

# Bush proposes \$2.8 trillion budget to boost military spending and slash social programs

Kate Randall  
7 February 2006

President Bush sent a \$2.77 trillion budget plan to Congress on Monday that includes record spending for the military and cuts funding for a wide range of social programs. Included is \$65 billion in cuts to entitlement programs over the next five years, more than half of this from Medicare. Bush is also seeking to make his first-term tax cuts permanent.

The plan is in line with the agenda set forth by the president in his State of the Union address last week—to boost funds for the “war on terror” and domestic policing and slash federal spending on programs relied on by working Americans, retirees and the poor. The proposed budget covers the 2007 fiscal year beginning October 1, and its appropriations must be approved by Congress, which will begin debate on it this spring.

Under Bush’s proposal, military spending would increase by 4.8 percent, to a record \$439.3 billion. The Defense Department would see an increase of 6.9 percent, including a rise in the Army’s budget from \$99 billion to \$112 billion. The budget would fund a 15 percent increase in the size of the US Special Forces. A 2.2 percent increase in base military pay is also proposed.

Funds earmarked for the military include only a portion of the money the administration proposes to spend on the wars in Iraq and Afghanistan in fiscal 2007. The budget contains only \$50 billion in spending for the Iraq war. The Bush administration will be asking for \$70 billion in additional war spending in addition to the \$50 billion in supplemental funding already approved by Congress just last December.

The Department of Homeland Security will get a 9.8 percent funding rise, including increased funding to the Federal Emergency Management Agency (FEMA) and money to add 1,500 new border patrol agents.

The biggest cut by far is aimed at entitlement

programs, where projected spending would be cut by \$65 billion over the next five years. Bush proposes to slash \$36 billion from Medicare, the federal program that provides health care to seniors and the disabled.

The Medicare cuts would be achieved by reducing inflation adjustments for hospitals, nursing homes, home health providers and hospices. The plan also includes triggers that would cut Medicare outlays if spending surpasses certain limits already enacted in law. The retiree advocacy group AARP (formerly known as the Association for the Advancement of Retired Persons) said such cutoffs could be “very damaging” because they cap spending without addressing skyrocketing health care costs for seniors.

The Bush plan would divert \$60 billion from tax revenues over 10 years for so-called “health savings accounts”—a program that would mainly be utilized by upper-income people. Under the plan, individuals would set aside tax-free savings to fund health costs. The benefits for working class families in such a program would be drastically limited, as new data shows that the majority of Americans have negative savings balances, and contributions could only come by further carving into weekly earnings.

The clear purpose of this initiative is to undermine federally funded programs that guarantee certain benefits and replace them with private accounts in which individuals would have to purchase health care from private providers and their benefits would not be guaranteed.

Reductions in other entitlement, or nondiscretionary, spending include close to \$5 billion in farm commodity programs and \$16.7 billion from the Pension Benefit Guaranty Corp., the federal program backing private pensions. This cut in the federal pension program comes at time when bankruptcy courts are authorizing

wholesale looting of workers' pensions and a growing number of companies are jumping on the pension-freezing bandwagon.

The budget calls for eliminating or sharply scaling back funding for 141 discretionary programs, for a projected total reduction of almost \$15 billion. Such programs must be funded every year by Congress.

Almost a third of such programs targeted for cutbacks or elimination are in education, where overall spending would be reduced by 3.4 percent. The budget plan proposes cutbacks in programs supporting the arts, a reduction in funding for vocational training, and the elimination of a program providing college preparation for poor students. A program combating violence against women would also be cut.

Projects tapped by Bush for an increase include \$4 billion over the next five years for drilling in the Arctic National Wildlife Refuge, a proposal promoted by the energy industry and widely opposed by environmentalists that has been blocked numerous times by Congress.

Also tagged for a funding increase is the new "American Competitiveness Initiative," which would extend an expired tax break for corporate research and development, a program highlighted by Bush in his State of the Union speech.

Underscoring the brazen class bias of Bush's 2007 budget, the proposal calls for reducing government revenues by \$1.4 trillion over the next 10 years by making permanent the tax cuts passed earlier in the Bush presidency. While social programs for working people and the poor are put on the chopping block, these tax breaks overwhelmingly benefit the wealthiest and most privileged Americans.

In the Bush budget, a combination of burgeoning military spending, huge tax breaks for the rich, and deep cuts in social spending are still expected to result in a \$423 billion federal deficit for fiscal year 2007, according to the best-case estimates by the White House.

Sections of Congressional Democrats and Republicans alike are concerned about these deficits. Senator Kent Conrad of North Dakota, the top Democrat on the Senate Budget Committee, commented that the budget "explodes deficits, but then conceals them by providing only five years of numbers and leaving out large costs."

Commenting on the expenditures for entitlement programs, Republican Senator Judd Gregg (New Hampshire), the Senate Budget Committee chairman, said, "We have to face up to this fiscal reality that this baby boom generation is going to retire soon and we need to do something about it."

Bush's budget proposal met with a somewhat lukewarm reception in Congress. Congressmen and women facing reelection this November will have to justify to their home constituencies a budget that nakedly favors military spending and tax cuts for the rich, while targeting programs for the elderly and society's most vulnerable.

The statements of House Speaker Dennis Hastert (Republican, Illinois), however, summed up the general attitude of House Republicans, who can be expected to campaign for the passage of much of Bush's proposed budget. "Make no mistake," Hastert said, "This House of Representatives will keep a sharp eye on controlling spending throughout this budget process."

The Senate minority leader, Harry Reid (Democrat, Nevada), criticized the proposed cuts in the Bush plan as the cost of "the Republican culture of corruption."

While Congress failed last year to implement Bush's proposals on revamping Social Security, in the end two-thirds of his spending cuts were approved. An overwhelming majority in Congress—both Democratic and Republican—has repeatedly authorized White House requests for military spending.

A spokesman for Fiscal Dynamics, a financial advisory firm for the affluent, predicted that much of Bush's budget would be pushed through "in a lame-duck session after the election."



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**