

# Obama Says It: His Agenda Is To Cut Entitlements

by Nancy Spannaus

Oct. 21—Speaking to reporters on Oct. 17, after Congress had come to a deal to reopen the Federal government and extend the debt ceiling, President Barack Obama for once told the truth about his intentions. “The deficit is getting smaller, not bigger. It’s going down faster than it has in the last 50 years,” Obama bragged. So, “the challenges we have right now are not short-term deficits. It’s the long-term obligations that we have around things like *Medicare and Social Security*. And we want to make sure those are there for future generations.”

Thus, once again, in signalling his eagerness to come together with budget-hacker Republicans such as Rep. Paul Ryan (R-Wisc.), Barack Obama has shown his true colors as a diehard tool of Wall Street and the British financial establishment. *His* target is to cut benefits for the elderly and the sick, under the excuse of dealing with a debt crisis whose real dimensions could only be dealt with through implementing Glass-Steagall.

As LaRouchePAC pointed out immediately after the government shutdown, Obama’s behavior in pushing for this crisis was deliberately aimed at creating the conditions to ram through a new, devastating ratchet of austerity against the American people, and to kill the momentum for the austerity measure that would actually benefit the U.S. population: Cut off Wall Street! A delegation of Wall Street bankers met with Obama and

a select group of Republican lawmakers on Oct. 2 to press that point.

So far, they have gotten their way.

## Wall Street’s ‘Deal’

The deal Obama succeeded in getting through the Congress was just a time-buying measure. The agreement included the House and Senate appointment of conferees to a budget conference—the first since 2009—which is mandated to report by Dec. 13 on a budget framework for 2014, as well as a ten-year budget plan. The co-chairs of the conference committee are House Budget Committee chairman Paul Ryan and Senate Budget chair Patty Murray (D-Wash.), both of whom have gone on record in favor of the “cut-entitlements” approach.

It was Ryan’s Oct. 9 *Wall Street Journal* op-ed which shifted the focus away from the government shutdown over Obamacare, to the budget and, especially, entitlements, and coincided with the opening of discussions between Obama and Congressional Republicans. In that op-ed, Ryan said that the current shutdown crisis “could be a breakthrough,” if the two sides began discussing entitlement reforms, explicitly referring to Medicare, Medicaid, and Social Security. The real money to be found, Ryan emphasized, was not in discretionary spending, but in social-insurance programs, which, in the case of Social Security and



White House/Pete Souza

*President Obama and House Budget Committee chief Paul Ryan see eye-to-eye on ripping the guts out of “entitlements”—Social Security, Medicare, and Medicaid—so they can continue to bail out Wall Street.*

Medicare, as he did *not* say, *are supposed to be legally separated from other budget items, in a dedicated trust fund.* Ryan noted that Obama actually agreed with Republicans on much of their budget-gutting program. On Oct. 17 Obama signalled that he does indeed agree.

*Roll Call* noted that many Republicans would like to see the automatic spending cuts (the sequester, which was also Obama’s idea) mitigated or ended, through cuts on the mandatory side of the Federal ledger—changes to entitlement programs—which are opposed by many Democrats. “There’s general agreement that we ought to be able to move some of the growth in mandatory spending over to relieve the sequester,” Sen. Lamar Alexander (R-Tenn.) said. “The President wants to do that, Republicans would like to do it, many of the Democratic Senators would like to do it. It makes a lot of sense.”

What this portends, is that in the build-up to the next crisis—with the Continuing Resolution to keep the government open expiring in January, and the debt limit extension expiring in February—Obama will be openly allied with Ryan and the austerity Republicans, against

those remaining Democrats and others who still defend the Medicare, Medicaid, and Social Security programs on which so many Americans’ lives depend.

### **Who’s Setting the Agenda?**

As we have pointed out on numerous occasions, the template for the program Wall Street demands has been laid out consistently by Barack Obama, from the moment he took office. It was signalled by his refusal to proceed with restoring Glass-Steagall, his continuation of the Bush bailout of Wall Street, and, most emphatically, by his health-care proposal, a virtual carbon copy of the thinking of Adolf Hitler in 1939: Eliminate those lives “not worthy of life.”

In January 2010, Obama—as befits his predilection to act by Presidential decision, rather than through Congress—appointed the National Commission on Fiscal Responsibility and Reform, the so-called Simpson-Bowles Commission, by executive order, to try to move his austerity agenda forward. Alan Simpson, a former Republican Senator from Wyoming, and Erskine Bowles, a Democrat who had served as the head of the Clinton Administration’s Office of Management and Budget, were tasked with leading a commission of 12 Congressmen and 6 independent “experts,” to come up with a plan that would be endorsed by 14 of its 18 members, and then presented to the Congress in December of that year.

