

US Senate Budget Proposes \$975 Billion in Spending Cuts

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The US Senate passed its first budget in four years early Saturday morning. The Democratic-controlled chamber passed a \$3.7 billion budget plan for fiscal year 2014, which includes close to a trillion dollars in spending cuts, as well a modest proposal to raise revenue, mostly by closing tax “loopholes.”

Senate Budget chairwoman Patty Murray commented, “I am proud of the work we did in the budget committee and on the Senate floor to write, debate, and pass a responsible budget plan that puts economic growth and the middle class first.” In reality, the proposal contains \$975 billion in spending cuts, including \$275 billion in new cuts to the Medicare and Medicaid programs that spell hardship for millions of working people.

Murray and Senate Majority Leader Harry Reid (Democrat of Nevada) had to work to convince a number of Senate Democrats to support the budget, which passed by only a one-vote margin. Four Senate Democrats up for reelection in 2014 voted against the bill, fearing they would appear too pro-tax and soft on deficit reduction in their home constituencies.

The White House commented in a statement, “Like the president’s plan, the Senate budget cuts wasteful spending, makes tough choices to strengthen entitlements, and eliminates special tax breaks and loopholes for the wealthiest Americans to reduce the deficit.” Following a well-worn script, deep cuts to Medicare and Medicaid are described as a prescription to save them, and spending on social programs targeted for cuts is characterized as “wasteful.”

The Senate budget stands virtually no chance of being reconciled with the budget proposal passed last week by the Republican-controlled House. Majority Leader Reid said he saw little reason to bother with a conference committee, in which the House and Senate are supposed to iron out their differences and come up with a compromise proposal.

Democrats say the \$975 billion in new tax revenue in their proposal generated by overhauling the tax code would go largely to turning off \$1.2 trillion in automatic spending cuts triggered by the sequester over nine years. But the rescinding of these cuts appears to be nearly cancelled out by the \$975 billion in new spending reductions contained in the budget.

The budget also reportedly includes \$100 billion in upfront infrastructure spending. The proposal is estimated to leave the government with a \$566 billion annual deficit over a decade and add \$5.2 trillion to the national debt over this period.

Predictably, Republicans were quick to denounce the Democrats' plan and demand even more right-wing measures. Senator Jeff Session of Alabama, ranking Republican on the Senate Budget Committee, commented, "Honest people can disagree on policy, but there can be no honest disagreement in the need to change our nation's debt course."

Only the financial elite and its political front men (and women) are consumed by the drive to slash social spending to reduce the budget deficit. The great majority of the American people are overwhelmingly opposed to any cuts to Medicare, Medicaid or Social Security. The budget debate in Washington leaves their concerns and interests completely out of the equation.

The House budget resolution passed in a 221-207 vote last Thursday. Authored by House Budget Committee chairman Paul Ryan (Republican of Wisconsin), it calls for changing the tax code to dramatically reduce taxes, repealing President Obama's health care law, and deeper spending cuts than those recently triggered by the so-called sequester. It also revives Ryan's proposal to privatize Medicare by turning it into a voucher program.

The differences between the Senate budget for 2014—which aims to cut the deficit by \$1.8 trillion—and the House budget—which proposes to reduce it by \$4.8 trillion—are described by the players involved and the media as illustrating a sharp ideological divide. In fact, both the Democrats and Republicans are committed to making deep cuts to social spending, particularly to Social Security, Medicare and Medicaid.

Armed with their respective budget proposals, lawmakers of both big business parties will hammer out the details of funding appropriations on Senate and House committees, with cuts to social spending—including to so-called entitlement programs—falling somewhere between those proposed in the two budgets.

Last week, both houses of Congress passed a continuing resolution (CR) funding the government that makes permanent the vast majority of the \$85 billion in sequester cuts for fiscal year 2013, through September 30. Passage cleared the way for the implementation of furloughs for about 1 million federal government employees as well as a pay freeze.

The Senate's version of the CR went further than an earlier House version, finalizing cuts to the departments of Defense, Veterans Affairs, Justice, Commerce, Agriculture and Homeland Security, as well as to the Food and Drug Administration, National Science Foundation and NASA. The House passed the legislation on Thursday, avoiding a potential government shutdown on March 28.

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