

# Obama's Budget Cuts Mean People Will Die

by John Hoefle

May 8—The Obama Administration, under the influence of economic advisor Larry Summers and his gang of Malthusian behavioral economists, continued its headlong rush into fascism this week, pushing policies that, whether the President and his functionaries/handlers understand it or not, will inevitably lead to crushing austerity of the sort that can only be imposed by totalitarian measures. The issue is not what they may think they are doing, but the effect on the nation of the policies they are pushing.

The combination of the Administration's continuing efforts to rescue the bankrupt financial system, and the President's announced intent to institute sharp budget cuts, define a policy trajectory that, unless changed, guarantees a continuing collapse of the economy and a breakdown of the social safety net upon which an increasing number of Americans depend. Far from rectifying the problem, the Administration's policies will make things far worse than most people can imagine.

## Bad Economics

In remarks introducing his fiscal 2010 Federal budget, President Obama declared his intention to "cut the deficit in half" by the end of his first term. "Over the next decade," he said, "we'll bring non-defense discretionary spending to its lowest level as a share of Gross Domestic Product since 1962."

"The 121 budget cuts we are announcing today will save taxpayers nearly \$17 billion next year alone,"

he said, adding that the ultimate target for cuts is the most basic social safety net for elderly Americans, Social Security.

Obama also called for a "pay as you go" policy. "This rule says, very simply, that Congress can only spend a dollar if it saves a dollar elsewhere," he said. "This is the principle that guides responsible families managing a budget. This is the principle that helped transform large deficits into surpluses in the 1990s."

Some of this may sound good to people struggling to meet rising expenses with falling incomes, and no reasonable person would argue that there are not expenditures which should be cut—the bailouts and the funds paid to pirates like Halliburton and BAE Systems being prime examples—but what usually gets cut are the social safety net programs, the very programs which are more essential now than ever before. When you cut these programs, people die.

Medicare is a good example. While Obama's words make it sound as if he is targetting the health insurers, we all know that the people will pick up the tab one way or the other, be it through higher premiums, higher deductibles, or cuts in service. Health care, already outrageously expensive, will become even more unaffordable, and people will suffer.

## General Welfare

Were the government serious about reforming health care in this nation, the place to start is with a national

health-care system based upon the principle that medical care is a basic human right, and that basic public health measures are a necessary component of a properly functioning society. This is especially true in times of economic collapse, when an increasing number of Americans lack any kind of health insurance, and most of the rest are inadequately protected.

We would be far better off junking our overly complex, corrupt, and predatory private health-care system, and replacing it with a national health-care system. The goal should be providing medical care, not maximizing profit. That also means that the pharmaceutical industry would be brought to heel, ending its looting of the American people through artificially high drug prices.

The issue here is not money, but physical economy. The most important assets in any society are the creative minds of its people, and thus, society should be organized around protecting and nurturing that creativity. Nations which do so thrive, those which do not, collapse. The U.S., dominated by predatory financial cartels, is increasingly treating its people like cattle, and thus accelerating its decline. This is why, under Bush, and now Obama, the government is willing to write virtually a blank check for the bailouts, but is miserly when it comes to protecting its citizens. It is incompetent as an economic policy, unacceptable as a social policy, and will ultimately destroy us.

## Genocide, by Design

The conjunction of Obama's budget-cuts announcement and the publishing of the results of the bank stress tests is indicative of the mindset in Washington and Wall Street. They are all in denial, acting as if the world were not blowing apart.

The stress test was little more than a public relations stunt designed to manipulate the public into believing that the financial system still functions and the banks are still solvent. That's what the people on Wall Street and in Washington desperately want to believe. They had hoped that the three-month stress test process would buy time for the bailout to begin to work, but it hasn't. All that has happened is that the losses have continued to grow, the crisis has continued to deepen, and the damage to the physical economy and the people have continued to increase.

The methodology of the test, as it has been explained by regulators, is based upon projections of how the banks would fare under both "baseline" and "more ad-

verse" economic scenarios this year and next. Both baseline and more adverse scenarios project modest declines in GDP (-2% and -3.3%, respectively) this year, and *increases* in 2010 (+2.1% and +0.5%); modest unemployment this year (8.4% and 8.8%) and next (8.8% and 10.3%); continued decline in home prices this year (-14% and -22%) and less decline next year (-4% and -7%). Using these wildly optimistic numbers as a guide, the regulators determined the likely losses to be incurred by the banks, and thus whether they were likely to need additional capital.

The whole exercise is a fraud, based upon false assumptions and accounting fiction.

We are being played for suckers by the international financier oligarchy, spending trillions of dollars to bail them out, while destroying our own nation. The bailout policy is a trap, designed to play upon our greed and stupidity, and so far, it is working. It's not the only trap we've fallen into, though.

The goal of this wanton destruction, as indicated by Britain's Prince Philip, is a sharp reduction in the world's population. The financiers of the Anglo-Dutch Liberal system want to reduce population as a way of maintaining their control over a growing world. They want to destroy the United States as a sovereign nation and make sure no more United States-style nations develop. They understand that progress, in the form of scientific, cultural, and economic development, is most rapidly fostered in a nation-state setting, and that such development would inevitably move the world beyond their medieval methods of control.

Thus, the imperial financiers have set out to destroy the very concept of the sovereign nation, targetting governments and their populations financially, culturally, and intellectually, to make us too stupid to resist their plans. Their methods include wars to destabilize and depopulate, impoverishing populations to create the conditions under which diseases can quickly spread, blocking food production, manipulating energy prices. There is a name for this: genocide.

There is also an antidote: human creativity. We have the capability to halt the destruction, and begin to rebuild civilization. It means going to war, epistemologically, with the empire, but more than that, it requires correcting those errors in our own belief that allow us to fall victim to the imperial tricks. It is time for us to stand up on our hind legs, and show these oligarchs why they fear us.

*johnhoeftle@larouchepub.com*