austerity plan proposed by the Gang of Six.

The *New York Times* and the *Washington Post* reported that Obama and House Speaker John Boehner, the top congressional Republican, were close to an agreement on terms—\$3 trillion in spending cuts, no tax increases—that would represent Obama’s embrace of the position of the most right-wing faction of the House Republicans.

The *Post* reported, citing White House sources, that the emerging agreement between Obama and Boehner was “to the right of the Gang of Six.”

After Senate Democrats complained of being excluded from the talks, White House officials and Boehner’s office both denied that any such deal had been reached. Late Friday afternoon, Boehner announced that he was breaking off direct talks with Obama and would seek to negotiate instead with Senate leaders of both parties.

Obama responded by appearing in the White House pressroom to bemoan the refusal of the House Republicans to make any concessions on taxes, while admitting that he had been prepared to accept a deal that was “one-sided” in providing for severe cuts in

social spending.

Meanwhile, Wall Street figures continued to pressure the ultra-right faction of House Republicans affiliated with the Tea Party movement to approve an increase in the federal debt ceiling before the federal government begins to default on its obligations, which could come as soon as August 3. As many as 60 House Republicans have vowed not to support a rise in the debt ceiling under any circumstances, dismissing the threat of a federal default.

Officials from Standard & Poor’s, one the three major credit rating agencies, as well as representatives of JP Morgan and other Wall Street groups addressed a closed-door meeting of House Republicans Thursday afternoon, warning of a possible “death spiral” in the bond market if interest rates on US Treasury bills rose in anticipation of a default. They urged the House Republicans to reach agreement with the Obama administration on a debt ceiling hike tied to trillions in spending cuts.



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