Washington austerity drive targets Medicare, Social Security

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One hundred congressmen, including 40 Republicans and 60 Democrats, issued a letter Wednesday urging that the congressional committee established as a result of the August budget deal between the Obama administration and congressional Republicans approve drastic cuts in Medicare and Social Security.

The deficit "supercommittee," consisting of six senators and six members of the House of Representatives from both parties, has until November 23 to adopt a plan that reduces the federal budget deficit by $1.5 trillion over the next ten years. If it fails to do so, automatic cuts of a similar amount will take effect January 1, 2013, hitting both military and domestic spending.

The letter signed by the congressmen called on the committee to go far beyond the $1.5 trillion minimum and set a target of $4 trillion in deficit reduction. Drafted by Democrat Heath Shuler of North Carolina and Republican Mike Simpson of Idaho, the letter told the supercommittee, "To succeed, all options for mandatory and discretionary spending and revenue must be on the table."

The letter did not spell out the exact measures to be implemented to reach the $4 trillion target. However, in political terms it was an appeal for Republicans to drop their opposition to a token tax increase for the wealthy, in return for Democrats agreeing to unprecedented cuts in the social programs on which tens of millions of working people depend, particularly Medicare and Social Security.

This is the position taken by the Obama administration during the summer-long negotiations with congressional Republicans over raising the federal debt ceiling. It is all the more significant that a large bipartisan group of congressmen have come out in favor of a deal along these lines.

Two members of the Democratic leadership, Minority Whip Steny Hoyer and caucus chairman John Larson, signed the letter, along with liberals like Peter DeFazio of Oregon, Dale Kildee of Michigan, and Emanuel Cleaver of Missouri, chairman of the Congressional Black Caucus. Most of the Democrats signing were members of the right-wing "Blue Dog" group.

The Republican signers included presidential candidate Ron Paul, who reiterated his opposition to any tax increase, but signed in order to support a bipartisan appeal for much greater spending cuts.

The bipartisan letter was issued a day after a public hearing by the congressional supercommittee, where a panel of four witnesses, the co-chairs of two bipartisan groups that filed deficit reduction plans in 2010, made a similar call for budget cuts in the $4 trillion range.

The witnesses included former senators Peter Domenici and Alan Simpson, both Republicans, and former White House officials Alice Rivlin and Erskine Bowles, both Democrats. All four urged essentially the same course: massive cuts in social programs like Medicare and Social Security, combined with smaller increases in taxes, affecting both the wealthy and sections of the middle class.

All four warned of fiscal and political apocalypse if the congressional committee failed to meet its November 23 deadline for a budget-cutting agreement. Domenici told his fellow Republicans on the committee that if they continued to oppose all tax increases and the Democrats opposed cuts in Social Security, "they are both complicit in letting America destroy itself."

"I think it would be devastating," said Rivlin, budget director in the Clinton administration. "We could face a long period of stagnant growth, another recession that would be worse than the one we're slowly climbing out of."

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Bowles made the most detailed proposal, giving the broad outlines of a deficit-reduction plan that had Simpson's support as well, including $300 billion in cuts from discretionary programs like education, $600 billion in cuts from healthcare programs, $500 billion in other spending cuts, including Social Security, $800 billion in new taxes, and $400 billion saved from interest payments.

Together with $1.3 trillion in deficit reduction from the bipartisan agreement signed in August, the total of $3.9 trillion would be close to the $4 trillion package discussed by the Obama White House and House Speaker John Boehner during the summer.

Bowles called for means-testing Medicare and raising the eligibility age for the program, which pays for most healthcare for the elderly, from 65 to 67. He said that without an aggressive attack on the federal deficit, global investors would "look at this country and say, 'You guys can't govern.'"

Following their testimony, several members of the deficit supercommittee invited Bowles and Simpson to a closed-door discussion on what measures should be taken.

The co-chairwoman of the panel, Senator Patty Murray, Democrat of Washington state, strongly hinted that the committee would adopt cuts in Social Security and Medicare, saying, "Now is the time when everyone needs to be putting some real skin in the game and offering serious compromises. Democrats have made clear we are prepared to do that. We've said we are very open to painful concessions and compromises if Republicans are as well, and we have put forward serious ideas that reflect this."

Last week the Democrats on the supercommittee offered a $3 trillion deficit-reduction plan that included $1.3 trillion in tax increases and nearly $600 billion in cuts from healthcare programs. The Republicans responded by proposing $2.2 trillion in deficit reduction including $640 billion in new revenue, mainly from user fees and closing loopholes, not actual tax increases.

In a speech Monday in Louisville, Kentucky, House Speaker Boehner called for "taking bipartisan steps to fix the structural problems in Medicare, Medicaid and Social Security." This is Washington jargon for destroying these social programs, since in the eyes of the financial elite, the main "structural problem" with Medicare, Medicaid and Social Security is that they exist at all.

In an interview with Politico.com, Senator Murray, the Democratic co-chair of the committee, confirmed that Social Security cuts were under consideration. "Everything is on the table, and we've made no decisions," she said.

The revival of the austerity drive only underscores the unbridgeable gulf between the financial and political elite and the great mass of the American people. The Occupy Wall Street protests, targeting the growth of social inequality and dominance of big money over American political and social life, have won widespread popular support. But the US political establishment is impervious to these sentiments, taking its cue entirely from the dictates of the financial aristocracy.

There are no sit-ins in a thousand cities demanding the destruction of Medicare and Social Security. On the contrary, the vast majority of the American people, as poll after poll demonstrates, supports a drastic increase in taxes on the super-rich to provide the resources to safeguard these programs and assure a dignified retirement and decent medical care for the elderly.

But the Democrats and Republicans follow the logic of capitalism, not the will of the American people. They are obeying the demands from Wall Street that the working class pays for the deepening global crisis of the profit system.

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