

# Obama budget funds war, repression and Wall Street

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The \$3.8 trillion budget proposal issued by the Obama administration Monday is a revealing document, despite the political propaganda being pumped out by the White House, its Republican opponents and the corporate-controlled media to disguise the bipartisan agreement to impose drastic social cuts on working people.

About half of the budget consists of Social Security, Medicare and other so-called entitlement programs, such as food stamps and Medicaid, where the federal government is obligated by law to pay benefits to those eligible. Their ranks are being swelled by the mass unemployment and social misery produced by the crisis of American and world capitalism.

Another \$500 billion consists in interest payments on the federal debt, the bulk of which goes to the major banks and the wealthy, constituting one of the principal sources of income for the financial aristocracy. Little or nothing is said in the media or by the White House about this annual tribute to the super-rich, although total interest payments dwarf spending by most federal departments.

The remaining third of the budget consists of discretionary spending that must pass through the annual appropriation process in Congress. The broad outlines of this sector of the budget were laid down in the budget agreement reached between the White House and congressional Republicans last August. This bipartisan deal requires a reduction of \$40 billion in domestic discretionary spending for the 2013 fiscal year compared to fiscal 2012 (exempting the Pentagon and other national security/police functions of the federal government).

The budget document represents the Obama administration's choices on how the \$40 billion in domestic spending cuts is to be distributed among the

federal departments and programs. This is what remains to be negotiated with the Republican-controlled House of Representatives and the Democratic-controlled Senate.

The presentation of the budget plan by the White House and in the media seems deliberately designed to make it difficult to understand the nature of the political choices made by the Obama administration. The budget becomes more comprehensible if one divides it into two broad categories: those functions related to the military, intelligence and domestic repression, and everything else.

This provides a rough means to distinguish between the essential role of the American capitalist state and the domestic programs that were established in an earlier historical period to alleviate social problems produced by capitalism, and which serve to disguise the repressive role of the state and engender popular illusions.

The military and repressive functions of the state account for \$901.8 billion in discretionary funding in the 2013 budget. This includes: Department of Defense, \$525.4 billion; the war in Afghanistan and other "overseas contingency" military funding, \$88.5 billion; Department of Homeland Security, \$39.3 billion; intelligence agencies, including the CIA and NSA, \$52.6 billion; Department of Energy (largely for nuclear weapons), \$27.2 billion; Department of State, \$54.3 billion; Department of Justice (including the FBI and federal prisons), \$36.5 billion; Department of Treasury, \$14 billion; Department of Veteran's Affairs, \$64 billion.

Total non-defense/security domestic discretionary spending comes to \$333.5 billion in the 2013 budget: Department of Health and Human Services, \$76.4 billion; Department of Education, \$69.8 billion;

Environmental Protection Agency, \$8.3 billion; Department of Housing and Urban Development, \$35.3 billion; Department of Interior, \$11.4 billion; Department of Labor, \$12 billion; National Aeronautics and Space Administration, \$17.7 billion; Department of Transportation, \$74 billion; Department of Agriculture, \$23 billion; Department of Commerce, \$8 billion; National Science Foundation, \$7.4 billion.

As this summary demonstrates, the intelligence agencies alone account for more spending than all but three of the departments providing domestic social services. The “overseas contingency” spending on the military, by itself, is larger than the discretionary spending for any other non-defense agency.

This nearly 3-1 ratio in discretionary spending in favor of the military-police apparatus over social services actually understates the disparity. Much of the spending on health, education, housing, etc. is really a disguised subsidy to corporate interests, including drug companies, school privatizers, agribusiness, mining companies, slumlords and trucking companies. The amount of money that actually reaches ordinary working people is correspondingly reduced. It is certainly less than half the amount spent each year on interest payments alone.

The Obama administration has proposed \$6 billion in cuts in the “core” military budget—not including the war in Afghanistan and other overseas operations. The bulk of this comes from \$4 billion in increased health insurance fees to be paid by military personnel and is therefore not a reduction in actual military outlays.

For the agencies that deliver domestic social services there are a few token spending increases, but largely for reactionary political purposes.

Thus, the Department of Education receives a 60 percent increase for the Race to the Top program, which encourages state governments to compete for federal funds by taking the most aggressive approach to attacking the jobs, wages and working conditions of public school teachers, including through school privatization.

Obama is also proposing another \$1 billion for a parallel Race to the Top program for colleges and universities. He has proposed in addition an \$8 billion fund, including \$4 billion from the Department of Education and \$4 billion from the Department of Labor, to align community college training programs

with the dictates of US corporations. Some of this funding would be shifted from other job-training programs.

The Department of Housing and Urban Development receives a sizeable increase for programs to manage the downsizing of the national housing stock in the wake of the sub-prime mortgage collapse, including efforts to demolish homes left vacant by the housing market crisis.

The most significant domestic spending increase is for roads and highways, where there is considerable Republican congressional support because most of the funds go to construction companies and other private contractors and effectively subsidize the trucking industry. Obama called for a total of \$50 billion in transportation infrastructure projects as part of his American Jobs Act last fall, and this is incorporated into the Department of Transportation budget as part of a six-year \$476 billion plan.

The Department of Agriculture will be cut by \$700 million through the closure of some 260 regional offices in rural areas, part of the continuing reorientation of the USDA to serve corporate agribusiness rather than small farmers. Spending levels for conservation and environmental programs, run by the Department of Interior and the EPA, will be cut slightly.

One of the most significant proposals from the White House is to provide a much larger pay raise for the military, 1.7 percent, than for federal civilian employees, who would get only 0.5 percent after two years with overall pay rates frozen. Since the budget provides for a 1.2 percent increase in contributions by federal workers to their retirement program over a three-year period, the proposed pay increase is given with one hand and taken back with the other.



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