The effort failed, when the majority of 14 was not reached. But the proposals hammered out by the Commission—which became known as the “Catfood Commission,” because its measures would condemn senior citizens to eating catfood—have survived, and keep coming back in the series of budget “deals” which have been negotiated during subsequent years of the Obama Administration.

Here are the major proposals from the Commission, in their own words (note that “reform,” in their lexicon, almost always means cuts):

“1. Discretionary Spending Cuts: Enact tough discretionary spending caps to force budget discipline in Congress. Include enforcement mechanisms to give the limits real teeth. Make significant cuts in both security and non-security spending by cutting low-priority programs and streamlining government operations.

Offer over \$50 billion in immediate cuts to lead by example, and provide \$200 billion in illustrative 2015 savings.

“2. Comprehensive Tax Reform: Sharply reduce rates, broaden the base, simplify the tax code, and reduce the deficit by reducing the many tax expenditures—another name for spending through the tax code. Reform corporate taxes to make America more competitive, and cap revenue to avoid excessive taxation.

“3. Health Care Cost Containment: Replace the phantom savings from scheduled Medicare reimbursement cuts that will never materialize and form a new long-term-care program that is unsustainable with real, common-sense reforms to physician payments, cost-sharing, malpractice law, prescription drug costs, government-subsidized medical education, and other sources. Institute additional long-term measures to bring down spending growth.

“4. Mandatory Savings: Cut agriculture subsidies and modernize military and civil service retirement systems, while reforming student loan programs and putting the Pension Benefit Guarantee Corporation on a sustainable path.

“5. Social Security Reforms to Ensure Long-Term Solvency and Reduce Poverty: Ensure sustainable solvency for the next 75 years while reducing poverty among seniors. Reform Social Security for its own sake, and not for deficit reduction.

“6. Process Changes: Reform the budget process to ensure the debt remains on a stable path, spending stays under control, inflation is measured accurately, and taxpayer dollars go where they belong.”

What should strike any sane person about these proposals is their totally monetarist character—treating the “debt” from such items as Treasury bonds in the Social Security Trust Fund, or credit for long-term infrastructure projects, as the same as the “debt” from buying mortgage-backed securities from Wall Street, or subsidizing greenie pseudo-science.

Such an approach, as innumerable cases, such as Greece today, demonstrate, *only makes the debt crisis worse*—and “excesses” a lot of people in the process. That, clearly, is the intention of the authors.

## Will Congress Capitulate?

Over the course of the last several months, a large number of Congressional opponents of such entitlement cuts have muttered against Obama, and their

party leaderships, under their breaths, but put their heads down and gone along with his policies, step by step.

For example, a significant number of Democrats railed against the sequester, for its cuts against vulnerable sections of the population. Yet, as Obama and the Republican leadership went ahead with the Wall Street agenda, the Democrats caved into budget cuts that would have appalled them only a few months before.

For example, the so-called “responsible, fund-the-government, clean Continuing Resolution” which the Senate Democrats passed, cuts discretionary spending almost all the way down to the level of Obama’s Sequester II, which is not due to hit until Jan. 15, 2014. And that level is *lower* by 10% than the last budget drafted by the austerity-hawk Paul Ryan.

Will Obama’s “coming out” to target Social Security and Medicare finally jar the Democrats into action? During the street deployments carried out by LaRouchePAC organizers on Oct. 16 and 17, there were some indications that a turning point might have been reached. One Democratic Congressman could not contain his rage at Obama, as he encountered the organizers, exclaiming that the President was “worse than Bush” in his fascist intentions. Other indications, as noted in this magazine last week, come from top Democratic insiders, who are now admitting that LaRouche, whose attacks on Obama they had denounced as “over the top,” was right about the genocidal intent and impact of Obamacare.

In an Oct. 16 press conference held by Democratic Senators Barbara Boxer (Calif.), Mazie Hirono (Hi.), and Ben Cardin (Md.), a question about how implementing Glass-Steagall would break through the “budget” impasse, was greeted very positively by Boxer, who asked her colleagues (who, unlike her, have not co-sponsored a Senate bill to restore Glass-Steagall) to comment as well.

Ultimately, of course, as LaRouchePAC’s highly successful ad in [The Hill](#) last week argued, a success for Glass-Steagall cannot be counted on from Congress alone. As in the case of the so-far effective halt called to Obama’s determination to make war against Syria, overwhelming pressure must come from the American people, through constituency leaders and patriots who understand the stakes. Those stakes are nothing less than survival—not only of our nation, but that of the planet.