Biden’s incredible shrinking social “reform” bill

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The “framework” for the “Build Back Better” legislation announced by President Biden Thursday morning and presented to the House Democratic caucus signals the collapse of the reformist pretenses of the Democratic administration and the Democratic-controlled Congress. For all the grandiose rhetoric about sweeping social legislation and “the most consequential piece of legislation for working people” since the New Deal (in the words of Bernie Sanders), the Democratic Party leadership has embraced a watered-down plan whose yearly cost ($175 billion) is less than one-quarter of the military budget.

The legislation incorporating the “framework,” a draft budget reconciliation bill, was submitted to the House Rules Committee Thursday and runs to nearly 2,200 pages. Its provisions are complex, and the procedures for its approval are both convoluted and highly precarious. It is entirely possible that the legislative process will lead to a complete political debacle for both the Biden White House and the Democratic Party as a whole, with no significant legislation passed.

But there is a unifying thread to the process of legislative horse-trading with two right-wing Senate Democrats, Joe Manchin of West Virginia and Kyrsten Sinema of Arizona, and a half-dozen right-wing House Democrats, which shrank the initial social spending bill from $6 trillion at the beginning, to the $3.5 trillion bill put forward by the White House, and now to the $1.75 trillion embraced by Biden Thursday—half his original plan, and barely a quarter of the opening bid by Sanders.

All these figures represent expenditures spread out over 10 years. By comparison, the military budget over the same period would be at least $8 trillion, and projected interest payments on the federal debt could be even higher. Every year, the Federal Reserve is pumping close to $1.5 trillion into the markets—nearly as much as the proposed legislation allocates in ten years.

The legislation has been shaped entirely by the class interests of the capitalist ruling elite, which demands both a continued supply of cash from the Treasury and a stepped-up supply of low-wage labor in the midst of the pandemic. In the course of these “negotiations,” measures that provide subsidies to businesses or promote the entry of more workers into the labor force have advanced, while measures that cost business money, sustain working people while they are not actively employed, or simply improve their lives, have been killed.

This rule of thumb explains both what provisions have survived and those which have gone by the wayside. To outline these briefly, based on the descriptions supplied by the White House, the surviving measures include:

• Climate-related spending, for a total of $555 billion. This is the largest single allocation in the much-reduced reconciliation bill, and the lion’s share, $320 billion, is in the form of tax credits to utilities, electric vehicle manufacturers, and companies that build battery-charging stations. Another $110 billion is for direct incentives (subsidies) to producers of “solar, batteries and advanced materials” (of great concern to the Pentagon), as well as “boosting the competitiveness of existing industries, like steel, cement, and aluminum.”

• Universal pre-kindergarten programs for children aged three and four, as well as federally subsidized child care. Despite the glowing rhetoric about expanding the social safety net, the main purpose of this program is to free the mothers of small children to take low-wage jobs.

• Expansion of Medicaid into a dozen states, mainly in the South, all ruled by Republican state governments which refused federal subsidies for expanding Medicaid under the Affordable Care Act (Obamacare). Since most low-wage employers do not offer health care coverage, workers in those states, including Texas and Florida, have a strong disincentive to take jobs that would raise their incomes only marginally, yet make them ineligible for Medicaid.

• Extension of the expanded Earned Income Tax Credit (EITC) for around 17 million low-wage workers. This is essentially a wage subsidy for low-wage employers, since it allows workers to survive on extremely low wages with a top-off from the federal government, only available if they

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stay in their jobs for a minimum number of hours per week. It is not payable to workers who quit their jobs, are laid off or are long-term unemployed.

• Creation of a federally funded home health care program for the elderly and disabled. The class purpose is to return to the work force those who might otherwise have to drop out to take care of elderly parents or disabled relatives. This is of particular importance in the midst of the COVID-19 pandemic, which has frightened people away from nursing homes that have become death traps.

Those programs that have been largely or entirely eliminated include:

• Two years of free community college. This would obviously have removed large numbers of workers from the labor force, particularly those working and going to school only part-time, who would be encouraged to enroll in full-time education.

• Paid family and medical leave. This was initially set at 12 weeks, then whittled down to four weeks and then eliminated entirely.

• The child tax credit of $250 a month and $300 a month for children aged six or less. The bill extends the credit for only one year, to avoid its expiration in the midst of the campaign for the 2022 congressional elections. Once promised as a new, permanent benefit that would "cut child poverty in half," the child credit is now set to terminate December 31, 2022.

• Authorization for Medicare to negotiate lower drug prices using its enormous buying power to bargain with the pharmaceutical companies.

• Expansion of Medicare to provide dental, vision and hearing coverage. One of the "red lines" of Sanders, the proposal has been shrunk to include only hearing coverage, the cheapest of the three. Besides being costly, this coverage was viewed as undesirable competition for insurance companies offering Medicare Advantage plans (a semi-private version of Medicare).

Alongside the tailoring of social spending proposals to meet the class interests of big business, the latest Biden version of the reconciliation package excludes any significant tax rate increases for either corporations or the wealthy, and it does not include even the "billionaires' tax" proposed by some Senate Democrats this week, after the provision was challenged by several of the billionaires and threatened with protracted litigation on constitutional grounds.

There are a handful of tax provisions thrown in to sustain the pretense of "fairness" and "equity," such as a minimum corporate income tax, but these will be easily evaded by giant corporations and their well-funded tax and legal departments. Likewise, the surtax on the incomes of millionaires and billionaires is likely to be eliminated because of the adamant opposition of Senator Sinema to any increase in income tax rates.

These spending and tax measures are combined in the "reconciliation" bill, which requires 50 votes in the Senate for passage. The separate "infrastructure" bill has already passed the Senate with bipartisan support, because it is essentially a $1.2 trillion boondoggle for big construction companies and other corporations, such as trucking, shipping, electric utilities and the like.

In the wake of Biden's meeting with the House Democrats, the "progressives" have embraced the substance of his much-reduced reconciliation bill. While still insisting on the passage of both bills together, they are not arguing for any significant improvements in the reconciliation bill. Medicare expansion, paid family leave, free community college and other measures are off the table.

The whole rotten process exposes not only the nature of the Democratic Party itself. As Biden declared in his remarks Thursday from the White House, after his meeting with the House, "I am a capitalist." Or to be more precise, he is a paid servant of the capitalists, like every Democratic and Republican politician.

The Democratic Party is a party of Wall Street, the intelligence agencies and the military, resting on privileged sections of the middle class. The role of Sanders, Ocasio-Cortez, et al. is to provide this reactionary political organization with the barest fig leaf of social reform.

Moreover, far from "creating space" for social reform, as the pseudo-left promoters of the Democratic Party claimed, the right-wing politics of the Democrats, to the extent that they are not opposed through the independent political mobilization of the working class on a socialist program, only fuel the growth of the far right.

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