

Obama, Boehner pledge to continue talks on social cuts

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President Barack Obama and Republican House Speaker John Boehner both pledged on Friday to continue to push for a deficit-reduction deal including hundreds of billions of dollars in cuts to social programs, following Boehner's failure Thursday to obtain House passage of a proposal to allow taxes to rise on incomes above \$1 million.

Several dozen Tea Party-linked Republican congressmen refused to back the plan on the basis of opposition to any increase in tax rates, and Boehner called off a vote on the measure. He then dismissed the House until after Christmas.

The House speaker had put forward his "Plan B" in response to Obama's December 17 offer of \$800 billion in social spending cuts and an extension of Bush-era tax cuts for all households earning less than \$400,000 a year, far higher than the \$250,000 level he had previously called for.

Obama's austerity plan—including \$400 billion to be cut over the next decade from federal health care programs, \$200 billion more from other mandatory domestic programs, and \$100 billion from discretionary programs such as education, infrastructure and aid to the poor—was in addition to over \$1 trillion in spending cuts passed last year and \$700 billion in cuts to Medicare included in the 2010 health care "reform" law.

The White House package also included major cuts in benefits for Social Security recipients through a new formula for calculating cost-of-living increases designed to grossly underestimate the impact of inflation on retirees. This represents an unprecedented attack on the bedrock social entitlement passed during the Great Depression of the 1930s.

Boehner and the Republican House leadership sought passage of a bill limiting tax rate hikes to the 430,000

people in the US making more than a million dollars in an attempt to strengthen their hand in extracting even deeper spending cuts from Obama and the Democrats. The measure excluded any extension of long-term jobless benefits, affecting more than 2 million unemployed workers, maintained the estate tax at its Bush-era rate of 35 percent, and ended tax credits for college tuition, the earned income tax credit for low-income workers, and the child tax credit.

Prior to calling off a vote on the tax measure, Boehner obtained House passage of a separate bill to cancel \$97 billion in Pentagon cuts set to begin on January 1 as part of the \$600 billion in automatic spending cuts and tax increases labeled the "fiscal cliff." The measure would instead cut an additional \$314 billion by increasing federal employee pension contributions and slash programs such as food stamps and health care.

Neither the failed "Plan B" tax measure nor the spending bill passed by the House had any chance of being passed by the Democratic-controlled Senate and signed into law by Obama. They were essentially maneuvers in a budget-cutting process that has an immense element of political theater and behind-the-scenes string pulling.

Obama and the Democrats are seeking to use a token tax increase on the rich to provide a fig leaf of "fairness" for their support for historic cuts in social programs affecting hundreds of millions of Americans. As always, the tone is set by the most rightwing sections of the Republican Party, which adopt an intransigent position, pushing the entire process further to the right and providing a pretext for Democratic "liberals" to support ever more onerous attacks on the working class.

In this case, the conditions are being created for

ostensibly liberal Democrats in the House to justify a vote for White House-backed bipartisan bills that include sweeping attacks on Social Security, Medicare and Medicaid on the grounds that they had to vote “yes” to overcome the opposition of most Republican House members.

Democratic liberals in the House were already signaling on Wednesday their readiness to vote for cuts in Social Security benefits. Barney Frank of Massachusetts said, “It is conceivable that you could have a package that is so attractive in so many other ways that you might swallow it.” House Minority Leader Nancy Pelosi said of the proposed lowering of cost-of-living increases, “I consider it a strengthening of Social Security.”

Obama, in his statement Friday prior to leaving for a Christmas break in Hawaii, stressed his readiness to compromise further with the Republicans to reach a deficit deal and avert the “fiscal cliff.” Saying he remained committed to reducing the deficit, whether “all at once” or in steps, he added, “Nobody gets 100 percent of what they want.”

He said there might not be time after Christmas to secure a comprehensive deal along the lines of his December 17 proposal, and suggested instead an agreement to extend the Bush-era tax cuts for households with incomes under \$250,000, as well as long-term jobless benefits. This would, he argued, avert the automatic spending cuts and tax hikes due January 1 while “laying the groundwork for deficit reduction” in 2013.

Obama previously indicated that he was prepared to raise the tax threshold even higher than \$400,000. In any event, he is calling for a “comprehensive tax reform” to be passed in 2013 that would override any increase in tax rates for the rich and institute cuts in both corporate and personal income tax rates.

The “fiscal cliff” crisis is an artificial emergency, put in place last year as part of the bipartisan deal to raise the federal debt limit. Its purpose is to create a crisis atmosphere and facilitate the passage of rightwing measures that are opposed by the overwhelming majority of the American people.

The entire framework of the budget debate is reactionary and false. It is based on the lie that “there is no money” for vital social programs, even as trillions are made available to the banks and the military, and

corporate profits and the personal fortunes of the ruling elite reach new heights. Its unstated premise is that the wealth of the financial aristocracy is inviolable, while the social needs of working people are expendable.

Whether a budget deal is worked out before the New Year or after, it will initiate an assault on all that remains of the social reforms enacted in the last century.



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