

Budget-slashing deal set to be ratified by US Senate

Shannon Jones
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A two-year budget deal cleared its last major procedural obstacle in the US Senate yesterday, opening the way for final passage, with a vote expected Wednesday. The bill makes permanent over a trillion dollars in “sequester” cuts and contains a raft of other attacks on working people, including the cut-off of extended unemployment benefits for 1.3 million workers.

By a 67–33 vote the Senate moved to end a Republican filibuster, with 12 Republicans joining all 55 Senate Democrats. The total was seven votes more than the minimum of 60 needed to end debate and send the measure to a final vote.

The vote demonstrated the bipartisan support for massive spending cuts directed against the working class. The spending bill passed the Republican-controlled House of Representatives last week by a wide margin, and President Obama is set to sign the measure once it obtains final passage in the Senate.

By failing to extend unemployment benefits, the deal means that 1.3 million will be cut off from cash assistance on December 28. Another 3.6 million people will lose their unemployment benefits by the end of 2014 after their state benefits run out. The official long-term unemployment rate stands at 2.6 percent. Since World War II, extended unemployment benefits have never been ended in any previous recession while such a high level of long-term unemployment persisted.

Major corporate lobbying groups, such as the Business Roundtable, representing chief executive officers at the largest US corporations, supported the budget deal. US corporate interests see it as a springboard for a bipartisan agreement to slash Social Security and Medicare.

If unemployment benefits are not restored, it will affect some 5 million workers. When combined with

the impact on family members, the number rises to 15 million, some 5 percent of the US population.

The percentage of unemployed who have been out of work for 27 weeks or more remains at 37 percent, a higher level than ever seen prior to the current economic crisis. That level is much higher than the 26 percent long-term unemployment rate seen at the end of the recession in the early 1980s. Presently, federal extended unemployment benefits cover workers for up to an additional 47 weeks. That compares to the 26 weeks of unemployment insurance coverage provided by most states.

The \$25 billion currently spent annually on extended unemployment benefits is a pittance when compared with the vast sums the US government spends on the military or the \$85 billion a month the US Federal Reserve is printing to prop up the financial markets.

The budget deal also continues a two percent reduction in Medicare reimbursements for hospitals and extends those cuts to 2023. The cuts threaten access to care for retirees, as providers cut services rather than incur losses treating Medicare patients.

The bill hikes the percentage of pay most federal civilian employees hired beginning in January will contribute to pensions to 4.4 percent of their salaries. The 2.2 million federal government civilian employees have had their pay frozen for the past three years. In addition, most were furloughed for at least a day this year due to the “sequester” cuts.

The budget bill also cuts military pensions by reducing cost of living increases by one percent for military retirees who are not disabled and are not yet 62-years-old.

Most significantly, it keeps in place the automatic “sequester” cuts that lock in place hundreds of billion of dollars in across-the-board budget reductions each

year through 2021. In 2013 alone the cuts slashed \$85 billion from, among other things, housing, health care, public transit and nutrition assistance.

The budget-slashing deal comes at a time when the official unemployment rate stands at 7.0 percent, with many individual state totals much higher. This figure itself is a drastic understatement of the jobs crisis, since it does not take into account the many millions who have given up looking for work.

The agreement continues a relentless rollback of benefits won by the working class in decades of struggle.

In November, food stamp benefits were cut for the first time in US history, impacting some 47 million people. A farm bill pending before Congress contains billions more in cuts to food stamps, with Senate Democrats proposing \$4 billion in new cuts and House Republicans holding out for \$39 billion. A compromise bill is expected to contain \$8 billion in food stamp cuts as well as cuts to LIHEAP, the program that provides heating assistance to low-income families.

In a cynical maneuver, Congressman Chris Van Hollen, a leading House Democrat, called on Republicans to support the reinstatement of extended unemployment benefits based on cost savings contained in the farm bill. That means, in effect, aid for the long-term unemployed would come at the expense of food stamp recipients.

These policies are vastly unpopular. Public opinion polls show that support for Congress and the president are at near historic lows. A Rasmussen Report national survey found that 7 percent of respondents thought Congress was doing a good or excellent job. This compared to the 74 percent who rated its performance as poor. Sixty-six percent believe that their congressional representatives do not care what they think. Meanwhile, Obama's job disapproval rating stands at 54 percent, the highest of his presidency.

This opposition finds no reflection within the official political establishment. The budget deal again demonstrates the essential agreement by both big business parties that the working class must be forced to pay for the failure and bankruptcy of the capitalist profit system. They have consciously sought to utilize the economic crisis to restructure class relations in the United States, driving down wages and social benefits for workers while increasing corporate profits and the

assets of the financial elite.



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