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Feeling pressure from the left, Obama backs off of Social Security cuts in budget

By Ben Wolfgang and Dave Boyer-The Washington Times Thursday, February 20, 2014

Bowing to pressure from its left flank, the White House revealed Thursday that it won't again propose Social Security cuts when President Obama releases his budget early next month, saying Republicans squandered chances for a deal last year.

The backtracking indicates that the administration has all but given up hope of working on a "grand bargain" to reduce deficits. White House deputy press secretary Joshua Earnest said that using the "chained" consumer price index, a measure that would reduce Social Security cost-of-living adjustments, "remains on the table" but won't be included formally in the budget.

Liberal activists who pleaded with the White House to withdraw the proposal cheered the announcement.

"'Chained CPI' is a fancy term for a bone-headed idea: Social Security benefit cuts that hurt seniors. In the wealthiest nation on earth, there is simply no excuse for more cuts that harm the most vulnerable among us," said Anna Galland, executive director of MoveOn.org, a powerful liberal advocacy organization. "It's great news that President Obama has decided to remove these cuts from his upcoming budget proposal."

Republicans said the move exposes Mr. Obama's unwillingness to negotiate on more deficit reduction.

"This reaffirms what has become all too apparent: The president has no interest in doing anything, even modest, to address our looming debtcrisis," said Brendan Buck, an aide to House Speaker John A. Boehner, Ohio Republican. "With three years left in office, it seems the president is already throwing in the towel."

The chained CPI proposal would save the government money on Social Security and other benefit payments by using that index's lower inflation calculation to figure cost-of-living adjustments.

Despite the uproar it caused, using chained CPI would be a relatively modest change to Social Security, some analysts say.

A year ago, it was a significant step that demonstrated that the president was prepared to confront entitlement spending.

Now, that good will is gone.

"If it's at all possible, they're even less serious" than they were before, said Jagadeesh Gokhale, a senior fellow at the libertarian Cato Institute who specializes in entitlement programs and reforms.

Democrats will profit politically from not having to contend with entitlement cuts proposed by the president, particularly because many of them are facing attacks over their support of Medicare reductions as part of the Affordable Care Act.

House Minority Leader Nancy Pelosi, California Democrat, said Mr. Obama offered the chained CPI proposal last year "as a gesture of good faith, yet Republican leaders were unwilling to budge or close a single unfair tax loophole, and decided to walk away from opportunities to find common ground."

She said Democrats are still committed to trying to reach a bipartisan "responsible fiscal framework" and pointed to last year's budget deal as a success. That deal boosted spending in 2014 and 2015 and delayed cuts until later this decade.

This month, Congress passed a bill to increase the debt ceiling and sent it to the president's desk with little drama.

Left untouched by both deals, however, are the larger, more complex issues central to a grand bargain, namely entitlement reform and broad tax reform.

Analysts said lawmakers with this fall's midterm elections on their minds are unwilling to wade into the dangerous waters of entitlements and Republicans are especially vulnerable to Democrats' use of "push Grandma over the cliff" ads.

Without congressional partners, it became apparent that Mr. Obama would be taking a fruitless gamble by putting Social Security on the table.

"What the Murray-Ryan budget deal in particular showed is the wheels of Congress can turn when we're focused on the places we can find agreement. Unfortunately, because of [Republicans'] refusal to look at revenues we're not going to get a grand bargain. It's just not going to happen. The Murray-Ryan budget deal was an acknowledgment of that," said Harry Stein, associate director for fiscal policy at the liberal Center for American Progress.

Some Democrats have called for expanding Social Security. At least three bills were introduced in the last Congress to increase cost-of-living adjustments or add benefits for those who retired without a lot of savings.

Without a major entitlement reform, some analysts said, Mr. Obama will use his budget to flesh out the path he mapped during his State of the Union address last month. That course focuses on small, targeted measures rather than large-scale challenges central to a grand bargain.

Mr. Obama is expected to call again for an extension of emergency unemployment benefits, an increase in the nationwide minimum wage from \$7.25 to \$10.10, and increases in federal spending on education, job training, infrastructure and other areas.

The White House has revealed that the budget will include a request for a \$1 billion "climate resilience" fund to help prepare the nation for the effects of climate change.

Initiatives such as the climate resilience fund are more likely to dominate this year's budget than big, controversial proposals such as a change to Social Security, said Brandon Rottinghaus, a political science professor at the University of Houston who specializes in the presidency and presidential leadership and power.

"I think he has gotten a pretty clear message that this is not going to be the year to go big. I think he probably won't. And I think that's probably politically smart for him," Mr. Rottinghaus said. "He's not going to get the \$100 billion plan or the \$50 billion plan. He's going to get the \$1 billion plan. He's going to take what he can get."

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