

# Obama puts Social Security on chopping block

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During a 90-minute session with congressional leaders at the White House Thursday, President Barack Obama reportedly offered cuts in Social Security as part of a “grand bargain” on debt reduction.

The talks, described by Obama as “very constructive,” marked a further turn to the right by the administration and a more open embrace of the position that the debate on the federal deficit must be utilized to effect the most far-reaching rollback of social benefits in US history.

Obama said that “the parties are still far apart on a wide range of issues,” but that they would reconvene for talks at the White House on July 10, at which time they would “at least know where each other’s bottom line is” and could begin “the hard bargaining that’s necessary to get a deal done.”

The US president provided no details on the positions taken by either his administration or the Republican and Democratic leaderships in the House and Senate. He said all those participating “acknowledged that there’s going to be pain involved politically on all sides, but our biggest obligation is to make sure that we’re doing the right thing by the American people, creating an environment in which we can grow the economy and make sure that more and more people are being put back to work.”

The claim that social programs are being gutted to benefit the American people and create jobs is a grotesque lie. The “pain” will be inflicted upon the working class, the poor, the elderly and the sick by two parties, the Democrats and Republicans, which are equally committed to “doing the right thing” for big business and Wall Street. The plan that is being hashed out behind the backs of the people has no more to do with providing jobs than the bailout of the banks nearly three years ago.

In advance of Thursday’s talks, the *New York Times*, the *Washington Post* and the *Wall Street Journal*, the newspapers of record of the political establishment and the financial elite, all cited senior Democratic officials as

reporting that Obama was going into the meeting with an offer to carry out sweeping cuts in Social Security and Medicare, the bedrock program upon which millions of older Americans depend for retirement income and health care.

In return, the administration is seeking what amounts to small change in revenues through a Republican agreement to accept minor tax changes that would close loopholes benefiting private jet owners, hedge fund managers and oil corporations. While such changes will do little to reduce the federal deficit, they are meant to provide the administration with a political fig leaf, allowing it to falsely claim that the punishing cutbacks to come are being implemented as part of a “balanced” program in which the financial aristocracy is doing its share.

The pretext for these talks is the looming deadline for Congress to approve an increase in the federal debt ceiling. According to official estimates, the federal government already broke through the \$14.3 trillion limit in May, but by August 2 various accounting tricks will have been exhausted, raising the specter of a default that could trigger a sharp intensification of the US and world financial crisis.

Both the Republican and the Democratic leaderships have seized upon the debt ceiling and the prospect of default as justification for reversing social reforms that go back more than a century.

The White House has publicly announced that it is now pushing for \$4 trillion in deficit reduction over the next decade. Even if it were to get the changes in tax policy that it is seeking, more than four-fifths of this amount would be the result of spending cuts, the lion’s share affecting essential social programs.

As the *Washington Post* reported Thursday in advance of the White House meeting: “President Obama is pressing congressional leaders to consider a far-reaching debt-reduction plan that would force Democrats to accept

major changes to Social Security and Medicare in exchange for Republican support for fresh tax revenue.”

The *Post* reported that Obama planned to use Thursday’s meeting “to argue that a rare consensus has emerged about the size and scope of the nation’s budget problems and that policymakers should seize the moment to take dramatic action.”

The article continued: “As part of his pitch, Obama is proposing significant reductions in Medicare spending and for the first time is offering to tackle the rising cost of Social Security, according to people in both parties with knowledge of the proposal. The move marks a major shift for the White House and could present a direct challenge to Democratic lawmakers who have vowed to protect health and retirement benefits from the assault on government spending.”

A Democratic official involved in the talks told the *Post*: “Obviously, there will be some Democrats who don’t believe we need to do entitlement reform. But there seems to be some hunger to do something of some significance. These moments come along at most once a decade. And it would be a real mistake if we let it pass us by.”

The “hunger” the Democratic official refers to is that of the ruling elite to increase profits by reducing social benefits to below the bare minimum. The federal deficit has been hyped into a historic crisis in order to provide the historic “moment” in which a meat cleaver can be taken to programs that date back to the New Deal of the 1930s and even earlier.

While 11 House Democrats, who comprise the so-called “Progressive Caucus,” have drafted a letter demanding that “any cuts to Social Security, Medicare and Medicaid should be taken off the table” and warning that these measures “would hurt households and damage the country’s economic recovery,” party leaders clearly believe that the cutbacks can be pushed through Congress.

The *Wall Street Journal* reported Thursday that discussions between President Obama and Republican House Speaker John Boehner had already “touched on changes to all three major safety-net programs—Social Security, Medicare and Medicaid.” The report added, “Participants in the debt talks had been weighing changes to Medicare and Medicaid, but tinkering with Social Security had not been part of the discussion until recently. Such a move would be anathema to many Democrats.”

According to published reports, the cuts to Social Security would be accomplished through a cynical sleight of hand in calculating cost of living increases. This would

involve the adoption of something known as the “chained” consumer price index, which underestimates the impact of inflation. It is projected that such a shift could cut Social Security spending by \$112 billion over the course of the next decade. As a result, retired Americans would be forced to choose between buying food, heating their homes or paying for medical care.

In a statement Thursday, White House press secretary Jay Carney said Obama’s position was that “while Social Security is not a major driver of the deficit, we do need to strengthen the program.” The obvious question the statement did not address is why, if Social Security has not contributed to the deficit, its “strengthening” has become part of the discussion on slashing spending.

In relation to Medicare, the federal health insurance program covering those over 65 and the disabled, proposals are being advanced to calculate benefits based upon financial status, a first step toward eliminating the program altogether.

As for the “grand bargain’s” tax component, Boehner and his fellow Republicans have insisted that any minor tinkering with tax loopholes enjoyed by America’s super-rich be offset by more fundamental changes to the tax code that would significantly reduce the rate paid by the corporations and the wealthy.

What is being prepared in the name of reducing the deficit is another gigantic transfer of wealth from the working class to the top 1 percent of American society, with both major parties, the congressional leadership and the Obama White House working together to advance the interests of the banks, the corporations and the financial elite at the expense of the vast majority of the people.



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