

Trump targets Social Security for privatization

Patrick Martin
3 August 2025

US Treasury Secretary Scott Bessent boasted Wednesday that a provision in legislation passed by Congress and signed into law by President Trump last month would provide “a back door for privatizing Social Security,” threatening the monthly benefits on which nearly 70 million Americans, most of them elderly, rely on to live.

Bessent was speaking about the giant tax and spending bill Trump signed July 4, making permanent Trump’s 2017 tax cuts for the wealthy and big business. The bill funnels an estimated \$3 trillion to the super-rich, while cutting more than \$1 trillion in spending on Medicaid, food stamps and other vital programs on which tens of millions of working people depend.

One section of the 1,000-page bill establishes what are modestly titled “Trump accounts” of \$1,000 each for every baby born in the United States from 2025 through 2028, the entirety of Trump’s second term. (The original title was reportedly “money account for growth and advancement,” or MAGA accounts, but this was replaced by something even more directly flattering to the would-be dictator).

Families could contribute up to \$5,000 a year tax-free to these accounts until age 18, or employers could make the contributions as a benefit to favored employees. Given the near-impossible struggle of working people to pay their regular bills—to say nothing of going ever further into debt—the accounts of working class children would likely remain at \$1,000, invested in index-linked funds through brokerages or other private financial institutions.

For the children of affluent families, able to set aside the additional \$5,000 a year, the tax-free wealth accumulation could be considerable. According to calculations by the Urban Institute and *Washington Monthly*, making optimistic assumptions like 8 percent annual return and no financial collapses, the children of the affluent by age 18 would have accounts averaging \$191,000, compared to \$4,000 for those whose families were unable to make those investments. The disparity at age 65 would be even starker: \$6.86 million for one, \$93,000 for the other.

These figures, well understood by Bessent, Russell Vought

and other Trump administration budget-cutters, actually refute Bessent’s claim that the Trump accounts will out-compete Social Security benefits and thus provide political cover for “back door privatization.”

He told his audience, “Social Security is a defined benefit plan” and said of the promotion of market-based accounts, “that’s a game changer, too.” In other words, the Trump administration envisions doing to Social Security what countless corporate employers have done to workers’ pensions: converting them to 401k accounts which have no defined benefits, but instead subject retirees to the risks of highly unstable financial speculation.

The real political meaning of Bessent’s remarks is demonstrated by the venue at which he made them: a Washington conference sponsored by Breitbart News, one of the main online media outlets of the fascist right, once run by Steve Bannon. Bessent warned his fascist audience of the danger represented by the shift to the left among young people, as expressed in the vote for New York City Democratic mayoral candidate Zohran Mamdani, a member of the Democratic Socialists of America.

Clearly more concerned about the threat of Mamdani’s voters, particularly the youth, than the mild reforms proposed by the Democrat himself, Bessent warned that the New York election showed “people have given up on a market-based system.” The Trump accounts would counter that, he said. “When you do this, you make everyone a shareholder,” he claimed. “You make everyone a stakeholder. People who are part of the system do not want to bring down the system.”

On Thursday, speaking to CNBC, Bessent doubled down on this argument, saying, “I was talking about the \$1,000 baby bonds that every American citizen, every newborn, is going to get. The Democrats hate this program because ... it brings capitalism and markets to every American.”

Despite the reference to the Democrats, one of the two parties of Wall Street, Bessent’s comments point to the real fear of the ruling class: growing opposition to capitalism and the threat of socialism.

There were obligatory statements of “clarification” issued by the Treasury, by Bessent himself and by Trump’s most prominent paid liar, White House press secretary Karoline Leavitt, all pledging undying devotion to the preservation of Social Security. But Bessent’s remarks follow a series of ever more explicit attacks on the program, the largest social expenditure of the federal government.

Trump’s first anointed budget-cutter, billionaire Elon Musk, the world’s richest man, called Social Security a Ponzi scheme during his days as the boss of the Department of Government Efficiency. Billionaire Commerce Secretary Howard Lutnick declared that only scammers would complain if they missed a Social Security check.

The Social Security Administration has itself been downsized, with the elimination of so many jobs that it is virtually impossible for recipients to get through to the agency on the phone. Most recently, the White House proposed to force recipients to travel to an agency office to file papers like changes of address or getting tax forms, only to back off, at least for now, after protests that this would be an undue burden on the elderly and disabled.

The overall intention is clear: to downgrade and denigrate a program which, over the past 90 years, has become an indispensable component of what little remains of a social safety net in America.

Social Security was once dubbed the “third rail” of American politics: touch it and you die. But over the course of the last three decades, it has been steadily undermined by Democratic and Republican administrations alike.

It was Democratic House Speaker Tip O’Neill who, in partnership with Republican President Ronald Reagan, enacted the first cuts in Social Security in 1983, raising the age of eligibility from 65 to 67. Congressional Democrats issued demagogic denunciations of Bessent’s remarks, but the first US president to propose the type of “baby accounts” pushed through by Trump was Democrat Bill Clinton, who called them “universal savings accounts,” or USA accounts.

George W. Bush made the first attempt at outright privatization in 2005, but this provoked a storm of popular opposition and contributed, along with the mass opposition to the Iraq War, to the defeat of the Republicans in the 2006 elections. The global financial crash of 2008 made handing over the Social Security Trust Fund to Wall Street politically impossible to propose for more than a decade. But now, driven by the financial unraveling of American capitalism, with a national debt topping \$37 trillion this year, and vast outlays for ongoing wars with Russia and the Middle East and an impending war with China, the US ruling class cannot wait any longer.

No one should believe that the Democratic Party wing of the financial oligarchy has any fundamental differences with

Trump over the dismantling of Social Security. The only differences are over how to impose such policies and who will end up taking the blame. As it is now, the Congressional Budget Office forecasts a financial crisis by 2033, with the Trust Fund surpluses eliminated and payments cut across the board by 23 percent.

Senate Democratic Leader Chuck Schumer declared, “Now, of course, Secretary Bessent had rushed to Twitter later to do a little cleanup, but the truth came out, the real truth. Actions speak louder than words, and the actions Donald Trump and his gang are taking against Social Security speak volumes.” Schumer’s actions also speak louder than his words: He led the group of Democratic senators who joined Republicans in April to push through a continuing resolution to fund the Trump administration through the current fiscal year.

The core policy of the Biden administration and the Democratic Party is continuing and escalating the war with Russia in Ukraine. If Trump plays ball on Ukraine, they will play ball on Social Security.

All sections of the ruling class accept that capitalism cannot afford to pay even the minimal benefits of the present Social Security system, let alone provide a dignified and comfortable retirement for workers who no longer produce surplus value and generate profit. On the contrary, they seek to slash benefits and even reduce life expectancy, by dismantling public health programs and research. That alone demonstrates that the capitalist system has reached a dead end.

The world working class today produces more wealth than mankind has ever produced, but it is monopolized by a tiny class of billionaires and multi-millionaires, who have heaped up unimaginable fortunes while arming themselves to the teeth against their capitalist rivals and against the working class at home.

The socialist perspective is to take these resources, and ownership of the gigantic corporations on which this wealth is based, out of the hands of the capitalist class and put them to the service of working people. This is the only possible basis to guarantee a comfortable retirement, far beyond the inadequate payments from Social Security, and all the rights of the working class.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact