

# Spending Cuts: White House Zeros in on Medicare

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Both President Obama and a top economic adviser have confirmed that Medicare, the federal program that underwrites the cost of health care for more than 50 million elderly and disabled people in the United States, is a prime target in the budget-cutting negotiations now going on behind the scenes in Washington.

While talks continue on social program cuts that will affect tens of millions and ultimately the majority of the American people, public attention is being diverted to a series of secondary issues, such as prospective gun legislation. There was, for example, enormous media attention given to a photograph of Obama shooting skeet with a shotgun at Camp David, including a protracted debate over when the photograph was taken and whether the president could be said to be a hunter.

The real business of the Democrats and Republicans, however, is laid out in the Saturday radio addresses by Obama and a spokeswoman for the congressional Republicans, both of them calling for substantial cuts in domestic social spending.

Obama's address repeated his empty claims of an economic recovery. He failed to note the radical divergence between the boom in business profits, stock prices and corporate CEO pay and the disastrous state of the job market, with workers' wages and benefits continuing to decline.

Obama then turned to the question of the deficit, with his usual mixture of doubletalk and demagoguery, declaring, "We all agree that it's critical to cut unnecessary spending. But we can't just cut our way to prosperity."

In a passage from the brief address that was not quoted in media accounts, Obama continued, "Already, Republicans and Democrats have worked together to reduce our deficits by \$2.5 trillion. That's a good start. But to get the rest of the way, we need a balanced set of reforms. For example, we need to lower the cost of health care in programs like Medicare that are the biggest drivers of our deficit, without just passing the burden off to seniors."

The last phrase is typical of Obama speechmaking, and of all the declarations by big business politicians in Washington. First, you signal to your corporate masters what you plan to do, i.e., make drastic cuts in Medicare. Then you reassure the victims of this policy that they aren't really the target.

In truth, that is exactly what the White House and congressional Democrats and Republicans are planning. They will impose the burden of the fiscal deficit on the backs of the most vulnerable sections of the working class: the elderly, the disabled, young people and the

poor.

There is, as Obama emphasizes, general agreement in ruling circles that such cuts will be made. The only question—about which there is heated debate—is what mechanism to use and how to disguise, as much as possible, the real significance of the measures now being discussed behind closed doors in the US capital.

Gene Sperling, head of the Obama's National Economic Council, underscored the centrality of Medicare cuts to the deficit-reduction process in a speech Thursday to a health care group. Sperling began by declaring that the administration was opposed to any cuts in Medicaid, the entitlement program that underwrites health care for the poor and nursing home care for millions of elderly people.

This is not out of any concern for the impact of such cuts on the poorest Americans. Quite the opposite. Since extending Medicaid eligibility is a central feature of the Obama health care overhaul, which goes into full effect at the end of this year, it is necessary to keep Medicaid afloat at least that long so as to sustain the fiction that health care "reform" is aimed at expanding access to care and conceal its real purpose—to cut the overall cost of health care for corporations and the government.

Moreover, most Medicaid cuts are implemented at the state level, and state governments, led by Democratic as well as Republican governors, have cut back on benefits and eligibility across the country.

"Medicaid cuts, from this president, from this administration, are not on the table," Sperling said. But since "we've made a tough choice" to rule out Medicaid cuts, he continued, "It means we will have to look harder for Medicare savings."

Neither Sperling nor any other White House spokesman has spelled out exactly what cuts in Medicare are envisioned. But the failed budget agreement of 2011, reached by Obama and Republican House Speaker John Boehner, gave a glimpse. It called for raising the age of eligibility for Medicare from 65 to 67, which would force millions of retiring workers to pay for private health insurance for those additional years. It also called for increased means testing, a step towards turning Medicare into a welfare program reserved for the poor, like Medicaid, and undermining its universality.

The Washington consensus that entitlement program cuts are unavoidable is justified on the grounds that, as countless big business politicians declare, "There is no money."

This is the mantra in the richest country on the planet from representatives of a ruling elite that is gorging itself on speculation, profit-gouging and outright swindling. The American financial aristocracy is raking in trillions while begrudging every penny spent on retirement income or health care for working people who have labored all their lives.

The claim that there is no money is a lie. The resources exist in abundance, but the wealth produced by the labor of working people must be taken out of the hands of the financial parasites and billionaires and the major banks and corporations placed under democratic control and public ownership.

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