

The “Fiscal Cliff” and the Dismantling of Medicare

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It is becoming increasingly clear that any deal reached in the negotiations in Washington over the “fiscal cliff” will include a major expansion of means testing for Medicare, the federal health insurance program for seniors and the disabled. The introduction of increased fees based on income will signify Medicare’s transformation from a universal health care program for the elderly into a poverty program, the first step in its being starved of funds and ultimately dismantled.

In the ongoing deficit-reduction talks, leading congressional Democrats have suggested that they are open to means testing, beginning with the raising of premiums for higher-income beneficiaries. Dick Durbin of Illinois, the senior senator from President Obama’s home state and the second most powerful Democrat in the Senate, said Thursday that means testing for Medicare is “certainly consistent with the Democratic message that those who are better off in our country should be willing to pay a little more.”

Senate Finance Committee chairman Max Baucus (Democrat of Montana) last week called the idea “somewhat attractive,” while Congressional Black Caucus chairman Emanuel Cleaver (Democrat of Missouri) suggested that means testing would be a good way to cut spending for Medicare, supposedly without reducing benefits.

President Obama has already given his stamp of approval. During the 2011 debt-ceiling negotiations, he proposed raising Medicare premiums for wealthy seniors. He commented in July 2011, “You can envision a situation where, for somebody in my position, having to pay a little bit more on premiums or co-pays or things like that would be appropriate.”

On its face, the proposal that higher-income seniors “pay a little more” for Medicare may seem reasonable. Some means testing has already been introduced into the program. Since 2007, higher income people on Medicare have paid higher premiums for outpatient doctor visits.

But there is nothing egalitarian about moves to make means testing an essential part of Medicare. A fundamental structural change, it is the thin edge of the wedge for undermining the program, which is why supporters of Medicare have opposed such proposals, previously the province of sections of the Republican right.

It is being promoted now by both parties as part of a frontal assault on all that remains of the social reforms enacted in the 1930s and 1960s. In the name of reducing the deficit and the national debt, and on the basis of the lie that “there is no money” for social programs, the American ruling class and both of its parties are carrying out a social counterrevolution.

The same Democratic hypocrites who are pushing for means testing for seniors, supposedly in the name of “fairness,” propose at most a token one or two percent rise in income tax rates for the richest 2 percent of Americans—under conditions of unprecedented and increasing social inequality. Even this pathetic measure is to be quickly reversed by a “comprehensive tax reform” that will slash rates for corporations and the rich.

Medicare was established in 1965 as an amendment to the Social Security Act of 1935, providing health insurance for people 65 and older, regardless of income or medical history. People pay into Medicare their entire working lives based on the assumption that they will have secure health coverage when they retire. The program is mostly funded through payroll taxes on employers and workers, levied equally.

Before Medicare, an estimated half of older adults had no health insurance, due to lower incomes and poverty among seniors and the higher premiums charged by private insurers for this age group. Medicare has sharply reduced the poverty rate and helped extend the life expectancy of retirees. This will now be reversed by a financial aristocracy that has no use for elderly people who cannot be directly exploited for profit.

Who is to set the parameters for determining who is sufficiently wealthy to pay more for health care? And once rates are raised for one section of the population, the way will be cleared not only to hike payments for more people, but also to gut their benefits.

The attack on Medicare is, moreover, a prelude to means testing for Social Security, the New Deal program that established universal retirement benefits.

In the fiscal cliff negotiations, Obama and politicians of both big business parties claim there is “no money” for Medicare and other social programs even as the bailout of the banks continues and trillions are spent on the military and war. Four years after the onset of the recession, the corporate-financial elite is amassing record profits and wealth while the vast majority of the population is growing poorer.

It is highly significant that the assault on Medicare and other core social programs is being carried out under a Democratic administration. This is the culmination of a decades-long process by which the Democrats—always a capitalist party—have repudiated their past social reform policy, which served as the basis of their working class support.

The Democratic Party today rests on major sections of the corporate and financial elite along with upper-middle class layers, including the most privileged sections of blacks and other minorities, the trade union bureaucracy, and the milieu of the ex-left. The Obama presidency is the end product of a process by which the Democratic Party, based on the politics of race and gender, has turned openly and viciously against the working class.

Social reforms such as Medicare and Social Security were not granted as gifts from on high. They were wrenched from the ruling class as a result of great working class struggles in which workers died at the hands of police and company thugs and faced off against federal troops.

These pivotal struggles included general strikes that paralyzed entire cities in 1934, the sit-down strikes that established the industrial unions later in the 1930s, and the mass strike wave that followed World War II. Together with the Civil Rights Act of 1964 and the Voting

Rights Act of 1965, Medicare was enacted in the context of the tumult of the civil rights and anti-war struggles, militant labor battles and ghetto rebellions of the 1960s.

The great limitation of these earlier struggles was the failure to establish a mass, politically independent movement of the working class, based on the fight for socialism. The working class remained tied politically to the Democratic Party as a result of the right-wing perspective of the trade union bureaucracy and its political allies. Today, these conditions are breaking down as it becomes clearer to millions of people that both big-business parties represent the interests of the ruling elite.

The defense of Medicare and other social programs, and the securing of the basic social rights of the working class—the right to a good-paying job, health care, decent housing, education, a secure retirement—depends upon the building of a new political movement of the working class, independent of and opposed to the two-party system, to put an end to the stranglehold of the financial parasites over society and reorganize economic life on the basis of social need, not private profit.

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