

Obama, Congress ratify social spending cuts

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The budget agreement passed by Congress and signed into law by President Obama Saturday puts in place cuts for the current fiscal year that target social spending, particular energy assistance and education.

One of the biggest single cuts comes in low-income heating assistance, which is slashed 25 percent, or \$1.2 billion, compared to last year's figure. This cut is particularly cruel, coming at the onset of winter, and insuring that tens of thousands of poor and elderly people will face the danger of hypothermia and potential death.

Another \$1.4 billion was cut from labor, health and education spending, including \$225 million from the outright elimination of 22 separate programs, many of them related to job training.

An estimated 100,000 youth will be cut off Pell grants, the main program for aiding low-income college students, and the maximum amount of the grant will be frozen at \$5,500 for another year, forcing millions of students to bear the brunt of sharply rising tuition and fees. Total cuts in Pell grants, spread over several years, come to \$1.36 billion.

The basic outlines of the budget were determined by the bipartisan agreement last August that raised the federal debt ceiling and set limits on the total amount of spending for the current fiscal year, which began September 30. Both the Democratic-controlled Senate and the Republican-controlled House adhered to these ceilings.

The House passed a \$915 billion omnibus appropriations bill that combined the spending for 10 federal departments—including Defense, Education, Energy, Health and Human Services, Homeland Security, Interior, Labor—as well as the Environmental Protection Agency, into a single 1,200-page bill.

The bill included an additional \$126.5 billion for overseas contingency funds, mainly for the war in Afghanistan, bringing the total appropriated to \$1.042

trillion. Overall military spending will rise \$5.1 billion from 2011 to 2012, despite the cuts everywhere else in the budget.

The bill was approved Friday by a 296-121 vote, with 86 Republicans, mostly right-wing Tea Party supporters, comprising the bulk of the opposition. The majority of the Republicans and nearly all the Democrats rejected calls to tear up the bipartisan budget deal and impose even more draconian spending cuts.

Senate action followed on Saturday morning, with a 67-32 roll call vote, as 51 Democrats joined 16 Republicans in passing the budget. Two Democrats and 30 Republicans voted against the bill.

Domestic social spending will be 12 percent below what the Obama administration initially requested, a cut of \$73 billion, but is \$24 billion higher than the House Republican budget passed last April. While this outcome antagonized the Tea Party elements who wanted a complete capitulation by the White House and congressional Democrats, the result is far closer to the initial Republican figure.

House Speaker John Boehner backed a separate piece of legislation on emergency disaster spending, approving up to \$11.3 billion for next year, with the requirement of an across-the-board spending cut on non-military spending to fund it. This passed the House 255-165, on a largely party-line vote, but was defeated in the Senate by 56 to 43. The result is that spending on natural disasters will not be offset by either tax increases or cuts in other spending, and will be added to the deficit.

According to one estimate, prepared by the Republican-controlled House Appropriations Committee, total spending, both emergency and non-emergency, including all supplementary military spending for the wars in Iraq, Afghanistan and Libya, will fall from \$1.275 trillion in fiscal year 2010, when

Democrats were in control of both houses of Congress, to \$1.211 trillion for fiscal year 2011, which ended September 30, and \$1.181 trillion in fiscal year 2012.

Congressional negotiators had reached agreement on the basic budget deal Tuesday, but the Obama administration delayed signing off in an effort to pressure House and Senate Republicans to back an extension of the payroll tax cut and extended unemployment benefits, both scheduled to expire December 31.

The Senate finally approved a two-month extension Saturday, by a vote of 89-10, effectively postponing a final decision on both measures until the end of February. But House Republicans publicly opposed the deal, with Boehner appearing on the NBC interview program “Meet the Press” Sunday to denounce it.

As adopted by the Senate, the payroll tax cut enacted a year ago would be extended through February 29, 2012, along with extended unemployment benefits and postponement of scheduled cuts in Medicare reimbursement for doctors, and the \$33 billion cost would be paid for by a fee on new mortgages backed by the federally subsidized loan companies Fannie Mae, Freddie Mac and Ginnie Mae. Home buyers would pay an average of \$15 a month extra on a \$200,000 mortgage.

The Obama administration abruptly dropped its insistence that the payroll tax cut and unemployment compensation extension contain no extraneous policy provisions, after House and Senate Republicans insisted on a measure that would require the president to make a final decision on permitting the Keystone XL pipeline within 60 days.

White House communications director Dan Pfeiffer indicated Obama would sign the two-month extension, despite the pipeline provision. The 1,700-mile-long pipeline would carry oil from tar sands sites in western Canada to refineries on the Gulf Coast, passing across six US states. It has been opposed by environmental groups but hailed by Republicans and the oil industry.

In a further cave-in to the oil bosses, the Interior Department gave conditional approval Friday to Shell Oil’s plan for exploration in the Chukchi Sea, off the Arctic coast of Alaska, and the White House agreed to transfer permitting for Arctic drilling rigs from the EPA to the Interior Department, which is regarded as more under the thumb of the oil industry.



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