

Bipartisan Theatrics and the Obama Budget Crisis: “Deeper Cuts” to Medicare, Medicaid and Social Security

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Less than two weeks after the start of \$1.2 trillion in government spending cuts, under the so-called “sequester,” Republicans and Democrats have unveiled budget proposals that include far deeper cuts in social programs, including Medicare and Medicaid.

Paul Ryan, the Republican Party’s 2012 candidate for vice president, unveiled his party’s official budget proposal Tuesday, while Democrats presented an outline of their budget, due for official release Wednesday.

The Republican proposal would slash \$4.6 trillion in government spending over ten years. It sets out to bring spending to a much lower level than the Republican’s 2012 budget proposal because it would come on top of cuts that have already been made. As a result, Ryan’s budget proposal claims to fully eliminate the federal budget deficit in 10 years, as opposed to 25 years.

Patty Murray, Senate Budget Committee Chairwoman, released an outline of the Democratic budget proposal Tuesday, which calls for \$1.85 trillion in “deficit reduction” over the next ten years. The proposal would include \$975 billion in tax increases and another \$975 billion in spending reductions. The Democratic budget includes \$275 billion in cuts to Medicare, Medicaid and other social programs.

The same day, Obama held a luncheon with Congressional Democrats in which he urged them to accept deeper cuts to entitlements in exchange for an agreement for more tax increases by the Republicans.

According to the *Wall Street Journal*, citing participants, the meeting included a “conversation about programs such as Medicare and Social Security.” Previous proposals from the Obama administration included cuts in Social Security benefits.

Last week, Obama held two meetings with Republicans, including one with Paul Ryan, to discuss proposals for cuts.

Ryan’s budget has the aim of turning Medicare into a system to subsidize the purchase of private insurance, essentially ending it as a federal program. Ryan’s budget proposes to repeal Obama’s 2010 healthcare law, which he said would account for 40 percent of the \$4.6 trillion in “deficit reduction.”

A large portion of the cuts called for in Ryan's program would come from Medicaid, the healthcare program for the poor. Funding would be slashed by \$750 billion over 10 years. The program would be transformed into a state block grant, as opposed a program jointly operated by the federal and state governments.

The Republican budget would meanwhile cut Medicare spending by \$129 billion over ten years, less than that proposed by the Democrats. However, after ten years it would introduce an option for recipients to accept a voucher for private insurance instead of the current system, a move toward privatization.

Ryan likewise proposed a dramatic overhaul of the tax code that would leave only two individual tax brackets, taxed at 10 percent and at 25 percent respectively. This would mean a sharp cut in taxes for the rich. The Republican plan would also cut the corporate tax rate to 25 percent from the current 35. Obama has previously stated that he favors cutting corporate taxes to 28 percent.

In a news conference Tuesday, Obama's press secretary said that the president plans to submit his own budget proposal around April 8. Obama told the Democrats he met with that his proposal would largely be along the lines that the Democrats recommended, Politico reported.

"On the budget issues, [Obama] acknowledged that, look, the best course now is to let the [House and Senate] budgets go, get 'em into conference, and try to reconcile the two," Maryland Senator Ben Cardin told Politico.

In other words, the Republican-controlled House would pass the Republican's budget, the Senate would pass the Democrat's budget, and a committee would seek to forge a compromise version between two plans that both call for massive cuts.

Despite the two sides' basic agreement to sharply cut entitlements, the Democrats sought to use the release of their budget proposal to attempt to offload the policies they themselves support entirely onto the Republicans.

Chris Van Hollen, the leading Democrat on the House Budget Committee said in a statement, "Today the House Republicans released a totally uncompromising budget that simply represents more of the same—undermining job growth, ending the Medicare guarantee, and slashing critical investments in our future while protecting tax breaks for special interests and the very wealthy."

The Republicans framed their budget proposal in an attempt to whip up a crisis atmosphere, with Ryan declaring, "Unless we change course, we will have a debt crisis." He added, "Pressed for cash, the government will take the easy way out: It will crank up the printing presses. The final stage of this intergenerational theft will be the debasement of our currency."

The budget proposals come as anti-poverty and public education programs are being drastically cut as a result of the \$1.2 trillion in sequester budget cuts imposed March 1.

The Center on Budget and Policy Priorities (CBPP) reported last week that the "WIC nutrition program for low-income pregnant women, infants, and young children will have to turn away an estimated 600,000 to 775,000 women and children, including very young children, by the end of this fiscal year."

Meanwhile, the nearly four million long-term unemployed people who receive federal unemployment benefits will this year see an 11 percent cut in their benefits, or about \$130 per month.

The CBPP also said it estimates that 100,000 low-income families will lose vouchers for housing assistance as a result of the sequester cuts. The Center further noted that, if all government antipoverty programs were eliminated, the poverty rate would double, from 16.1 percent to 29 percent of the population.

Behind the partisan theatrics and stage-managed “wrangling” that nominally dominates American politics lies the reality the Democrats and Republicans are united in forcing the working class to pay for the economic crisis. The partisan “gridlock” is entirely manufactured, aimed solely at creating the best possible circumstances for the “bipartisan” gutting of Medicare, Medicaid, and Social Security.

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