

\$110 billion rise in military spending

Clinton administration budget snubs social needs

Martin McLaughlin
4 February 1999

The federal budget proposal released by the Clinton administration February 1 is a thoroughly business-oriented document that reserves virtually all new spending for the military, as well as reducing the federal debt and bolstering the Social Security and Medicare Trust funds, with little or nothing to meet a myriad of urgent social needs.

While Clinton mentioned a series of social problems in his State of the Union address, from crumbling schools to the tens of millions of Americans who are without access to healthcare, the budget submitted by the White House makes no serious attempt to address these issues. In a budget of over \$1.7 trillion, there is less than 3 percent for increases in spending on social programs.

The lion's share of new spending, \$112 billion over the next six years, goes to the military, including the biggest rise in military pay since the early years of the Reagan administration. The budget of 13 US intelligence agencies, including the CIA, rises to \$29 billion. There are also billions more for domestic policing, some of the funds for local cops, the balance for federal "anti-terrorism" efforts.

Echoing Clinton's 1996 State of the Union speech in which he declared the end of "big government," the new budget proposal boasts that under its provisions, government spending would decline, as a proportion of the US economy, to its lowest level in 25 years, while the federal debt would be reduced to 7 percent of GDP by 2014, the smallest percentage in a century. In remarks made while releasing the budget, Clinton suggested that reducing the national debt was the principal goal of his administration.

The budget has been greeted with a deafening silence

from the liberal wing of the Democratic Party and the array of advocacy groups that seek to pressure the federal government on behalf of children, the poor, the elderly and the sick. These have either said nothing, or issued only the most muted protests over the Clinton administration's social policies.

When Clinton pushed through the destruction of Aid to Families with Dependent Children and slashed spending on other social programs earlier in his tenure, the liberals made excuses for the White House, claiming that the huge federal budget deficit made cuts unavoidable. Now official projections are for enormous budget surpluses, but the policy of ignoring social needs continues.

One must conclude that if a Democratic administration cannot provide money for healthcare, education and anti-poverty programs under conditions of surpluses of \$100 billion and up, the Democratic Party is incapable of addressing these issues.

The only criticism of Clinton's budget given any attention in the media comes from the right, primarily from two sources. Federal Reserve Board Chairman Alan Greenspan weighed in against the long-term proposal made by the White House to prop up the Social Security system. Greenspan attacked the plan to invest a portion of the Social Security Trust Fund in the stock market, not because he is opposed to funneling more money into Wall Street, but because he opposes the US Treasury retaining control of the investments, which could give the federal government a greater voice in the affairs of many corporations.

Greenspan also attacked the Social Security plan because Clinton claimed that the Trust Fund could be stabilized without cuts in benefits or tax increases. Both

measures would be necessary, the central banker said. Under the austerity policy advocated by Greenspan, working people would pay for the bailout of Social Security through an increase in the age of retirement, a reduction in the benefit pay-out and an increase in the highly regressive payroll tax.

Congressional Republicans attacked the budget as soon as it was delivered to Capitol Hill because Clinton did not propose any across-the-board cut in income and wealth taxes, the centerpiece of the Republican program for this year. Some House Republicans have called for the outright abolition of inheritance taxes and a further cut in the capital gains tax.

While accompanied by much right-wing demagoguery about increasing the standard of living of ordinary working people by giving them a tax break, the Republican plan would be a bonanza for the wealthy, giving a \$20,000 tax break to families with incomes over \$300,000, and a mere \$99 tax cut to middle-income families.

For both Clinton and the Republicans, however bitter their conflict, the budget-making process is largely an exercise in wishful thinking. The enormous surpluses projected by both the White House and the Republican-controlled Congressional Budget Office are based on the assumption that the present financial boom continues unabated, that unemployment remains at historically low levels, and that the US economy escapes recession for the next two decades.

The stock market boom has played a major role in the elimination of the federal deficit. Despite the sharp cut in the capital gains tax rate, for instance, the speculative bubble in stock prices has led to a 130 percent rise in the amount of capital gains taxes actually paid in to the Treasury. Any slowdown in the bull market, let alone an Asian-style collapse, will put an end to the surpluses and plunge the federal government into a new and even more acute deficit crisis.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact