

Reverse Obama's Murderous Austerity, Make Wall Street Pay

by Nancy Spannaus and Marcia Merry Baker

March 27—The recent passage of the Federal budget resolutions by the House and the Senate portends a rapid acceleration of poverty and the death rate among the American people. Under these austerity provisions, the most impoverished sections of the U.S. population will see their food support cut, their health-care access reduced, and meager transfer payments, such as disability benefits, slashed. New steps will be taken toward privatizing Medicare; the numbers of doctors available will decline; veterans will lose food and medical support.

In total, \$500 billion a year will be cut from the budget—all from non-military items.

All this, while the bankrupt gamblers of Wall Street, who were already bailed out earlier at taxpayer expense, continue their degradations, while their government subsidy continues through trillions of cost-free Federal Reserve dollars.

But there is another approach, which the LaRouche movement has championed for decades, and now others are adopting. Asked by Jake Tapper of MSNBC's "Morning Joe" program on March 12 what one thing could be done in order to improve living standards and wages for the American people, Democratic Presidential pre-candidate Martin O'Malley said: Change the rules of the game, by reinstating Glass-Steagall.

If you asked most Congressmen and Senators the same question, they would say, in one way or another: Cut the Federal budget. Their priorities might vary, but the monetarist approach would be the same.

Implicit in O'Malley's answer is the key to the fatal flaw in the "budget-balancing" mentality which has been imposed on our nation. The only way to improve living standards is to have economic growth, growth in productivity, in the physical economy of the nation, and to do that, the Glass-Steagall rules—which will cut out the cancer which is Wall Street—must be restored.

Only austerity for the Wall Street gamblers will

make a contribution to the economic, social, and fiscal health of the nation. Eliminate the trillions of dollars of subsidies for Wall Street's mega-banks, and create Federal credit for investment in high-technology industry and infrastructure in the United States, and the economy can grow. And the first step to that is Glass-Steagall.

The Austerity Budgets

Poverty has significantly increased under the two terms of the Obama Administration, including in the early years when the Democrats had a majority in both Houses of Congress. Now, it's about to get a lot worse.

Food Relief: By far the largest number of Americans to suffer from the current austerity drive are those dependent upon the Supplemental Nutrition Assistance Program (SNAP). There are currently approximately 46 million Americans, more than 1 in 6, who depend on a voucher from the Federal government to buy food. And this does not include those who are flooding the food banks around the nation.

Indicative of the impact of this program is the estimate by food bank charities that 25% of the families they serve are military families. A conservative estimate from the Department of Veterans Affairs in 2012—before subsequent cuts—said that 6% of all veterans, or 2.76 million veterans, received SNAP benefits.

Official statistics also indicate that at least 20 of the 46 million recipients are children, and a significant portion of the rest are aged or disabled.

In the face of this, the budgets just passed call for turning the SNAP program into a block grant to the states, complete with a cut in monies allocated by \$125 billion over the next 10 years. These cuts come on top of the meat axe taken to the SNAP program in the budget "compromise" of early 2014 negotiated by Obama with the Republicans, in which, through a 6%



Since 2010, when Obamacare (ACA) went into effect, 48 rural hospitals have been shut down. At the same time, the ACA has mandated accelerating levels of cuts in reimbursements for hospitals and physicians.

cut, an estimated 850,000 households lost an average of \$90 a month in food support.

Medicaid: The basic health-care program for the poor, Medicaid, will also be turned into a block grant by the budgets just passed, thereby giving the states the ability to divert spending to other areas. The mandated cuts, over 10 years, are between \$400 billion (in the Senate), and \$900 billion (in the House).

Sixty-five million Americans are on Medicaid across the United States.

Medicare: The House budget cuts \$148 billion from Medicare by introducing a plan to substitute vouchers for purchasing private health care, for recipients coming into the program in 2018. These cuts are supplemented by measures mandated in the so-called “Doc Fix” bill, which passed the House overwhelmingly March 26, and now goes to the Senate (with the enthusiastic support of Obama), *and* by the administrative changes being made through the Affordable Care Act (ACA), or Obamacare, which mandates accelerating cuts in reimbursements for hospitals and physicians.

Education: Among a wide range of other program cuts in the budget is the Federal subsidy for higher education, called Pell Grants, which will be cut by \$90 billion over 10 years, thus removing support for at least 10 million students (who are already being crushed by education debt).

Additionally, the budgets are expected to include cuts to graduate medical education, which were already

in Obama’s budget plan. This \$16.3 billion in cuts will largely hit teaching hospitals (many located in impoverished inner cities), thereby reducing the number of staff and the training they could provide. *This will come as the United States already faces a critical shortage of physicians—one-third of whom are expected to be retiring over the next decade.*

The ‘Doc Fix’

On March 26, the House of Representatives passed a bill that finally eliminates the so-called Sustainable Growth Rate formula for payment of doctors under Medicare, which was included in the 1997 Balanced Budget Act, immediately averting, as of April 1, a 21% cut in payments which had

been set to take effect. Over the past 18 years, similar cuts have been averted 17 times by a temporary, annual intervention (the “Doc Fix”) from Congress.

The Senate has yet to take up the bill, but is expected to adopt its substance.

That substance is: 1) increase Medicare pay to physicians annually by .5% for 5 years, and then no increase; 2) institute further cuts to Medicare providers and raise Medicare premiums for some “high-income” beneficiaries; and extend for two years some funding for lower-income beneficiaries under the Children’s Health Insurance Program, Medicare, and Medicaid.

That leaves physicians, according to the analysis of the Center on Budget and Policy Priorities, still getting a rate of reimbursement 17% less (!) than the rate in 2001—a fact that is leading an increasing number of doctors to refuse to take Medicare (not to mention Medicaid) patients.

The cuts to providers are being carried out through expanding the Obamacare-modelled “Alternative Payment” system, which sets rules for doctors that penalize them for treating the patients each according to his or her own requirements. Instead, Obamacare sets up arbitrary statistical or overall monetary standards. It’s called providing “quality” over “quantity”—the original Obamacare mantra for cutting costs. “Quality” should be understood in the same sense that Hitler meant “mercy death,” when he dictated euthanasia for millions of disabled.

Hospitals: Cuts are being made, with more proposed. Rural hospitals, especially in the South, are reeling. Since 2010, when the ACA went into effect, 48 rural hospitals have been shut down, 10 in Texas alone. Today, 283—out of a total of 2,000 such rural facilities—are in financial trouble, according to the National Rural Health Association. Since 2013, all hospitals have suffered a 2% cut in Medicare reimbursements.

One means of stifling hospitals of reimbursements, is to financially penalize them for re-admitting sick patients at rates the Center for Medicare and Medicaid Services (CMS) deems too often. This was put in under Obamacare two years ago, under the euphemism: “Medicare Hospital Readmissions Reduction Program.” The American Hospital Association gave a briefing March 23 on Capitol Hill, asking for this to stop.

Social Security in the Crosshairs

Cut Disability Insurance. The Social Security program in general is in the crosshairs for cuts. One of the first actions of the 114th Congress was to impose a rule to disallow the transfer of funds from the old-age part of Social Security funding, to the disability insurance pro-

gram, when it is expected to be needed in late FY 2016. Transfers among differing sub-parts of Social Security have been done at least ten times since 1968, including under Republican administrations. But advocates of disallowing such support for disabled workers, say, no more.

There has been no action to reverse this rule. If put into effect, it will administer the a cut of 20% to those receiving Social Security because they are disabled. This is the SSDI (Social Security Disability Insurance) program.

At present, under SSDI, subsistence benefits are paid to 11 million people—9 million disabled workers and 2 million spouses and children. Among these recipients of SSDI, there are more than a million military veterans. About one in three disabled Americans have no other source of income. The average monthly payment is about \$1,165 for a disabled worker, just over the Federal poverty line.

Obama must be removed now, without waiting for the election cycle and a 2017 inauguration. And the next President must turn around and make Wall Street pay to maintain vital support for the very ability of our citizens to remain alive in the U.S.A.

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LaRouchePAC is now leading a nationwide effort to push through legislation for Glass-Steagall
(www.larouchepac.com).

“The point is, we need Glass-Steagall immediately. We need it because that’s our only insurance to save the nation.... Get Glass-Steagall in, and we can work our way to solve the other things that need to be cleaned up. If we don’t get Glass-Steagall in first, we’re in a mess!”

—Lyndon LaRouche, Feb. 11, 2013

WATCH the LaRouchePAC video:

‘Glass-Steagall: Signing a Revolution’

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