

# After tax deal, spending cuts dominate Washington agenda

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Following the agreement between Democrats and Republicans to avert the “fiscal cliff,” the two big business parties enter the new year with one item on their domestic agenda: cuts in health care, retirement and other programs on which millions of people depend.

Behind the squabbling and political theater, the representatives of the financial aristocracy, along with the media, are working to create the conditions for implementing social attacks that previously were considered politically impossible. Such measures—slashing health care, cutting already meager retirement benefits, forcing people to work longer before receiving benefits—are presented as unavoidable.

President Obama used his Saturday radio and Internet address to declare that there would be no negotiations with congressional Republicans on raising the federal debt ceiling, which the US Treasury is about to breach. House Speaker John Boehner said the Republicans would use the debt ceiling as leverage to force through spending cuts in social programs, demanding one dollar in cuts over a ten-year period for every dollar increase in the debt ceiling.

For the ruling class, the question of the debt ceiling is a tactical issue, with a section concerned that continuing to use it as leverage for pushing through cuts imperils the US debt rating and the position of the dollar. On the end goal—slashing Social Security, Medicare and Medicaid—all are in agreement.

In his Saturday address, Obama pointed to \$2.4 trillion in deficit-reduction measures enacted under his administration, while declaring his readiness to impose “reforms” on Medicare and other entitlement programs. “And I’m willing to do more,” he said.

House Minority Leader Nancy Pelosi told the CBS program “Face the Nation” that she was willing to

consider increased means-testing for Medicare, among other deficit-reduction measures.

For the Republicans, Senator Mitch McConnell appeared on several network interview programs Sunday morning to reiterate that with the fiscal cliff deal, the “tax issue is finished.” He continued, “Now the question is: what are we going to do about the biggest problem confronting our country and our future? And that’s our spending addiction.”

The *Washington Post* reported Saturday that the White House is planning to revive many of the social benefit cuts that were included in the “grand bargain” negotiated by Obama and Boehner in July 2011, which ultimately collapsed. Overall, the newspaper said, the administration was considering \$900 billion in spending cuts, including \$600 billion from entitlement programs. The cuts could include raising the age of eligibility for Medicare from 65 to 67 and reducing cost-of-living increases in Social Security benefits.

For the ruling class, such measures are considered a down payment. They have much grander schemes in mind. A particularly revealing analysis appeared in the *New York Times* Sunday Review, penned by economists Gary King and Samir Soneji. Arguing that the budget crisis in Social Security was “worse than you think,” it called for discussion of actions like raising the age of retirement to 69 or 70, reducing benefits across-the-board, and introducing a new, lower, benefit rate for workers with incomes above \$43,000 a year.

The analysis was remarkable for its hostility to the elderly, suggesting that retirement was a positive evil, and arguing that federal policy should be restructured so as not to “encourage” retirement, but only make it “an option.” It is no accident that one of the authors, Soneji, comes from the Dartmouth Institute for Health

Policy, an institution closely aligned with the Obama administration that has been in the forefront of calls for slashing “unnecessary” medical procedures to cut costs.

It is, we are supposed to believe, the elderly who are leeching off society because they want, as *Times* columnist David Brooks put it last week, to “spend a lot on themselves” while “pushing costs onto their children and grandchildren.”

The American financial aristocracy has spent several decades consumed by the single-minded aim of extracting as much money as possible through speculative and parasitic operations. It is an occupation to which it has given redoubled attention over the past four years in order to ensure that the rich not see their fortunes diminished by the economic crisis they fostered.

Yet it is not they who must pay—not the multi-millionaire hedge fund managers or corporate executives—but the elderly and infirm. The flood of right-wing media pontification is all based on the unquestioning acceptance that society can no longer afford to have its population get old or sick.

Amidst these calls for austerity, the US stock market is at a five-year high, having largely recovered from the losses of the 2008 financial crash. American corporations are sitting on a cash hoard of trillions of dollars.

The political and media establishment treats the vastly unequal distribution of wealth and income as an unalterable fact of life. The vast sums of wealth accumulated by the ruling class have been based on a looting operation that, at all costs, must be continued. Whatever drains on profit and private wealth still exist—including social reform programs that were a bedrock of the post-war social and political order—are targeted for elimination.

Such conditions speak to a social order, capitalism, that has lost all historical legitimacy. The fact that this social system can no longer afford the pensions and health care which tens of millions of retired workers have earned through many years of labor is an argument, not against the elderly, but against the profit system.

The resources to meet the needs of retired workers, and to meet the needs of the entire population, for jobs, decent incomes, education, health care, access to

culture and other social benefits, must be obtained through the expropriation of the billionaires and the giant corporations and the reorganization of economic life to serve the needs of the working people who produce all the wealth, not the handful of wealthy parasites at the top.



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