

How ‘stimulus’ plans threaten Social Security

written by Scott Scheffer

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Millions of people are suffering under the Covid-19 epidemic — not only those who've fallen ill, but also those whose jobs and livelihoods are at risk. President Donald Trump has used the crisis as cover to try to push through right-wing policy

victories, including attacks on unions, closing the southwestern border, and lowering the quality of food supplied to schoolchildren, as [reported by the New York Times](#).

But Trump also zeroed in on Social Security with a proposed payroll tax reduction that would have stayed in place at least through Election Day, and possibly through the end of the year. When his idea was dropped, the Democrats, like the other half of a wrestling tag team, hid a tax credit for employers to use specifically against their Social Security tax in their Covid-19 emergency bill.

Both plans shortchange the Social Security Trust Fund, which is the sole source of retirement income for tens of millions of workers.

The Democratic Party leadership claimed to be opposed to Trump's payroll tax cut. But that was pure sophistry — saying the right thing for the wrong reason.

Everything they said about Trump's plan is true. Even if the goal really was to put money in workers' pockets and stimulate spending during the crisis, as Trump claimed, the power of a payroll tax cut is puny. It leaves out millions of workers.

Disproportionate numbers of oppressed workers, communities of color, immigrants, LGBTQ2S people, women and youth are trapped in low-paying jobs, if they are lucky enough to have work. The lowest paid workers would benefit the least from a payroll tax cut. For most, the "relief" would amount to a few measly dollars per paycheck.

The Democratic leadership mouthed the right words, but they hid another attack on Social Security in their [Families First Coronavirus Response Act](#) (H.R.-6201), which got through both houses of Congress with Trump's approval.

'A Trojan horse'

Dr. Hillel Cohen, professor of epidemiology at Albert Einstein College of Medicine in

the Bronx, N.Y., was interviewed on [WBAI Pacifica Radio](#) on March 16 about the woeful U.S. response to Covid-19. He talked about H.R.-6201 as well:

“The good side of it is that it makes it mainstream that there should be paid sick time and paid family leave,” Cohen said. “But it’s mind boggling that the biggest, richest corporations [those with 500 or more workers] are exempt. ... Small businesses that have less than 50 workers are not exempt, but can apply for exemptions because of hardship, and they all will.

“And it has within it a Trojan horse. One of the ways they are going to pay for it is to give credits for the payroll taxes [to] the businesses being mandated to provide paid sick leave and family leave. ... We can expect that, down the road, they will then say that Social Security is underfunded and they will use that as an excuse to cut.”

Social Security, along with the other “entitlement” programs, is separate from the federal budget, which gets negotiated annually. It has no impact on the federal budget or the deficit. The money it takes in and spends is dedicated only to the payment of retirement benefits and the administration of the program.

By law, the Social Security Trust Fund is not supposed to be borrowed from or added to by any source other than the Federal Insurance Contributions Act (FICA) deductions from workers’ paychecks and bosses’ matching portion. That firewall is there to guarantee that Social Security would never be subject to budget negotiations.

Those intent on destroying Social Security hope that breaching the separation will help pave the way to budget cuts, underfunding the program and then destroying it altogether.

Under H.R.-6201, it isn’t clear if there is a plan to reimburse Social Security later. Trump’s plan would have.

The one other time that payroll taxes were cut as a stimulus was during the Obama administration, after the financial crisis of 2008-2009. In that case, funds were shifted from the Treasury back into the Social Security fund. But it opened the door to those who have long hoped to do away with all the entitlement programs, and moaned when the reimbursement was made that Social Security was bankrupting the government.

The tax cut and subsequent reimbursement shows that this is a purposeful act. If the plan wasn't intended to weaken Social Security, they would simply take the money directly from the U.S. Treasury instead of touching our retirement fund.

Finding ways to chip away at Social Security is not a new idea for Trump or for a growing number of other elected officials from both capitalist parties. Trump expressed interest in doing the same thing in August 2019 when he was concerned about a coming recession endangering his re-election chances in November.

He is no lone crusader. The list of those who wish for Social Security's demise is a long one, stretching back in time for decades, and includes prominent Democrats like Joe Biden.

The people can't rely on the twin parties of the billionaire class to protect Social Security. It was not a gift from them to us. It came into being in 1939 after millions of workers held strikes, fought the police and National Guard, seized factories, were jailed and sometimes killed.

Its survival will depend on a broad, united, militant and determined movement.



<https://www.struggle-la-lucha.org/2020/03/24/how-stimulus-plans-threaten-social-security/>