Trump outlines massive cuts in Medicaid and Medicare in 2021 budget plan

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President Trump is planning to release a 2021 budget on Monday that includes deep cuts to Medicare, Medicaid, Social Security and other mandatory and discretionary spending while also increasing funding for the military, according to a report in the *Wall Street Journal*.

The *Journal* report, based on information provided by a senior administration official, said that the $4.8 trillion budget "charts a path for a potential second term" by planning to raise military spending by 0.3 percent, to $740.5 billion, and lowering nondefense spending by 5 percent, to $590 billion, for the fiscal year that begins October 1, 2020. The cuts to social programs would be below the level Congress and the president agreed to in a two-year budget deal last summer.

Emboldened by his acquittal in the Senate impeachment trial last Wednesday, Trump is making it clear that he is going on the offensive to attack the working class by proposing to cut essential programs and increase the military budget in preparation for future imperialist wars. The budget also calls for $2 billion in new funding for the southern US border wall that is a critical element of the Trump administration's extreme right-wing racist campaign against immigrants.

The new White House budget proposes to cut spending by $4.4 trillion over ten years by reducing mandatory programs by $2 trillion. This includes $292 billion from safety-net programs by changing the work requirements to receive Medicaid and food stamps and $70 billion by restricting access to disability benefits.

The plan to attack Medicare in particular is an explicit repudiation of Trump's campaign promises in 2016 that he would protect this program, which underwrites health care coverage for nearly all Americans aged 65 and older, and for many disabled people of all ages. Other reported cuts include a 21 percent reduction to State Department and foreign aid funding, a 26 percent cut to the Environmental Protection Agency and a 15 percent cut to the Department of Housing and Urban Development.

Press reports suggesting the Pentagon budget will rise only 0.3 percent, after three years of whopping increases, are likely a political smokescreen by the White House. Much of the increase in military spending comes in the form of an Overseas Contingency Operations fund that is not accounted for in the regular budget. Last year, the Trump administration proposed a similar dodge, but the increases were ultimately made in the regular Pentagon budget, not the OCO, and dutifully rubber-stamped by both the Republican-controlled Senate and the Democratic-controlled House.

Besides direct Pentagon spending, there will be war-related increases in the Department of Veterans Affairs (13 percent), the Department of Homeland Security (3 percent) and the National Nuclear Security Administration (19 percent).

In order to fulfill his goal of returning American astronauts to the moon by 2024—which was presented as a major objective in his State of the Union address last Tuesday, President Trump is also proposing a 12 percent increase in NASA funding next year.

There are two interconnected and overriding considerations in the 2021 budget plan. Together these amount to a significant acceleration of the wealth transfer from the working class to the top one percent that has been underway for the past four decades.

The first priority is the maintenance of the $1.5 trillion tax cuts, enacted in 2017. While the corporate tax cuts are permanent, the cuts in income tax rates, which benefit the super-rich disproportionately, as well

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as the cut in estate taxes, are both set to expire in 2025. These cuts reduced government revenues and drove deficits up to 4.7 percent of GDP, significantly higher than the 2.7 percent average of the past 50 years. The second consideration is the drive to reduce and eventually eliminate the social programs like Social Security, Medicare, Medicaid and food stamps, on which the most vulnerable sections of the working class and poor depend.

The federal deficit is estimated at $1 trillion for 2020, more than double what the Trump administration claimed in the budget and tax cut proposals in 2017. The new plan claims the deficit will be reduced by a total of $4.6 trillion in the next decade and will be completely eliminated by 2035. During the 2016 election campaign, Trump promised to completely pay off the federal debt in eight years. Instead, it has rocketed upwards to $23 trillion, the largest of any country in the world.

Meanwhile, the plan assumes a pace of overall economic growth that is significantly higher than that which is predicted by most economists. The Trump budget plan projects an economic growth rate of 3.1 percent in the final quarter of fiscal 2020 and 3.0 percent in all of 2021 and the rest of the decade. The US economy has been growing at a quarterly average rate of approximately 2.2 percent throughout the Trump presidency. The Congressional Budget Office projects growth rates of between 1.6 and 1.7 percent over the next ten years.

Trump claimed he would accelerate US economic growth to four and even five percent, but this is impossible under capitalism, dominated by financial speculation, wage cutting, and militarism. The plan also makes the assumption that interest rates will remain at historic lows for another ten years.

The budget plan will have little immediate effect, since neither the Democratic-controlled House nor the Republican-controlled Senate would agree to such massive cuts on the eve of the elections. Instead, the document represents an assurance by Trump to corporate America of the general trajectory of his administration, assuming he remains in office.

As has been the case throughout the Trump presidency, including during the disastrously unsuccessful attempt to remove him from office, the Democrats are mouthing opposition while preparing to collaborate with the White House on the 2021 budget. Several provisions are designed for the purpose of providing a path for House Democrats to negotiate with Trump, such as the offer to carve $130 billion from Medicare prescription drug costs by forcing a drop in prices.

Typical of the posturing by Democrats was a statement released on Friday by the House Budget Committee majority that said it was on “high alert” for attempts by the administration to circumvent Congress. “If the budget is as destructive and irresponsible as the President’s previous proposals, House Democrats will do everything in our power to stop the cuts and policies from coming to pass,” they said.

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