

Trump is Making America Poor Again

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Trump says he will make America great again, but if he cuts \$2 trillion from the US Federal budget of \$6.7 trillion – as he says he wants to do – then the impact on millions of US people will be catastrophic. The reality is that he seems to be setting out to Make America Poor Again.

<https://www.youtube.com/watch?v=P0WK5JRFF2w?si=GfOF6XaAicCPBbLG>

This is the audio version:

https://www.podbean.com/player-v2/?i=akbnn-1741009-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Trump says he's Making America Great Again, and I hate to argue with him, but I think he's Making America Poor Again. Let me explain why.

The US federal budget is \$6.7 trillion a year, which is a staggering amount of money. And Elon Musk, acting on behalf of Trump, in the new department that is supposedly being created for him to manage, is saying that he wants to take \$2 trillion out of that budget.

\$2 trillion out of \$6.7 trillion is near enough 30 per cent of the total US government

spend for the States as a whole. So, is that possible? It's a question that I posed to myself, and I went off to look at the data on what the US government actually spends, which is very conveniently available on a US federal government website.

This is the chart that they publish of their expenditure. Just take a look at this. Of the total US federal government expenditure 18 per cent is on defence, and Trump says he wants to increase defence spending.

14 per cent is on interest payments, and there's no way he's going to cut those out.

21 per cent is on social security, and according to Trump that figure is not in jeopardy as a consequence of his election.

And 5 per cent is on veterans' benefits. And there's no way he's going to upset veterans if he's got any sense in the USA.

Add all those together and that comes to 58 per cent of the total spending by the US federal government. Add in, in fact, the income security payments, which are an extension of social security, and a total of 66 per cent looks as though it might well be protected from US government cuts.

What does that mean? There's only 34 per cent left to be cut out. And according to Elon Musk, he wants to cut the total spend by 30 per cent. So what is he going to have to cut? Medicare, which comes to 15 per cent of total US federal government expenditure, and all the expenditure on education, transportation, and agriculture.

What else is he going to find? I don't know. He's going to have to rummage around to find little bits elsewhere.

Is the USA going to put up with healthcare spending by the US government on Medicare being cut altogether, which would mean most pensioners would be left without any form of federal support for their healthcare? I doubt it very much; let's be totally honest. This doesn't seem politically plausible in any way. The fightback would be enormous.

Is it plausible that the entire federal education program could end? Well, it's plausible, but I think it's going to be challenged heavily because this is the programme that makes sure that those who are in the poorest parts of the USA get the support they need for some education when wealthy areas already get all the education that they desire.

And when it comes to transportation and agriculture, these things are core to the American economy and that transport budget is spent very largely on infrastructure, supporting states to actually make sure that things like national highways are vaguely maintained. And if you've been in the States, you'll know how poorly maintained many of them look to be.

So, where is Musk going to find his cuts? It's a very good question and I haven't got an answer. But what I do know is that if he cuts the areas of spending, which he could do without Trump breaching his election promises, then America is going to be extremely badly off as a consequence.

Large numbers of people who are already in pretty marginal economic situations, like a great many American pensioners, are going to be very much worse off indeed, particularly with regard to health care, and education and so on is going to be cut so badly that frankly he's going to seriously harm the prospects of any form of economic equality inside the USA, which again is going to play badly in the polls.

So, is it plausible that Trump could cut two trillion out of the federal government budget, which is what he would like to do, and which Musk says he'll achieve? No, I don't think it's plausible at all. But even if he tries, my point is that he's going to Make America Poorer Again. And why is that? Well, let's be honest. That's because every time the US federal government spends a dollar it is a new dollar that flows into the economy. It isn't tax revenue raised, because that isn't the way in which it works in the US. In the US, all government expenditure is funded by new dollars created by the Fed on behalf of the US government.

So, every time the US federal government spends, a new dollar flows into the economy, keeping the economy going, keeping growth high, providing the funds to make sure that people have sufficient to spend on the things they need.

If you cut those dollars out of the system, the growth of the US economy will decline.

Employment in the US economy will decline.

The number of jobs available in the US economy will fall.

The rate of wage inflation in the US economy will decline, and it's already pretty bad, with most people in the middle and working classes having not seen real wage rises for decades.

So, this programme by Musk to cut \$2 trillion out of the US federal government's expenditure budget is going to simply be a programme to take \$2 trillion out of the US economy. And by doing so, he's going to leave it worse off. And the hit is going to be on the poorest in America.

Hence my suggestion. Trump is not going to Make America Great Again. Trump is going to Make America Poor Again. And that is not going to make many people happy.