

US budget talks focus on entitlement cuts

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Budget talks between congressional Democrats and Republicans have narrowed the differences between the two parties, with a consensus emerging for a measure that would maintain the austerity framework, known as the “sequester,” adopted in 2011, with minor modifications.

The agreement to end the partial shutdown of the federal government in October set a December 13 deadline for a bipartisan budget deal.

Numerous press accounts, citing legislators and aides in both parties, suggest that the emerging deal will restore about \$45 billion to discretionary spending targeted for cuts under the “sequester” for the current fiscal year, and about \$20 billion for fiscal 2015. This would mean splitting the difference between the current discretionary spending level of \$967 billion, set by the sequester and backed by House Republicans, and the \$1.058 trillion level approved by the Democratic Senate.

The most significant feature of the deal is that funds restored to discretionary programs would be largely offset by cutting entitlement programs long-term. According to a report in the *Hill*, the agreement “would move a portion of the sequestration cuts away from defense and domestic programs onto other areas of the budget for the next two years.”

While Medicare and Social Security benefits would not be affected, pension programs for federal government workers would be hit significantly, as well as federal reimbursement to hospitals that treat the uninsured. Moreover, in order to impose these cuts, the bipartisan agreement would not take the form of an overall budget blueprint, which is nonbinding and cannot be filibustered. Instead, it would be a bill with legal force, backed by at least 60 votes in the Senate and therefore requiring bipartisan support, and submitted to the White House for Obama’s signature.

The last major issue in discussion between the

Democrats, led by Senate Budget Committee Chairwoman Patty Murray, and the Republicans, led by House Budget Committee Chairman Paul Ryan, is a proposal to maintain extended unemployment benefits, currently scheduled to expire at the end of December for 1.3 million long-term jobless. Maintaining the program would cost \$25 billion, less than the Pentagon spends in ten days, but a prohibitive sum as far as the multimillionaires in the House and Senate are concerned.

Murray raised the demand in the backroom talks at the last minute, after the Democrats had ignored the plight of millions of workers out of work for more than six months. In addition to the 1.3 million whose last benefit checks cover the week of December 28, another 3.6 million unemployed people are expected to exhaust their state unemployment benefits in 2014 and require extended federal benefits to sustain their families.

It is a measure of how far to the right the US political establishment has moved that there is so little support for continuing extended unemployment benefits in the midst of the worst economic slump since the Great Depression. Since their inception in 2008, nearly 24 million workers have received extended benefits, supporting an additional 45 million family members, including 17 million children.

All told, 69 million people, nearly one in four Americans, have been assisted by extended unemployment benefits since the Wall Street crash of 2008 devastated the US and world economy. The cutoff will affect a total of 9 million workers, spouses and children in 2014 alone.

Both the Obama administration and House and Senate Democrats have given conflicting signals about extended unemployment benefits. Democratic House Minority Leader Nancy Pelosi at one point last week said the continuation of these benefits had to be part of the budget deal, but then backed off from that position.

White House Press Secretary Jay Carney said in an interview Friday there was no such requirement.

Majority Whip Richard Durbin of Illinois, the second-ranking Democratic leader in the Senate, echoed Carney's statement in an appearance Sunday on the ABC television program "This Week." "I don't think we've reached that point where we say this is it, take it or leave it," Durbin said, in response to a question about incorporating extended benefits in a budget agreement.

President Obama devoted his Saturday radio/Internet speech to an appeal for extended unemployment benefits, the first time he has mentioned the subject in many months. The statement was part of the administration's week of posturing as the friend of the poor and low-paid, in which Obama has displayed his contempt for the intelligence of the American people, hoping they will forget five years of policies favoring the banks and billionaires and driving down the wages and living standards of workers.

Obama did not, however, say that continuation of the jobless benefits had to be part of the budget deal being negotiated by congressional Democrats and Republicans.

Obama hailed the Labor Department's jobs report for November, which found that just over 200,000 net jobs were created, a figure that barely offsets the number of new entrants into the labor force, let alone improving the prospects for those currently unemployed.

He condemned the Republican majority in the House of Representatives for opposing a continuation of extended unemployment benefits, although the Democratic majority in the US Senate has taken no action either.

The debate among the Democrats concerns not how to prevent the expiration of extended unemployment benefits, but how best to maneuver so that the blame for a cut-off of the program falls on the Republicans.

Statements from House Speaker John Boehner and other congressional Republicans have combined expressions of sympathy for the plight of the unemployed with the reiteration of the position that government programs such as unemployment compensation are a "disincentive" for jobless workers to take new jobs (at a fraction of their previous wage).

Meanwhile, despite Obama's posturing about low-paid workers, the White House reiterated Wednesday

its support for a Senate farm bill that would cut food stamps by \$4 billion over 10 years.



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