

# US House proposes over \$5 trillion in cuts

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Republicans in the US House of Representatives unveiled a draconian budget plan Tuesday seeking to cut trillions in funding to programs that millions of Americans depend upon to meet basic social needs. The plan introduced in the Budget Committee takes aim at Medicaid and Medicare in particular, while siphoning off huge funding increases for the military and preparing tax breaks to pad the coffers of the super-rich.

All told, the long-term budget blueprint proposes to slash more than \$5 trillion from social programs over the next decade, eviscerating what remains of the social safety net. Most provocatively, it calls for \$4 trillion in reductions to “mandatory” spending programs, including Medicare and Medicaid, following public uproar over attempts to dismantle portions of these health care services under the guise of repealing and replacing Obamacare.

Connected to the funding cuts are proposals to transform these so-called entitlement programs into limited anti-poverty measures. The plan would introduce spending caps for Medicaid, effectively denying service for millions of poor and disabled people who depend on it for access to health care. Medicare would transition to a voucher-based scheme and apply a “means test” to determine the eligibility of seniors.

Other programs under the ax include \$150 billion in funding for food stamps, reduced support for student loans and grants, and additional constraints on Social Security disability coverage. Welfare recipients would come up against additional work requirements. Federal workers would see their pensions gutted.

Alongside these deeply unpopular cuts to social programs are increases for the US military and other “defense” spending, which already outstrips the next seven largest national military budgets combined. Over the next decade, the plan calls for an additional \$929

billion to prepare for war and social unrest.

The House Republicans’ plan mirrors in most respects President Trump’s budget proposal released this past spring. In certain areas, however, it is even more extreme. It goes further in boosting the military budget, for example, and proposes attacks not only on Medicaid but also on Medicare. The architect of Trump’s plan, Budget Director Mick Mulvaney, praised the House proposal, urging Congress to move it forward.

The House plan also contains a key element of Trump’s agenda in his first year: tax giveaways to the wealthy. If passed it would rewrite both corporate and personal tax codes, consolidating tax brackets and repealing the alternative minimum tax for individuals, while cutting the corporate tax rate and switching to a territorial tax system to only tax domestic income for business.

The inclusion of the tax plan is a procedural gimmick to allow the bill to become law with a simple majority in the Senate, thereby overcoming nominal opposition from the Democratic Party. But it also requires the tax changes to be revenue neutral. The current plan uses many of the same accounting tricks and optimistic growth assumptions as the president’s plan to arrive at that conclusion. However, Trump has favored even larger tax cuts, which add to the deficit despite the mathematical camouflage.

The prospects for the current budget proposal to survive a vote by the full House of Representatives remains uncertain. Already it has generated criticism from both hard-line right-wingers and Republican “centrists” as not going far enough or going too far, respectively. Democrats have denounced the plan. House minority leader Nancy Pelosi called it a “toxic budget whose sole purpose is to hand tax breaks to billionaires on the backs of seniors and hardworking Americans.”

Nonetheless, the brutal austerity proposals prepare the way for a “compromise” to emerge that restores some of the cuts but still accelerates the dismantling of social programs. Together with the long-term concept of transferring to several trillion dollars to the wealthy, the plan contains short-term actions, including mandating \$203 billion in cuts, to be determined by 11 different committees.

The general program of rolling back the social safety net and anti-poverty programs has in fact been a common one shared by both Democrats and Republicans. The current budget proposal is a somewhat more austere variation of the \$4 trillion in cuts proposed by the Simpson-Bowles Commission convened by President Obama, or the \$1.1 trillion sequestration cuts enacted by him.

Yet the ruling class sees now an opportunity to advance its agenda. “In past years, our proposals had little chance of becoming a reality,” House Budget Committee Chairman Diane Black said. “The time for talking is over, now is the time for action.”



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