

US budget panel fails to reach deficit-cutting agreement

Patrick Martin
21 November 2011

Members of a bipartisan congressional committee admitted Sunday that they had failed to reach any agreement on cutting \$1.2 trillion over ten years from projected US government deficits. More than half the panel's members appeared on network television interview programs Sunday to bemoan the breakdown of the effort, one day before the actual Monday deadline.

Under the procedure established in August as part of the agreement that ended the crisis over raising the federal debt ceiling, the 12-member committee, six senators and six congressmen, divided equally between the two big business parties, has until Wednesday, November 23 to deliver a deficit reduction proposal to Congress. Because the Congressional Budget Office must "score" the proposal to confirm that it meets the \$1.2 trillion target, a process that requires 48 hours, the effective deadline is Monday.

If the panel had met the deadline, both the House and Senate would have been required to give an up-or-down vote, without any filibusters, amendments or procedural delays, by December 23. Failing to meet the deadline forecloses the use of these expedited procedures.

This sets into motion the second stage of the deficit-reduction process agreed on last August—an automatic "trigger" to cut spending. An across-the-board cut in federal spending of the required amount, \$1.2 trillion over ten years, is to take effect in January 2013, divided equally between military and domestic social spending. According to an estimate from the Congressional Budget Office, Medicare reimbursements to providers would fall by 2 percent, other domestic programs by 7.8 percent, and military spending by about 10 percent.

Senators and congressmen of both parties immediately declared their opposition to the military cuts and said they would propose measures to shift the burden of the automatic cuts to other areas of the budget, particularly entitlement programs like Medicare and Social Security, which are largely exempted under the "trigger" procedure.

The failure of the deficit-reduction committee was widely expected from the time of its formation. Given the 13-month

lag between the expiration of the committee's mandate on November 23 and the automatic cuts, there was no immediate deadline to drive the negotiations.

Repeating the pattern of the summer-long crisis over raising the federal debt ceiling, the Democrats on the bipartisan committee made repeated offers of savage cuts to Medicare, Medicaid and other social programs. These were conditional on comparatively minor tax increases on the wealthy, to give a fig leaf of "fairness" to the process of attacking the most vulnerable sections of the working class—the poor, the elderly, the sick and the unemployed.

The six Republican members of the panel adamantly refused to consider any significant tax increase on the wealthy. As the deadline approached, they offered what were dubbed "revenue increases," which actually amounted to tax cuts for the wealthy disguised as tax increases. One proposal, for example, called for \$300 billion in increased taxes while assuming that the Bush tax cuts for the wealthy, now set to expire at the end of 2012, would be renewed indefinitely, pumping \$800 billion more into the pockets of the super-rich.

Typical was the final offer from Republican House Speaker John Boehner, which proposed to cut half the amount required, \$643 billion, almost entirely from domestic social spending, with only \$3 billion in tax increases, to be accomplished by abolishing a loophole for corporate jets.

Democrats and Republicans reiterated their election campaign talking points in their appearances on the Sunday television interview programs.

The Democratic co-chair of the panel, Senator Patty Murray of Washington, speaking on CNN, said, "There is one sticking divide, and that is the issue of what I call shared sacrifice, where everybody contributes in a very challenging time for our country."

Murray claimed the Democrats were "making sure that any kind of package includes everybody coming to the table, and the wealthiest of Americans, those who earn over a million dollars every year, have to share, too. And that line in the sand, we haven't seen any Republicans willing to

cross yet."

The Republican co-chair, Congressman Jeb Hensarling of Texas, told Fox News Sunday, "We are unaware of any Democrat offer that didn't include at least a \$1 trillion tax increase on the American economy." He charged that the Democrats had refused to put any significant cuts in entitlement programs—Medicare, Medicaid and Social Security—on the table.

Senator John Kerry, the former presidential candidate and a Democratic member of the supercommittee, denounced such claims, declaring—in reference to the entitlement programs on which tens of millions of people depend—"every one of them was on the table."

Press accounts confirmed Kerry's claim that the Democrats were prepared to slash entitlement programs, but the Republicans were not prepared to raise taxes on the wealthy. The Associated Press, the *Washington Post* and the *New York Times* all reported that the Democrats had secretly agreed to accept the deficit reduction framework laid out last week by Republican Senator Pat Toomey of Pennsylvania, another member of the supercommittee.

The Democratic counteroffer last Friday included spending cuts of nearly \$900 billion, including \$225 billion from Medicare, mainly from elderly beneficiaries, \$50 billion from Medicaid, and \$100 billion from other entitlement programs. It would have raised tax revenues by only \$400 billion, a substantially lower figure than previously demanded, and entirely through closing loopholes rather than raising tax rates on the wealthy.

When the Democrats would not agree to additional entitlement cuts, however, the talks broke down. The additional cuts demanded by the Republicans included an increase in the Medicare eligibility age from 65 to 67 and a change in the method of calculating annual cost-of-living increases for Social Security recipients that would deprive tens of millions of people of future benefit increases.

A revealing account on politico.com noted that despite the demagogic campaign waged against the Obama health care program in last year's congressional elections, the Republicans made no proposal to curtail the implementation of this program as part of the budget supercommittee talks. This was in large measure because the Obama program actually cuts spending on health care over the next ten years.

According to the politico.com account, Congressman Xavier Becerra, a liberal Democrat on the supercommittee, "said that when Republicans turned their attention to finding savings in Medicare and Medicaid, Democrats quickly reminded them of the many elements in the health law designed to slow down spending ..."

On November 18, the House and Senate passed the first of the appropriations bills for fiscal year 2012, based on the

spending levels agreed to in the August budget agreement. This provides a glimpse of what the austerity drive embraced by both parties will look like in practice.

The bill covers five federal departments—Agriculture, Commerce, Housing and Urban Development, Justice and Transportation—as well as independent scientific agencies like the space agency NASA. The bill reduces overall spending by \$700 million, about 0.5 percent, but if inflation is considered, this amounts to a cut of at least 3 percent.

The biggest single social spending cut is \$819 million for maintenance and operation of public housing. The food stamp program receives a derisory \$12 million increase under conditions where food banks and soup kitchens across the country are swamped by needy families.

While the corporate-controlled media incessantly proclaims that the public is demanding austerity and cuts in federal spending, opinion polls show the direct opposite: a growing fear among the American people that the social programs on which they rely are being shredded.

According to a Battleground poll published last week, 91 percent of likely voters said they were concerned about across-the-board cuts to domestic spending, including Social Security and Medicare. Of those polled, 89 percent favored closing tax loopholes for the wealthy. Asked to rank options for the coming budget cuts, 31 percent said cutting Medicare and Medicaid would be the worst option, while 25 percent thought cutting Social Security was the worst option.



To contact the WSWS and the
Socialist Equality Party visit:
wsws.org/contact