

US Shutdown a Smokescreen for Assault on Social Security, Medicare

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In an interview on day two of the partial shutdown of the US government, broadcast by the pro-business cable TV channel CNBC, President Barack Obama offered talks on cutting basic social programs such as Medicare and Social Security in return for Republican support for funding federal operations and raising the national debt ceiling.

Obama continued to reject any negotiations with House Republicans on a so-called “continuing resolution” to reopen the government that is tied to a delay in implementation of his health care overhaul. At the same time, he linked a “clean” funding bill to passage of legislation to raise the national debt ceiling before the current limit expires and the country goes into default, estimated by the Treasury Department for October 17.

Obama’s remarks added to mounting evidence that behind the appearance of partisan warfare in Washington, the two big business parties are planning to use a crisis produced by an extended government shutdown as a smokescreen for reaching a deal to impose historic attacks on the bedrock social programs left over from the New Deal and Great Society periods.

In the interview, Obama said he agreed on the need to continue eliminating “unnecessary” social programs and was ready to discuss cuts in “long-term entitlement spending.” He also said he would accept Republican demands that there be no increase in personal income tax rates.

“The Democrats have already said they are ready to reopen the government at funding levels the Republicans have set,” the president said. He was referring to the acceptance by Democrats in the House of Representatives of a funding level \$42 billion lower than the previous Democratic proposal.

Obama also hinted that he was willing, as part of future budget talks, to accede to demands from Republicans, speaking on behalf of corporate interests, for changes in his Affordable Care Act, which was passed in 2010 and is slated to become largely operational in January. The implication was that he would consider proposals such as repealing a tax on the makers of medical devices and increasing the cutoff for full-time workers from 30 hours a week, thereby loosening requirements for employers to provide health care coverage for their workers.

Indicating the sweeping character of the budget deal Obama is seeking, he said he was prepared to negotiate “a whole range of issues” if and when Republican House Speaker John Boehner allows a vote to reopen the government without anti-Obamacare provisions and Republicans agree to raise the debt ceiling. He wanted, he declared, a budget “that enables

us to deal with problems long-term.”

Later in the day, Obama met at the White House with top congressional leaders to discuss both the government shutdown and the debt ceiling. Present were Republican House Speaker Boehner, Republican Senate Minority Leader Mitch McConnell, Democratic House Minority Leader Nancy Pelosi and Democratic Senate Majority Leader Harry Reid. Prior to the meeting, both the White House and Republican leaders made clear they were not prepared to alter their positions in order to secure a quick reopening of the government.

It appeared the main purpose of the meeting was to set the groundwork for a government shutdown of at least one week, and more likely longer, and the merging of talks on reopening the government and the debt ceiling issue. Both sides emerged from the meeting blaming the other for refusing to negotiate.

Congressional Democrats and Republicans alike have indicated support for keeping the shutdown going—with all of its punishing consequences for working people—in order to bring the budget and debt ceiling deadlines together and pave the way for a so-called “grand bargain” on social cutbacks. “Either it’s resolved this week or the debt ceiling gets rolled into it,” said Senator Richard Burr (Republican of North Carolina).

A spokesman for House Speaker Boehner said rolling the budget crisis into the debt crisis “seems like a logical progression.” Representative Paul Ryan of Wisconsin, the chairman of the House Budget Committee and 2012 GOP vice-presidential candidate, said the deadline to address the debt limit and avoid a default could be “the forcing mechanism to bring the two parties together.”

A CNBC commentator cited members of Ryan’s congressional staff as saying the congressman was preparing for negotiations with the White House and congressional Democrats to begin next week.

Dick Durbin of Illinois, the Democratic Senate whip, said, “This is now all together.”

In the previous manufactured crises of 2010, 2011 and 2012, Obama had offered to support cuts in cost-of-living raises for Social Security recipients and structural changes in Medicare, such as increasing the eligibility age and introducing means testing, along with sharp cuts in corporate taxes, as part of a broad bipartisan deficit deal.

However, no such deal on entitlement programs was reached. Instead, more than \$2 trillion in cuts in domestic nondefense discretionary spending were mandated, bringing this category of social spending in the US—for education, housing, infrastructure, health and safety, the environment, culture—to its lowest level as a percentage of the gross domestic product since the 1950s.

Now, the corporate-financial elite is demanding fundamental attacks on core programs such as food stamps, Social Security and Medicare. Typical was a column that appeared in Tuesday’s *Washington Post* by Robert J. Samuelson. It complained that Obama “ducks the real budget issue, which is coping with the steady rise in spending on the elderly... He hasn’t confronted the reality that Social Security and Medicare are slowly squeezing most other government programs and putting upward pressure on both taxes and deficits. The central budget problem is to reconcile what’s politically popular today with what’s good for the country tomorrow.”

The current crisis has been artificially created for the cynical purpose of fostering more favorable political conditions to impose policies overwhelmingly opposed by the American people.

The immediate price—which means nothing to Obama and the rest of the politicians who shed crocodile tears for the victims of the shutdown—includes the furloughing without pay of 800,000 federal workers. This comes on top of a three-year pay freeze for the two million federal employees, payless furloughs under the “sequester” cuts that began last March, and cuts in retirement benefits.

The partial or total shutdown of most departments other than the uniformed military and police/intelligence agencies such as the CIA, the FBI and Homeland Security is hitting broad layers of the population. Besides the closure of national parks and monuments, some 8.9 million low-income mothers and children are being denied food aid due to the shutdown of the WIC program; pension and veterans’ benefit checks are being delayed; preschool Head Start programs are closing; sick people, including cancer patients, are being turned away from National Institutes of Health clinical trials; and foster care payments, nutrition aid and financial assistance for hundreds of thousands of Native Americans are being halted.

The priorities of the Obama administration are indicated by the president’s closed-door meeting Wednesday with top Wall Street bankers who head the Financial Services Forum. Those present included JPMorgan Chase CEO Jamie Dimon, currently in talks with Attorney General Eric Holder to avoid criminal prosecution for mortgage fraud, Goldman Sachs CEO Lloyd Blankfein, accused by a Senate subcommittee of perjuring himself at a hearing on his bank’s mortgage machinations, and Bank of America CEO Brian Moynihan, whose bank received hundreds of billions of dollars in bailout cash and loan guarantees from the administration.

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