

US House of Representatives approves plan to destroy Medicare, Medicaid and food stamps

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The US House of Representatives has adopted a budget resolution that calls for privatization of Medicare and the elimination of Medicaid, food stamps and many other federal entitlement benefits. The resolution is part of a bipartisan campaign to slash spending on social programs.

All but ten of the Republican majority in the House backed the resolution—and those ten wanted even bigger cuts. All Democrats voted against the resolution, while offering their own proposals that called for somewhat less drastic cuts in spending and token tax increases on the wealthy.

Not a single resolution was offered that called for increasing spending to meet social needs as the American economy staggers through a fifth year of economic slump and mass unemployment.

The budget was drafted by House Budget Committee Chairman Paul Ryan of Wisconsin, who last year offered the first-ever proposal for the complete abolition of Medicare. It passed the House but not the Senate.

This year's resolution was even more sweeping and reactionary. It calls for \$5.3 trillion in spending cuts over the next decade. Part of the savings would be used to reduce the federal deficit, but the bulk of them would go to reward the wealthy with new tax breaks, including abolition of the estate tax and the Alternative Minimum Tax, making the Bush tax cuts for the wealthy permanent, and lowering the top income tax rate from the present 35 percent to 25 percent.

The major spending cuts in the budget resolution are focused on programs for the poor and the lower-paid sections of the working class. According to a study by the Center on Budget and Policy Priorities, 62 percent of the \$5.3 trillion in spending cuts come from "programs that serve people of limited means." If

implemented, the cuts would drastically increase income inequality and poverty.

The CBPP analysis found the budget provides for \$800 billion in cuts for Medicaid, \$1.6 trillion from repealing the expansion of Medicaid and subsidies for low- and moderate-income people, \$134 billion in cuts from food stamps, and \$463 billion from other programs for low-income individuals and families, including an estimated \$166 billion from Pell Grants for low-income college students.

According to other accounts, the budget would cut 200,000 children from Head Start, deny food stamps or WIC food commodities to 1.8 million infants, children and pregnant or nursing women, cut transportation financing by up to \$50 billion, and cut unspecified billions from federal employee pensions.

The resolution proposes to turn back the clock on federal programs by more than half a century, capping federal spending at 19 percent of gross domestic product, about the level that prevailed in the 1950s, before the establishment of Medicare and other social welfare programs adopted under the Johnson administration.

In order to accomplish this goal, the Ryan plan would raise the age of eligibility for Medicare from 65 to 67, and end Medicare as a federal entitlement for all those now younger than 55. Anyone who turns 65 after 2023 would be relegated to buying private health insurance with a government grant that would be capped, shifting costs to the individual.

Unlike last year, however, Ryan modified his Medicare plan slightly to obtain a Democratic co-sponsor, Senator Ron Wyden of Oregon. The Ryan-Wyden plan would give those under 55 the option to stay with traditional Medicare, but only under financing options that would make the federal program unviable.

As *Washington Post* columnist Ezra Klein noted, Ryan plan establishes the identical mechanism for the elderly to purchase private insurance—state-run insurance exchanges—that the Obama administration has made the center of its healthcare reform program. Obama proposed this method to cut the cost of healthcare for the government and corporate employers. Ryan proposes the same means to cut the cost of providing healthcare for the elderly.

The other significant feature of the Ryan budget resolution is that it reneges on the agreement reached last August between the Obama administration and congressional Republicans, setting spending levels for the 2012 and 2013 fiscal years. The White House embraced significant cuts in discretionary spending in return for an increase in the federal debt ceiling. This raises the prospect of a new legislative deadlock over the adoption of appropriations bills for fiscal year 2013, and a partial shutdown of the federal government October 1, on the eve of the presidential and congressional elections.

The Obama White House mildly criticized the Ryan budget plan in language that all but begged for an agreement. Senior Obama adviser David Plouffe, appearing on multiple television talk shows last Sunday, reiterated the claim that the Republican resolution “fails the test of balance and fairness and shared responsibility.”

Adding just a touch of populist demagogic, Plouffe continued, “It showers huge additional tax cuts on the wealthy that are paid for by veterans and seniors and the middle class.”

None of the competing budget resolutions debated and voted on by the House Wednesday and Thursday, however, provided any serious alternative.

A proposal based on the Obama administration’s own budget numbers, offered by Republican Congressman Mick Mulvaney of South Carolina in order to ridicule it, was voted down by 414 to zero, without a single Democratic vote.

Three measures offered by various factions of the Democratic Party were all voted down—the Black Caucus budget was defeated 107-314, the Progressive Caucus budget 78-346, and a Democratic leadership budget 163-262.

Significantly, all of these budget resolutions adhered to the spending levels set last August in the bipartisan

White House deal. In other words, the Democrats, even in their most liberal guise, accepted the budget cuts endorsed by Obama last year.

The House also defeated, by a vote of 136-285, an alternative to the Ryan budget resolution with even greater cuts, proposed by the Republican Study Group, a caucus of ultra-right and Tea Party members.

One other budget resolution was voted on, and despite its lopsided defeat, the measure was politically significant. A bipartisan group of right-wing Democrats and moderate Republicans proposed a budget plan based on the report of the Simpson-Bowles commission, which Obama appointed to devise a deficit-reduction program.

The resolution was overwhelmingly defeated, by 38 to 382, because few Republicans would vote for a resolution calling for tax increases on the wealthy, and few Democrats wanted to publicly support sizeable cuts in Medicare and Social Security in a bill that was certain to be defeated.

Nonetheless, the bipartisan measure indicated where a deal is to be had once the charade of the November elections is completed. Whatever the configuration of the two parties, in terms of control of the White House, Senate or House of Representatives, there will be a bipartisan deal to slash spending on the poor and working class, while preserving, with only token changes, the enormous tax boondoggles for the wealthy.

This will be presented to the American people, either by President Obama or his Republican successor, as a measure providing “equal sacrifice” or “shared responsibility” for the fiscal crisis of the federal government.



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