

Obama budget slashes Social Security, Medicare

Andre Damon
11 April 2013

US President Barack Obama unveiled his budget proposal Wednesday, calling for a historic attack on Medicare and Social Security. The move, coming after the imposition of \$1.4 trillion in spending cuts over the past two years, marks a new stage in the US ruling class's offensive against the social rights of the population.

"I am willing to make tough choices that may not be popular within my own party, because there can be no sacred cows for either party," Obama wrote in a letter to Congress included in the budget, referring to the move's repudiation of the Democrats' traditional association with the programs of the Great Society and New Deal.

The budget proposes to slash \$400 billion from Medicare spending over ten years, and would introduce a new measure of the cost of living that would mean an effective cut of \$130 billion from Social Security benefits during the same period.

Cuts to these programs are overwhelmingly unpopular, with a Pew Research poll finding earlier this year that 87 percent of the population is opposed to cuts in Social Security, while 82 percent oppose cuts in Medicare.

The budget proposal comes less than a week after a disastrous March jobs report, which showed the lowest jobs growth in nine months, with 496,000 people dropping out of the labor force last month. Obama's budget does nothing to address the fact that four million people are soon to see their federal extended unemployment benefits slashed by 11 percent until at least October 1.

In a press conference Wednesday morning, Obama sought to downplay the attacks on Social Security and Medicare contained in the budget, seeking to palm off the socially regressive proposals as intended to defend

"a rising, thriving middle class" through a "balanced and responsible" proposal.

In tacit recognition of the overwhelming unpopularity of attacks on Social Security, Obama made no mention of the program by name in his speech. Instead, he referred to these cuts indirectly, saying, "My budget does also contain the compromise I offered Speaker Boehner at the end of last year, including reforms championed by Republican leaders in Congress. And I don't believe that all these ideas are optimal, but I'm willing to accept them as part of a compromise."

Aside from cuts to Medicare and Social Security, the budget contains a myriad of right-wing proposals, including expanding "education reform," tax breaks to manufacturers, and a regressive \$1-per-pack tax increase on cigarettes.

The budget proposes to create an "Infrastructure Bank" that would "leverage private and public capital to support infrastructure projects," and take "action to modernize and improve the efficiency of the Federal permitting process" for building projects, including pipelines—in other words, speed up such projects to the detriment of public health and worker safety.

Obama called for further deregulation and tax subsidies for US corporations, with Obama noting that the budget includes "initiatives to support manufacturing communities, including a new tax credit to strengthen their ability to attract investments and jobs. And it expands my Administration's SelectUSA initiative to help draw businesses and investment from around the world to our shores."

The introduction of a new measure of the cost of living, referred to as the "Chained CPI" will cut Social Security payments by \$130 billion over ten years, as well as \$35 billion from federal workers' retirement benefits.

In addition to the sharp cuts to Medicare and Social Security, the budget proposes other benefit cuts, such as a measure that prevents disabled workers from collecting both unemployment and disability benefits at the same time, leading to a \$1 billion benefit cut over 10 years.

The budget likewise forges ahead with the attack on public education, introducing competitive funding for high schools, and facilitating the phasing out of liberal arts programs and their replacement with curricula that “today’s employers seek to fill the jobs available right now and in the future.”

This policy also applies to colleges, with the budget including measures that would “ensure affordability and value are considered in determining which colleges receive certain types of Federal aid,” meaning that those that do not “reform” their curriculum to topics demanded by corporations would be defunded.

To offset the public impact of the right-wing policies being proposed, the budget includes token measures that stand little chance of being implemented. Among these is a “Preschool for All” initiative, funded with a measly \$750 million in preschool development grants to the states. But even this proposal this would be paid for by a 94-cents-per-pack increase in the federal tax on cigarettes, which would overwhelmingly affect the poorest and most vulnerable section of society.

Even after the significant concessions made by Obama, the Republicans maintained their demands for more cuts. “It looks like there’s less than \$600 billion worth of reduction in there—and that’s over a decade—all of it coming from tax increases. In other words, it’s not a serious plan. For the most part, just another left-wing wish list,” said Senate Minority Leader Mitch McConnell. House Budget Committee Chairman Paul Ryan likewise said that he is “disappointed by the president’s proposal because it merely ratifies the status quo.”

While Obama noted in his speech Wednesday that he has already met the Republicans “more than halfway,” it is clear that Obama’s budget represents merely the starting point of negotiations, and that the Administration will move even further to meet the Republicans’ demands.

While Obama has boasted that he has already implemented \$2.5 trillion in deficit reduction, these cuts have up to this point avoided entitlement spending.

Now, the ruling class, through the medium of the two big-business parties, is barreling ahead with their plans to gut the bedrock programs of the US social safety net. This drive inevitably puts the entire political system on a collision course with the demands of the population, and must lead to mass political upheavals.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact