

Federal shutdown postponed

Obama hails deal to impose record cuts in social spending

By Patrick Martin
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A partial shutdown of the US federal government was postponed by a deal struck late Friday night between White House and congressional negotiators to resolve a protracted standoff on legislation to finance government operations.

The Obama administration agreed to \$2 billion more in social spending cuts in return for an agreement by the Republican House leadership on a stop-gap continuing resolution that will fund the federal government through next Thursday. President Obama, House Speaker John Boehner and Senate Majority Leader Harry Reid also said they had reached a broader agreement to fund government operations through the end of the fiscal year, September 30, which is to be voted on by both houses of Congress next week.

The deal reportedly includes between \$39 billion and \$40 billion in social spending cuts in the current fiscal year budget, virtually the total amount demanded by Boehner. This is the largest-ever single-year reduction in domestic social spending.

Details are not yet available of exactly which programs will feel the brunt of the budget axe, but the cuts dwarf any previous austerity exercise. The cuts are four times those imposed by a Republican Congress in 1995-96, the only previous instance of a budget dispute forcing a partial shutdown of the federal government.

Speaking from the White House shortly after 11 PM, President Obama hailed the agreement as a boon to the American people, even as he acknowledged that it would entail “painful” sacrifices. In the course of his brief remarks, Obama twice boasted that he had signed on to “the largest annual spending cut in our history.” Eager to send a signal that this deal was only a down-payment on far more sweeping cuts in social

programs to come in the fiscal year 2012 budget, he said the agreement signified “beginning to live within our means.”

Nearly one million federal workers had been given notice of layoff at their workplaces Friday, about half the total workforce. The shutdown would have affected the majority of civilian government workers, but US military and police forces, the intelligence agencies and the Department of Homeland Security were exempted and told to continue normal operations.

The driving force of the budget crisis has been the Republican-controlled House of Representatives, which demanded even greater cuts in current spending than the record \$38 billion offered by the Obama administration. Many in the ultra-right Tea Party caucus regarded a shutdown of all non-military parts of the government as a positive good, while Christian fundamentalists demanded further restrictions on abortion rights as the price of passing a budget.

The final hours of negotiations reportedly focused on the continuation of \$333 million in federal funding for women’s health services provided by Planned Parenthood, which operates 800 health centers throughout the United States, the majority of them serving women in working class and low-income neighborhoods.

None of this federal funding supports abortion services. It pays for services like breast cancer screening, pap smears, pregnancy counseling and contraception. But the fanatical anti-abortion wing of the Republican Party targeted Planned Parenthood because it is the largest provider of abortion services in the United States and a defender of the right of women to have access to abortion.

The Republican leadership reportedly agreed to drop the defunding of Planned Parenthood in the final deal with the White House, and House Republicans voted Friday night to accept the agreement.

However, the Obama administration and Senator Reid agreed to include a provision demanded by the Republicans that bans the District of Columbia from using its own funds to pay for abortion procedures. Under the notorious Hyde Amendment, enacted in the 1970s and never seriously challenged by the Democrats, federal government funds cannot be used to pay for abortions. But the District of Columbia, like many states, uses funds raised from its own tax revenues to do so. This has become a political football because Congress controls District spending. A Republican-controlled Congress barred the practice, and the Democratic-controlled Congress lifted the ban in 2009.

As is invariably the case in such political confrontations in recent US history, the Democratic Party cowers before the demands of the ultra-right and ultimately offers agreements on their terms. Both President Obama and Senate Democratic Leader Harry Reid acceded again and again to additional demands from the House Republicans.

Speaker John Boehner reportedly reached agreement with Reid and Obama last week on \$33 billion in cuts in fiscal year 2011 domestic social spending. He had reason to be pleased, since the original demand of the House Republican leadership, put forward in January, was for \$32 billion in cuts.

Under pressure from the right wing of the Republican caucus, Boehner raised the figure in spending cuts to \$61 billion, incorporated in the budget passed by the House in February. Obama and the Senate Democrats countered with an offer of \$10 billion, and the horse-trading continued, while Boehner used the demands for policy changes—on abortion, environmental regulation, and a ban on implementation of the Obama health care program—to extract more and more spending cuts.

Boehner repudiated the \$33 billion figure, proposing instead \$40 billion in cuts and reportedly getting a counter-offer of \$38 billion in cuts from Reid and Obama on Thursday night. But even this new level of austerity proved insufficient.

Some of the most right-wing figures in the

Republican Party joined the debate in the final hours, urging Boehner and the House majority to pocket the many concessions from the Democrats without taking the risk of provoking a public backlash against a shutdown of federal services.

Former Arkansas Governor Mike Huckabee, a presidential candidate in 2008 and a potential candidate in 2012, said the Republicans had the “most to lose” in a shutdown, particularly if they alienated rank-and-file military personnel who would be compelled to work but would go without pay until Congress approved a budget.

Huckabee told Fox News, “The amount of money that we’re talking about is so minor, we’re talking about pennies... The Republicans have an opportunity to declare victory here.”

He added, referring to the fiscal year 2012 budget proposed by the House Republicans, “The big battle is over the real long term, that which Paul Ryan has put on the table.” This is the plan to abolish Medicare and Medicaid proposed by the House Budget Committee chairman Tuesday. Huckabee enthusiastically supports this plan, and advised the House Republicans, “This is too small a fire to use up all your water over a couple of billion dollars when the real issue is trillions.”

An editorial in the *Wall Street Journal* Friday counseled the same approach, arguing, “We’re not opposed to a shutdown showdown, but the policy stakes ought to be worth the political investment. The reforms in Mr. Ryan’s just-released 2012 budget are worth such a fight.”

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