

## Congress debates budget plan to kill the poor, elderly

by Kathleen Klenetsky

What's the lesson of the budget wrangling now dominating Washington? That worshipping at the altar of deficit reduction inexorably leads to human sacrifice.

If that sounds extreme, then consider how the federal budget is shaping up as it wends its way through the congressional labyrinth.

The budget proposal originally offered by the Clinton administration earlier this year was no prize. In addition to proposing an onerous tax on all forms of energy—the BTU tax—the Clinton plan called for deep cuts in Medicare, which underwrites medical care for the elderly, plus new taxes on Social Security beneficiaries.

In order to get House approval for his budget, Clinton sacrificed its one positive element: the multibillion-dollar package of investment tax credits that was known as the stimulus program. In addition, the House increased the administration's proposed Medicare reductions, and the White House acceded to that as well.

Now the Senate has its hands on the package, and, so far, the results have been disastrous. On June 18, after weeks of wrangling, the Senate Finance Committee voted up a version of the budget that differs markedly from the House version, which incorporated most of the Clinton proposal, except for the investment tax credit.

The Finance Committee proposal, which now goes to the full Senate for debate, has the merit of eliminating Clinton's destructive BTU tax. However, that's about the only good thing that can be said about it, since the plan proposes to compensate for the estimated \$70 billion in new revenues which the BTU levy was supposed to raise with measures that will prove just as lethal.

First, it slaps a tax (4.3¢ per gallon) on gasoline and other fuels, which will add to the cost, not only of getting to work, but of almost all goods which depend on air, rail, or truck

transport for their distribution. The transportation fuels tax is projected to cost the economy \$24 billion.

Second, it scales back proposed increases in the Earned Income Tax Credit, a program which is aimed at giving tax relief to the working poor.

Third, it reduces funds for childhood immunization and hunger prevention programs.

Fourth, and probably most damaging, it gouges an additional \$19 billion from Medicare, over and above the \$50 billion already cut in the House version.

### 'Fiscal elder abuse'

Under the Senate committee plan, a whopping \$70 billion would be slashed from Medicare over the next five years, even though the program has suffered drastic cuts over the past several years, and despite the fact that more and more elderly Americans are in need of the program.

The Medicare cuts have drawn sharp criticism from advocates of the elderly and from health-care providers, who charge that the cuts will make it increasingly difficult for senior citizens to continue getting high-quality medical treatment.

In a statement issued on June 17, Dr. Daniel Thursz, chairman of the Leadership Council of Aging Organizations, which represents over 30 groups, declared that the Senate Finance Committee plan constitutes "fiscal elder abuse" and "a pointed attack against older Americans." The reduction of funding for Medicare services, he said, "will affect the well-being of older Americans."

Thursz pointed out that, while most of the additional Medicare cuts will initially fall on doctors and other service providers, "their impact will eventually be felt by consumers."

Kenneth E. Raske, president of the Greater New York Hospital Association, said that the cuts will have a "devastating

affect" on city hospitals.

Dr. W. Gerald Austen, chief of surgery at the Massachusetts General Hospital and president of the American College of Surgeons, commenting on the fact that the additional Medicare cuts will apply primarily to specialists and surgeons, declared, "We are outraged" by the Finance Committee plan. "The committee's decision to achieve budget savings by placing additional, unwarranted burdens on surgeons shows total disregard for the physician-payment system that Congress designated just a few years ago."

## Problems ahead

Although the Senate Finance Committee version of the budget differs sharply from his own, Clinton nevertheless praised it during a national radio address on June 19. The Finance Committee's action was a "significant victory," he said. "Make no mistake about it. Washington is finally moving to put our economic house in order. If we want to get the economy back on track, Congress must pass this plan. It's necessary, fair, and it'll work."

In a nationally televised news conference the night before, Clinton enthused that both the House and the Senate have progressed toward the administration's goal of \$500 billion in deficit reduction.

The budget process is by no means over. The full Senate is scheduled to take up the bill passed out of the Finance Committee at the end of June. While even Senate Minority Leader Bob Dole (R-Kan.) admitted on June 20 that the White House has the votes to get it through, it still faces an arduous House-Senate conference process, where it could get hopelessly logjammed, especially given the wide differences between the House and Senate plans.

Plenty of opposition exists to elements of both versions, and not just among Republicans, whose main complaint is that neither plan contains sufficient cuts.

A good number of Democrats, especially on the House side, feel that they were set up by the President when the budget was before the House. Despite the fact that there were already unmistakable signs that the Senate would kill the politically unpopular BTU tax, many House Democrats who opposed the tax nevertheless voted for it in order to show their loyalty to the White House. Now they feel they stuck their necks out for nothing, and fear that when they come up for reelection, their opponents will be able to point the finger at them for voting for the BTU levy.

Other House Democrats are outraged that Clinton has gone along with the additional Medicare cuts. Days before the Senate Finance Committee vote, when it began to become obvious that the White House would capitulate, Congressional Black Caucus chairman Rep. Kweisi Mfume (D-Md.) issued a statement, vowing to oppose the Senate panel's version, even if Clinton were to support it.

"We are not prepared to accept this notion that is being floated of additional major entitlement [Medicare] cuts," Mfume warned. "We're not going to roll over and play dead

as the Senate decimates this economic budget reduction package by doing away with things, such as the child hunger program and the summer jobs program and the Earned Income Tax Credit, and, for that matter, trying to reduce even more cuts in entitlement programs, such as Medicaid and Social Security. Those things are non-negotiable for us."

The rising anger at the President, from the ranks of his own party, could pose serious difficulties for him when the budget goes to conference.

Budget Director Leon Panetta hinted at some of the problems ahead during a White House budget briefing on June 22. While maintaining an optimistic front about the prospects of getting the budget completed by the fall, he admitted that "there's going to be major differences between the House and the Senate" on a number of issues, especially energy. "You could have as many as 60 to 70 difference conferences [conference committees] on different issues" contained in the budget.

A lobbyist with an advocacy group for the elderly told *EIR* that the White House has already made so many deals already to get the budget through Congress, it has driven itself into a corner.

Though the administration would like to see changes made in the Senate version of the bill, especially reinstatement of the BTU tax in some form, Panetta emphasized that the "bottom line" is that "we want \$500 billion in deficit reduction." He added that if some of the Medicare cuts made by the Senate Finance Committee were to be restored some place down the line, "you've got to be able to make up that loss of revenue in other ways."

## The real deficit menace

Although the budget still faces heavy going, there is little likelihood that there will be any significant improvements made to it, given that most opponents of the package, no matter how good-willed, have failed to attack the underlying assumptions on which the budget is based.

Instead of saying, "Look, we have to wipe out the speculative activities which have sucked the life out of the productive economy over the past 20 years, and then start rebuilding the economy through large-scale infrastructure projects," most people are content to accept the lie that deficit reduction is the *sine qua non* for getting the economy back on track.

In that situation, people who should have a common interest, find themselves fighting with one another over who gets the short end of the stick.

For example, one leading black congressman who has rightly attacked the cuts in social programs, proposed that funds for the Space Station be reduced so that these other programs could be saved. Why such a suicidal tradeoff, when America's role in space has had everything to do with our progress, including in medical technology? Because deficit reduction is the number-one goal, he said. Similarly, the Leadership Council of Aging Organizations suggests that the BTU tax be reinstated so that the additional Medicare cuts could be eliminated.