Billionaires target Social Security for cuts

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The US financial oligarchy launched a coordinated campaign to reduce Social Security benefits this week. The effort will lead, sooner rather than later, to significant cuts in benefits, reduced eligibility by raising the retirement age, and privatization of all or part of the massive program, which currently pays benefits to 68 million Americans, most of them elderly and retired.

There is bipartisan support for such measures, demonstrated in the joint proposal by Republican Senator Bill Cassidy and Democratic Senator Tim Kaine to establish a $1.5 trillion market-based supplement to Social Security.

This and other possible measures were discussed at a Senate Budget Committee hearing Wednesday, at which federal officials said that the Social Security Trust Fund reserves would be exhausted between 2032 and 2034. That means the Trust Fund would only be able to pay out as much as it takes in from payroll taxes, a shortfall they estimated at 28 percent.

The demands for major restructuring of Social Security began with a letter to shareholders in BlackRock, the world's largest investment fund with $14 trillion in assets under management—twice the annual budget of the federal government, and nearly half of total US Gross Domestic Product.

Larry Fink, the billionaire CEO of BlackRock, told shareholders that the financial crisis of Social Security was coming to a turning point, and he endorsed the bipartisan Cassidy-Caine proposal, which amounts to attaching a privatized fund to Social Security, as a Trojan horse leading to full-scale privatization.

While conceding that Social Security is "one of the most effective poverty-prevention programs in history," Fink wrote, "The issue is: Social Security provides stability, but it doesn't allow most Americans to build wealth in a way that grows with their country." Translated into plain English, Fink is expressing the frustration on Wall Street that it cannot lay hands on the trillions in the Social Security trust funds and extract profits from them.

On Tuesday, the Committee for a Responsible Federal Budget (CRFB), a corporate-backed bipartisan think tank, issued a plan to address the financial crisis of Social Security by capping annual benefits at $100,000 a year for couples retiring at the normal retirement age, currently 67. Single retirees would face a cap of $50,000. Those who retire at a younger age would face an even lower ceiling on benefits.

The number of couples currently receiving more than $100,000 a year from Social Security is tiny—estimated at 0.05 percent of all recipients. The CRFB cited that fact to argue that the proposal was "radically progressive," applying to only the wealthiest retired couples. But depending on how the ceiling is indexed, inflation will rapidly increase the number and the ceiling would rapidly become a major factor in holding down benefit payments for large numbers of retirees.

The CRFB plan was hailed in the lead editorial of the *Washington Po*st, published the same day, under the headline, "Nobody needs over $100,000 per year in Social Security benefits." The editorial claimed that capping benefits "would help restore sanity" to the program, adding, "a wealthy retired couple receiving nearly six figures from a national pension program is absurd. A more typical maximum public benefit for a retired couple in the developed world is between $30,000 and $40,000."

The editorial goes on to argue that "Capping benefits is a better way to reform Social Security than increasing revenue." This is a deliberate lie, since the simplest—and by far the most popular—proposal to save Social Security is to eliminate the income ceiling on the payroll tax. Currently, all income above $184,500 a year is exempt from payroll tax. CEOs pay Social Security tax on that amount only, no matter how many millions they take in during the year.

The vast bulk of ruling class income, taken in the form of dividends, capital gains and other forms of financial plunder, is not subject to Social Security tax at all, which is applied only to payrolls.

The owner of the *Washington Post*, longtime Amazon boss Jeff Bezos, has a fortune currently estimated at about $224 billion. Over the past year, he has drastically shifted the newspaper's editorial line, from a mild liberalism to a raging "free market" libertarianism, combined with rabid anti-communism and militarism in foreign policy.

His editorial stenographers apparently see nothing provocative about declaring in a headline that no one needs $100,000 a year in Social Security benefits, while the boss who dictates their editorial line makes $100,000 *every 90 seconds*.

The average US worker makes about $137 a day. Bezos's wealth increases each day by approximately 700,000 times that amount. These numbers illustrate the obscene social inequality of capitalism.

Moreover, despite the claims that an income of $100,000 a year makes a couple on Social Security wealthy, that figure is a bare minimum income for survival in New York City, San Francisco and Seattle, while just adequate in cities like Chicago, Detroit and Philadelphia. And for the retired widow or widower living in any of those cities, an income cap of $50,000 means poverty, plain and simple.