

Obama Pushes Austerity in the Guise of Defending the “Middle Class”

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Global Research, February 12, 2013

[World Socialist Web Site](#)

Region: [USA](#)

Theme: [Global Economy](#)

In the days leading up to Tuesday night’s State of the Union address, the Obama administration has combined calls for austerity measures to slash social spending with demagogic attacks on congressional Republicans for advocating even larger cuts in domestic social programs.

Obama’s speech comes as back-room discussions continue between the White House and congressional leaders of both parties, driven by two imminent deadlines: the March 1 “sequester,” when \$85 billion in across-the-board spending cuts take effect, and the March 27 expiration of authorization for spending by all federal government departments.

The sequester is a consequence of the 2011 Budget Control Act, a bipartisan deal between Obama and congressional Republicans, while the March 27 cutoff comes as a result of the expiration of another bipartisan agreement, the six-month “continuing resolution” passed last October to avoid a shutdown of the federal government during the 2012 election campaign.

If the sequester takes effect, budget cuts will hit both defense spending and a wide range of domestic social programs. The military cuts would have only a marginal effect in the vast Pentagon budget, which dwarfs the combined military spending of the next 15 countries in the world. The domestic cuts largely spare the major entitlement programs, Social Security, Medicare and Medicaid, but will devastate smaller programs like Head Start education for pre-kindergarten children.

On Friday, the White House published a list of the most egregious consequences of the domestic spending cuts looming under sequestration, as part of an effort to blame the Republicans for cuts for which both corporate-controlled parties are responsible. The list details the cumulative effect of the cuts, which total nearly \$500 billion in domestic spending over the next ten years. Among the cutbacks:

- An estimated 600,000 women and children would lose food stamps.
- 100,000 formerly homeless people would lose their government-financed housing.
- Head Start cuts would eliminate early education slots for as many as 70,000 poor children.
- Federal support would be eliminated for 7,200 school employees who serve special-needs children.
- Job safety and food safety inspectors would face unpaid furloughs.
- Federal loans to small businesses would be reduced by \$500 million.

President Obama devoted his Saturday radio and Internet address to the sequester, warning of thousands of federal layoffs or furloughs and a “huge blow to middle class families and our economy as a whole” if the cuts took effect.

He argued, “At a time when economists and business leaders from across the spectrum have said that our economy is poised for progress, we shouldn’t allow self-inflicted wounds to put that progress in jeopardy.” This is a transparent effort to put the blame on congressional Republicans for a deepening economic crisis that implicates the entire capitalist system and all its political representatives, as reports in the US and globally suggest that world capitalism is already sinking back into renewed slump, more than four years after the Wall Street crash.

At the same time, Obama has renewed his appeal to the Republicans to join him in reaching a “grand bargain” that will include unprecedented cuts in Social Security, the government retirement benefits program, and Medicare, the federal health care program for the elderly.

Obama’s alternative to the sequester is simply a different set of deficit-reduction measures. In his Saturday address, he called for “a balanced mix of spending cuts” and the closure of tax loopholes. “There’s certainly no reason that middle class families and small businesses should suffer just because Washington couldn’t come together and eliminate a few special-interest tax loopholes, or government programs that just don’t work,” he concluded.

One policy choice by Obama speaks volumes about the real class basis of his administration. He proposed a pay raise for federal civilian workers of only one percent, after several years in which their pay has been frozen. According to the National Treasury Employees Union, federal workers have already accounted for \$103 billion in deficit-reduction from the pay freeze and increased pension contributions. Since statutory pay guidelines call for at least a 1.8 percent pay raise, matching the level in equivalent non-government jobs, Obama’s 1.0 percent “raise” would take another \$18 billion out of the pockets of federal workers.

The White House is seeking to conceal its anti-working-class program with another deluge of demagoguery about Republicans defending the super-rich. White House senior adviser Dan Pfeiffer, in a blog post on the White House web site, decried the refusal of the Republicans to close “loopholes for millionaires and billionaires.”

The cynicism of this rhetoric is demonstrated by reports that Obama will name his longtime financial backer Penny Pritzker, heiress to the billion-dollar Hyatt Hotel fortune, as his next secretary of commerce, and choose the CEO of REI sportswear, Sally Jewell, a former Mobil oil executive, for the post of secretary of the interior.

In the president’s radio speech, and in statements by other spokesmen, the Obama administration has laid special emphasis on the need to avoid cuts in military spending. Obama cited the Navy’s decision to delay dispatch of a second aircraft carrier to the Persian Gulf, due to the uncertainty of funding.

Outgoing Secretary of Defense Leon Panetta issued several warnings about the supposedly catastrophic impact of the minor trim in Pentagon spending, and the uniformed chiefs of the various armed services are to appear before congressional committees Tuesday and Wednesday to reinforce the message.

An Army memorandum to Congress complained of “a rapid atrophy of unit combat skills

with a failure to meet demands of the National Military Strategy by the end of this year," while the Air Force warned that "shortfall and sequestration will have drastic/long lasting impacts" on the US nuclear arsenal.

While sections of the congressional Republicans associated with the ultra-right Tea Party have called for the sequester to go ahead, as a down payment on the gutting of federal domestic spending, those Republicans with the closest ties to the military-intelligence apparatus have joined forces with Panetta and Obama to oppose the sequester.

The Foreign Policy Initiative sent a letter to congressional leaders opposing the sequestration cuts in military spending, signed by the bulk of the neo-conservative Republicans who spearheaded the war in Iraq, including William Kristol, Robert Kagan, Paul Bremer and Elliott Abrams, as well as Robert Gates, defense secretary in both the Bush and Obama administrations, and former senators Joseph Lieberman, Jim Talent (a top Romney adviser) and Norm Coleman.

Senate Democrats have drafted a measure to largely eliminate the cuts in the Pentagon budget, reducing it by only \$3 billion a year instead of the planned reduction of more than 15 times that amount. The military cuts would be offset by equivalent deficit reduction through cuts in farm subsidies and implementation of the so-called Buffett Rule imposing a minimum tax rate on multi-millionaires.

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