

United States - Trump, Obamacare, Taxes: The Strongman Falls on His Face

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Trump promised to cut through the disarray in the two parties of capitalism in the U.S. through forcing upon them both a new strongman - himself - who knew how to get things done and make deals.

The Republican health insurance debacle not only cut him down to size, but represented the triumph of that very disarray over himself, not the vice-versa he promised. The strongman proved to be not so strong, and the dealmaker couldn't close the deal.

The immediate cause of the collapse wasn't the opposition of the Democrats but the re-emergence of the deep divisions in the Republicans evident earlier in the primary election campaign. The humiliations Trump heaped on all his 16 or so opponents in the race to see who would be the Republican nominee were paid back in kind by the Republicans in the Congress.

The united front in the party to elect Trump and secure Republican control of both houses of Congress, the executive power and soon the Supreme Court, was shown to be superficial and blew apart.

Nevertheless, what they do agree on and are already implementing are dangerous and reactionary policies going forward. These include the massive increase in attacks on the undocumented, the elimination of any regulations on fossil fuels and gutting of environmental protections generally. Politicians of both parties agree on continuing the "War on Terror" in the Mideast and Africa.

The immediate issue was the Republican promise, reiterated by Trump, to "repeal and replace" the Affordable Care Act (Obamacare), which was enacted in 2010.

What is the ACA? The basic idea was first proposed by the ultra-conservative Heritage Foundation in 1989 as a bulwark against any possible proposal for government national health insurance for all. It relied on the insurance companies for voluntary compliance, with some provisions to aide those who couldn't afford to buy insurance on their own.

A recent op-ed in the *New York Times* correctly pointed out that Obamacare is "the most conservative health care system that Americans are willing to accept." It did succeed in enrolling about 20 million more in some kind of health insurance program, and made some positive proposals such as requiring the insurance companies to not turn down applicants because they were sick ("prior conditions").

However, it left 26 million uninsured. Because it relied on the insurance companies, premiums began to go up. Extra charges to patients, called "co-payments" also rose. Many insurance companies pulled out of the program. This trend would eventually price many out of the program - not exactly "affordable care."

Republican politicians in their overwhelming majority have opposed any government program for health insurance. Since Obamacare's enactment, the House Republicans have voted around 50 times

to repeal the AFA, knowing it wouldn't survive an Obama veto. They never had any idea of replacing it, just eliminating it.

But then it became evident in the course of the Democratic Party primaries that the proposal by Bernie Sanders to replace Obamacare by a single-payer health insurance system had wide support. Polls show it is supported by a majority of 60 percent. Trump and the Republicans then began to talk of "repeal and replacement" of Obamacare.

Trump ran on the promise to repeal and replace Obamacare but provide coverage "for everyone." He also promised to keep Medicaid, a deeply flawed program of subsidies to those too poor to buy health insurance, enacted in 1965. Obamacare increased Medicaid, but still left its implementation in the hands of the states, which meant a patchwork of insufficient coverage in the different states.

After his inauguration, Trump reneged. He turned over to Speaker of the House Paul Ryan and the new Health Secretary Tom Price the job of coming up with the "replacement" part, something the Republicans had never considered. Both are against government having any role in health insurance, but they had to come up with a "replacement" bill.

What they proposed was to repeal the ACA and eliminate taxes on the wealthy that helped fund Obamacare, and make severe cuts to Medicaid, among other retrograde proposals.

The Congressional Office of Budget Management looked it over and came to the conclusion that the proposed law would strike 14 million from the rolls of the insured in 2018, the first year of its implementation, and a total of 24 million in ten years, largely because of the gutting of Medicaid. So much for the promise that "everyone" would be covered. Republican "moderates," especially in the Senate, were alarmed. This could cause them to lose their seats!

On the other side was the Freedom Caucus in the House, ultra-conservatives who wanted repeal but no replacement, and claimed that the bill was "Obamacare light."

Trump then went on a very public campaign of the bombastic type we have become used to, in support of the bill, and arm-twisted both these opponents of the bill. When the Freedom Caucus by and large remained in opposition, Trump and Ryan switched to begging, proposing more and more amendments further attacking Medicaid, and eliminating requirements for insurance companies to cover many other things such as maternal and mental health care.

But this display of weakness on Trump's part only emboldened the Freedom Caucus. Without their support the bill couldn't pass in the House. It also faced defeat in the Senate as "moderate" Republicans there were expressing misgivings. So the bill was withdrawn.

The failure Trump's strong-arm tactics, followed by the failure of his abject pleading, underscore the collapse of his boasts to take charge and set things right.

Trump now proposes the Congress to take on another of his promises, tax reform. Most Republicans are on board to slash taxes on corporations and the wealthy, under the discredited notion that this will spur investment since the capitalists just don't have enough money to invest because of taxes.

But there is no agreement on how to do this. "Balanced budget" fetishists want to cut major social programs like social security and Medicare, the government health insurance program for older Americans. This is politically untenable and would be opposed by a big majority including many who voted for Trump.

Some propose to replace the tax cuts on the wealthy with other taxes, such as retrogressive taxes on

consumption. But experts say this can't balance out the cuts. Another idea in line with Trump's economic nationalism is high duties on imports, also not enough to fill the gap and is opposed by import companies.

Trump also proposes to streamline the tax code and eliminate the many loopholes it contains. These are tax breaks for many different industries that have been put in place by powerful lobbies, who will each vigorously defend their own tax breaks.

Will this mess be resolved, or will tax reform go the way of the health insurance bill?

Trump has also proposed vast infrastructure investment, which will run into the same problems as tax reform, since there is strong opposition among Republicans for spending on any government programs. Given Trump's weakened ability to control his own party, this proposal too is in doubt.

The disarray among the Republicans the health insurance debacle brought to the surface increases the overall political disarray in bourgeois politics. It was this disarray that propelled Trump's emergence as the strongman who could set things right in the first place. Now he is part of that disarray.

Will there be another attempt to establish an authoritarian government given this reality? Perhaps if there is another attack like 9/11.

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