

US ruling class sets the stage for a massive attack on Social Security and Medicare

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A major editorial published Wednesday by the *New York Times* under the headline “America Is Living on Borrowed Money” gives the signal from the leading corporate media organ aligned with the Democratic Party for a full-scale onslaught on social benefits for working people, particularly Social Security and Medicare, the two largest social programs.

The editorial is thoroughly dishonest, purporting to be concerned about the rise in interest payments to investors, declaring, “Rather than collecting taxes from the wealthy, the government is paying the wealthy to borrow their money.” It then bemoans the refusal of the Republicans to raise taxes on the wealthy.

But after the populist pretenses, the real point is slipped in at the end:

Democrats must recognize that changes to Social Security and Medicare, the major drivers of federal spending growth going forward, should be on the table. Anything less will prove fiscally unsustainable. That will require painful choices.

There is no doubt that the sole purpose of the editorial is to raise the necessity for what is euphemistically called “entitlement reform” in the think tanks that study the policy options for the US ruling elite. In plain language, this means gutting the two main programs on which tens of millions of elderly and retired people depend for income support and health insurance.

The reference to Social Security and Medicare as “the major drivers of federal spending growth *going forward*” is particularly cynical. It amounts to a backhanded admission that these programs are *not* the cause of the massive ballooning of the federal debt over the past 25 years, while claiming that they will play that role in the future. The editorial never mentions the multiple bailouts of Wall Street and the banking system or the massive expenditures on the

wars of the past three decades. It does not refer, in its warning of future deficit growth, to President Biden’s pledge to fund the US-NATO war against Russia in Ukraine “for as long as it takes.”

The editorial thus contradicts an instructive analysis published in the pages of the *Times* itself only six months ago, when the federal government first exhausted its borrowing authority, leading to the manufactured crisis over the debt ceiling. This study, published January 22 under the headline “How the US Government Amassed \$31 Trillion in Debt,” gave a factual accounting of the actual sources of the accumulated deficits.

The US federal debt rose from roughly \$5 trillion when George W. Bush took office in January 2001 to \$31.4 trillion in January 2023, some 22 years later, an average increase of \$1.2 trillion a year. The contributors to the rising debt can be summarized briefly:

Wars in Iraq, Syria and Afghanistan and other operations linked to the “war on terror” cost \$6 trillion. This does not include the costs for the war against Russia in Ukraine, the military buildup against China in the Asia-Pacific, or the ongoing expense of maintaining the vast US military machine worldwide, now running at \$1 trillion a year.

Tax cuts, primarily to the wealthy, cost well over \$7 trillion. One study found that the Bush tax cuts, passed in 2001 and 2003, cut \$5.6 trillion in revenue from 2001 to 2018. They continue in force under a bipartisan deal between the Obama administration and House Republicans in 2012, which preserved most of the original package, so there have been additional losses in revenue. The Trump tax cuts, enacted at the end of 2017, have added another \$1.2 trillion and continue in effect under the Biden administration.

Bailouts of Wall Street and the financial system as a whole have cost \$5.7 trillion: \$800 billion in the 2008 crash, enacted by a Democratic Congress under the Obama administration; \$3 trillion in 2020 in the CARES Act passed on a bipartisan basis and signed into law by Trump; and \$1.9

trillion in Biden's American Recovery Act, the second round of bailouts linked to the COVID-19 pandemic.

The *Times* analysis in January concluded: "The biggest—and often bipartisan—drivers of debt have been the federal responses to two sharp economic downturns: the 2008 financial crisis and the 2020 pandemic recession."

But on Wednesday there is no reference by the liars on the *Times* Editorial Board to the bailouts of the financial aristocracy. Added to this is at least \$5 trillion in interest costs over that period, what the *Times* editorial refers to as "paying the wealthy to borrow their money."

Social spending, by contrast, was only a marginal contributor to the increase. The *Times* analysis in January noted that Medicare spending increased by up to \$100 billion a year because of Bush's addition of a prescription drug benefit, while suggesting that Obama's Affordable Care Act actually reduced Medicare spending compared to previous projections.

As for discretionary social spending (on education, transportation, housing, the environment and similar programs), this is such a small component of the overall budget that the *Times* analysis did not even mention it. This category of spending has declined substantially under the terms of the 2012 agreement between Obama and the Republicans.

The four main drivers of budget deficits—wars, tax cuts, bailouts and interest payments—account for nearly \$24 trillion of the \$26 trillion rise in the total federal debt since 2000. The ruling class has been running the federal budget for two purposes: to finance imperialist aggression and to stuff its own pockets with untold wealth.

Yet it regards the modest incomes of the retired and disabled as extravagant and insupportable, a sentiment no doubt exacerbated by the significant jump in Social Security payments this year due to the acceleration of inflation. Corporate America, with the collaboration of the unions, has eliminated cost-of-living escalators for most workers, but retirees on Social Security still get a yearly boost that partially offsets rising prices.

The analysis in the *Times* published six months ago suggests a blueprint for the working class in responding to the moaning about the bankruptcy of the federal government. Workers should reply to the demands for sacrifice by declaring that those who have run the United States into the ground financially should pay the consequences, not working people.

The ruling class parasites should be expropriated, through the nationalization of the banks, the hedge funds and the financial system as a whole, as well as the seizure of the personal fortunes of the billionaires and multi-millionaires. The financial system should be reorganized under the

democratic control of the working class, with the books opened to make all its operations transparent and comprehensible, ending the endemic corruption and criminal manipulation by the super-rich.

The Pentagon war machine should be dismantled, along with an end to all US military operations overseas and a halt to US military aid and economic support to dictatorships and right-wing regimes: Ukraine, Israel, Egypt, the Gulf monarchies and the like.

There is a remarkable similarity between the present bankruptcy of the American government and the crisis of the monarchy in France on the eve of the great Revolution of 1789. King Louis XVI was compelled to summon the Estates-General to obtain additional revenue because his regime had been bankrupted by endless wars and the profligacy and mismanagement of the ruling nobility. He soon lost his head, and the aristocrats lost their estates.

There is a more contemporary point of reference as well. During the heyday of liberal social reformism in the mid-1960s, there was a ferocious debate in the US political establishment over the federal budget. Spending on the Vietnam War was constraining the ability of the Lyndon Johnson administration to finance "Great Society" programs like the newly introduced Medicare and Medicaid programs, along with the whole edifice of Johnson's supposed "War on Poverty."

The debate was framed as "guns vs. butter," and Johnson initially tried to have it both ways, spending ever-increasing sums on the genocidal war against the Vietnamese revolution, while at the same time expanding the welfare state at home. But the contradiction derailed his reformist promises and ultimately his administration as a whole.

Today there is no longer any debate within the ruling elite. It has opted decisively for militarism and war, against Russia in Ukraine, and, looming on the horizon, against China in the vast Indo-Pacific region, home to more than half of humanity. The *Times* editorial demonstrates that no section of the ruling class can offer a progressive solution to this crisis.

It is a task that falls to the working class, through the building of a mass revolutionary movement based on a socialist program.



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