

# Obama's Budget. US Heading Toward a Social Explosion. Millions More People to be Thrown into Poverty

By [Joseph Kishore](#)

Global Research, April 12, 2013  
[World Socialist Web Site](#)

Region: [USA](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

*The Obama administration's budget released on Wednesday is a historic milestone. The Democratic Party administration is taking direct aim at the two core federal social programs established in the United States in the 20th Century, Social Security and Medicare.*

The consequences of Obama's proposals are not hard to predict: millions more people, particularly the elderly, will be thrown into poverty or be cut off from life-preserving medical care.

The corporate and financial elite that runs the United States has long complained of the "unreasonable" sums of money spent on preserving the health and well-being of the elderly. In the minds of the Wall Street speculators and corporate executives that control both political parties, broad sections of the population simply live too long.

While the administration and the corporate media have sought to downplay the significance of the attack, the cuts proposed are a significant step in dismantling the programs altogether. The \$400 billion in Medicare cuts, when combined with the \$500 billion already included as part of the administration's health care overhaul, add up to 13 percent of total spending on the program over the next decade.

As for Social Security, by modifying the way the government calculates inflation, the program will be cut by \$130 billion. According to one analysis, for a worker retiring at the age of 65, this will amount to a loss of \$650 a year in benefits by the time the worker reaches 75, and a loss of \$1,130 by the time he reaches 85. About 70 percent of seniors depend on the already meager benefits for at least half of their income, with 40 percent depending on it to keep them above the poverty line.

The administration's proposal, with a raft of other cuts in key social programs, is only the starting point for negotiations with Congressional Republicans, a process that will drive the whole discussion even further to the right. The dog and pony show of American politics will enter a new phase, as the two big business parties, united on all essentials, conspire to gut and eliminate programs that have the overwhelming support of the American population.

To the extent the American ruling class had a policy of social reform, it is embodied in the two targets of Obama's budget. Social Security was established in 1935, while Medicare came into being in 1965.

Both were byproducts of mass social struggle and represented attempts to contain social conflict. Social Security was part of a series of reforms implemented by the administration of Franklin Roosevelt during the Great Depression, in the midst of insurrectionary class battles (including a series of general strikes throughout the US). The political backdrop was the Russian Revolution, which inspired working class struggles and provided the ruling class with a portent of its own future.

Medicare came in the midst of the mass civil rights movement and the wave of strikes of the 1960s. Enacted as part of the Great Society program of Lyndon B. Johnson, it was the last gasp of social reform in America.

In those periods, the ability of the ruling class to implement reform measures ultimately reflected the strength of American capitalism. The situation today is vastly different. The financial aristocracy that runs the United States has presided over a steady erosion of the country's economic foundations. It has amassed its wealth primarily through looting and speculation.

For four decades, the American ruling class has been engaged in an unrelenting attack on the working class, a social counterrevolution that has produced an enormous increase in inequality. Up until the present, however, it has been deemed politically impossible to directly attack Social Security and Medicare. Obama has taken up this task.

Obama's assault on health care programs began with the 2010 overhaul, hailed by the "left" supporters of the Democratic Party as a major social reform. Such attempts to cover up the reactionary character of the administration have now been thoroughly exposed.

To the ruling class, Obama has made clear that, in the defense of their wealth, everything is "on the table." There are no "sacred cows," he wrote in a letter to Congress. In a move that has both immense symbolism and practical implications, the administration said it was also considering the sale of the Tennessee Valley Authority, the largest publicly-owned US power company, and the most significant public entity set up during the Great Depression to provide electricity to large parts of the American South.

Earlier this week, Obama took the occasion of the death of former British Prime Minister Margaret Thatcher to associate his administration with the policies initiated by Thatcher in Britain and by Reagan in the United States during the 1980s, including efforts to "roll back" everything that detracted from corporate profits or restricted wealth accumulation.

"Here in America," Obama declared in a press release, "many of us will never forget [Thatcher] standing shoulder to shoulder with President Reagan, reminding the world that we are not simply carried along by the currents of history—we can shape them with moral conviction, unyielding courage and iron will."

The "iron will" that Obama is emulating is the will to ensure that trillions can continue to be handed to Wall Street, and that corporate profits can continue to soar, through an increasingly frontal attack on every social right of the working class.

All of this has consequences, for the Obama administration and the political establishment as a whole.

In 2008, Obama was brought forward by sections of the ruling class seeking a facelift for its reactionary policies. He replaced George W. Bush, the most hated president in US history.

The fact that he was the first African American president was used to promote the illusion of change, with the assistance of the upper middle class proponents of identity politics who orbit around the Democratic Party.

The “transformative president” hailed by the liberal establishment and pseudo-left has become the most reactionary administration in American history. This will not dissuade the professional promoters of the Democratic Party, who will do everything they can to maintain political illusions in the two-party capitalist system, though with increasing difficulty.

The United States is heading toward a social explosion. By its own actions, the ruling class is demonstrating the necessity for revolution. The immense anger and opposition that is building up in the American working class must and will increasingly be directed against the Democratic Party.

The original source of this article is [World Socialist Web Site](#)  
Copyright © [Joseph Kishore](#), [World Socialist Web Site](#), 2013

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Joseph Kishore](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)  
[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)