Obama, Congress advance plans for deeper social spending cuts

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With the evident postponement of an immediate war against Syria, the Obama administration and both Democrats and Republicans in Congress have turned their attention to their main enemy at home, furthering their plans to attack the social programs on which tens of millions of working people in the United States depend on for their health and livelihood.

In a half-hour interview broadcast on ABC's "This Week" program Sunday, Obama laid out his position on the budget talks, which resumed in earnest last week in Washington. Obama indicated willingness to make concessions to Republican demands for further cuts in social spending, including an extension of the so-called "sequester," while rejecting any negotiations over an increase in the federal debt ceiling.

There are now two budget deadlines in October. On the first day of the month, the start of the 2014 fiscal year, the federal government will run out of authority to spend money because Congress has not passed a single appropriations bill. Federal agencies will begin to shut down, with consequent furloughs and payless paydays for federal workers.

On or about October 18, according to recent estimates, the Treasury will exhaust its ability to borrow money to finance continuing federal payments, and will be limited to issuing checks based on incoming revenue. This will mean unpaid federal bills, likely before the end of the month, with the threat that Social Security checks for 50 million retired people will not go out after November 1.

As in previous budget crises under the Obama administration, the events are being stage-managed by the two corporate-controlled parties to give the illusion of partisan gridlock and confrontation over principles—in this case, whether to go forward with the implementation of the Obama health care program—while behind the scenes all factions within the ruling elite agree that massive cuts must be carried through in basic federal social programs.

With the cooperation of the media, a crisis atmosphere will be created to justify further sweeping attacks on the social rights of the working class to health care, unemployment compensation and retirement income. The end result will be significant cuts in Medicare, Medicaid and Social Security.

The leader of the House Republican majority, Speaker John Boehner, has already reached a tacit understanding with the Obama administration and Senate Democrats over how to handle the more immediate of the two deadlines, the beginning of the new fiscal year on October 1.

Last week, Boehner and House Majority Leader Eric Cantor backed a plan under which the House would approve a measure, called a continuing resolution, to allow federal agencies to continue spending money through December 15 while the appropriations bills are finalized.

In return, the Senate would agree to hold a vote on postponing implementation of the Obama health care program for one year. After the Democratic-controlled Senate defeated the Obamacare postponement, the spending bill would go to the White House for Obama's signature, without any further action by the House.

The most right-wing faction of House Republicans forced Boehner and Cantor to withdraw the proposed continuing resolution by vowing to vote down any measure that did not actually ban the implementation of Obamacare. The deal was nonetheless significant, since Senate Democrats and the White House agreed in principle to extend implementing the drastic spending cuts imposed under the sequester into the new fiscal

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year.

The total cuts under the sequester—agreed on by Obama and congressional Republicans in 2011, and put into effect earlier this year—come to more than $1 trillion over ten years. Particularly hard-hit have been programs for poor children, like Head Start, and federal agencies with unexpectedly high expenditures, such as those involved in fighting the wave of summer forest fires.

Further spending cuts will be incorporated in the appropriations bills whenever they are finalized. The Republican-controlled House, for instance, has proposed to cut $40 billion from the food stamp program over the next ten years. The Democrats are proposing smaller cuts, but the program faces an automatic reduction of about 13 percent in benefit levels when a temporary increase in benefits under the 2009 economic stimulus legislation expires in November.

The Republican demagogy over “defunding” the Obama health care program is a sideshow to whip up far-right elements in the Tea Party and shift the political landscape further to the right.

There is little chance that Congress or the Obama administration will agree to delay the health care legislation passed in 2010, which takes effect January 1, 2014. The health care bill is not a progressive reform, but a reactionary measure backed by Corporate America, focused on cutting costs and boosting profits. Insurance companies and health care providers have already invested billions to implement the bill, which they calculate will bring them a windfall.

In an action that demonstrates the ruthlessness of the Obama administration when it comes to the social conditions of workers, the White House on Friday flatly rejected a plea from the AFL-CIO to pull back on planned sanctions under the health care legislation against union health care plans covering millions of workers, whose benefits are considered too high—the so-called “Cadillac” plans. Benefits above the cutoff level will be subject to federal taxes from January 1.

Meanwhile, Treasury Department figures released Thursday show that the federal deficit, supposedly the reason for austerity measures, has plunged to the lowest level since Obama took office, less than $700 billion in fiscal 2013.

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