Bush tax cut campaign piles lie upon lie

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13 March 2001

In the two weeks since President George W. Bush outlined his budget agenda before a joint session of Congress, the political strategy of the right-wing Republican administration has become clear. The White House seeks to rush through a massive tax cut for the wealthy before the real significance of the measure is grasped by the American public, while relying on the cowardice of the congressional Democrats and the support of the corporate-controlled media.

The first concrete step was the March 8 vote by the House of Representatives, approving the cuts in income tax rates that account for $958 billion of the $1.6 trillion in tax cuts proposed by the Bush administration. The vote was by 230 to 198, with ten Democrats and one conservative independent joining a unanimous Republican majority.

The bill sped through the lower house in barely more than a week, with a perfunctory public hearing before the House Ways and Means Committee and a brief and tightly controlled floor debate. House Speaker Dennis Hastert had to waive longstanding House rules that require approval of an overall budget resolution before the adoption of specific tax and spending bills.

Other pieces of the tax cut plan include the abolition of inheritance taxes—a $235 billion bonanza going exclusively to the rich—and abolition of the so-called marriage penalty, a quirk in the income tax structure which results in some middle- and upper-income married couples paying more than they would if they had remained single.

House and Senate Republican leaders have also voiced support for a cut in the capital gains tax, another measure favored by corporate interests and the rich, from the present 20 percent to 15 percent—meaning that wealthy investors would pay the same rate on their portfolio gains now levied on the poorest taxpayers' income.

The Bush administration has sought to package the tax cut as though it were an effort to ease the burden on hard-pressed middle-income and working class families. The cynical character of this propaganda is illustrated by a memo circulated by the National Association of Manufacturers among business lobbyists, obtained and published by the *Washington Post* March 9. The memo urged business trade groups to participate in a rally outside the Capitol, organized by the Republican congressional leadership to celebrate House passage of the tax cut bill, but to come disguised as workers:

"The theme involves working Americans. Visually, this will involve a sea of hard hats, which our construction and contractor and building groups are working very hard to provide. But the Speaker's office was very clear in saying that they do not need people in suits. If people want to participate—AND WE DO NEED BODIES—they must be DRESSED DOWN, appear to be REAL WORKER types, etc. We plan to have hard hats for people to wear. Other groups are providing waiters/waitresses, and other types of workers."

Even the British business daily *Financial Times* felt obliged to comment: "Instead of picking out the striving teacher in the gallery of the House of Representatives last week, it would have been more honest if Mr. Bush had identified the grinning investment banker or multi-billionaire land owner. It is the intellectual dishonesty of this approach that is most distressing."

The axis of Bush's budget message was the claim that the projected surpluses in federal government revenues were so massive that a $1.6 trillion tax cut would not require any offsetting cuts in federal spending. His rhetoric about boosting funding for education and other social programs is, however, directly contradicted by the administration's real plans, which involve a huge increase in military spending and sharp cuts in domestic programs.

The administration has already decided to sharply decelerate the growth in federal discretionary spending from the 8 percent increases of the past two years to a rise of only 4 percent in fiscal 2002. Given increases above this average figure in certain departments—including education, but also the Bureau of Prisons, the Immigration and Naturalization Service and other repressive agencies—there are many federal social services that will see actual cuts.

Of the 25 federal departments and independent agencies, Bush's budget outline calls for reducing spending in ten and increases in six others by less than the rate of inflation—in other words, a cut in real dollars. The most severe are in civilian infrastructure, including a $3.9 billion slash in civil works projects overseen by the Army Corps of Engineers, and over $1 billion from the Department of Transportation.

The Department of Health and Human Services will cut a $125 million program providing health insurance to low income workers and a drug abuse treatment program for public housing residents, while other cuts will hit farmers, small businessmen, the Environmental Protection Agency, the Department of Energy and NASA's contribution to the International Space Station.

The Bush budget outline calls for a 5 percent reduction in projected spending on Medicare over the next decade, without specifying what medical services for the elderly and the disabled would be affected.

Even more significant is the decision by the White House to defer proposing any major increase in military spending, including

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Bush's revival of the Reagan-era Star Wars missile defense program, until next year.

The strategy is clear: get the tax cut through this year, gobbling up all available surplus revenues; then push through the boost in military spending next year, using the supposed urgency of "national defense" to justify even steeper cuts in social welfare spending.

In his speech to Congress Bush claimed he was establishing a $1 trillion contingency fund to insure that the tax cut would not produce a new round of federal budget deficits, like those created by the Reagan administration's 1981 tax cuts. This fund slips to $842 billion in the budget outline released after the speech, and even this is largely fictitious, since $526 billion comes from an anticipated—and temporary—surplus in the Medicare trust fund.

While Bush outlined an expansion of certain federal domestic programs costing $260 billion over the next 10 years, the budget outline provides only $30 billion in new funding, meaning that, to offset the additional spending, $230 billion in additional cuts in other programs are assumed, but have not been spelled out.

The White House budget projections are not merely problematic, they are considered absurd by serious economic analysts. The onset of a recession in the United States, now widely predicted, would produce a rapid return to the deficits of the early 1990s. The current slowdown is already being reflected in state budgets. Surveys by the National Council of State Legislators and the National Association of State Budget Officers found that 18 states are below revenue forecasts for the current fiscal year and nearly that number expected revenue shortfalls next year.

In Bush's speaking tour around the country to promote his tax cut plan, he has combined brazen lies about his own plan with preemptive attacks on anyone who opposes the measure on the grounds of its unfairness and inequity. An appearance in Beaver Falls, Pennsylvania was typical. Bush condemned those who criticized the tax cut plan as a windfall for the rich, calling such comments "class warfare."

Such terminology has a truly Orwellian ring. Class warfare has been the policy of the American ruling elite for more than two decades, during which working class incomes have declined and the share of US national wealth in the hands of the top 1 percent has doubled, from 19 percent to 40 percent.

The Bush tax cut plan gives 43 percent of the benefits to the top 1 percent of the population, an average cut of over $60,000 for each of the one million millionaires in America. Some 88 percent of taxpayers—the vast majority of working class and middle class families—will get less than the $1,600 which Bush claims is the tax cut for the "typical family."

But for Bush & Co., it is not class warfare to rob the poor and working people in order to enrich the wealthy. It is only class warfare to inform the poor and working people that they are being robbed, and to put a spotlight on the process by which this robbery is being conducted.

Class-based social comparisons leave the chief spokesmen of the Bush administration apoplectic. Consider, for example, the response at a press conference last week, when reporters asked about an analysis showing that 43 percent of the Bush tax cut went to the top 1 percent. If 43 percent was the wrong number, one journalist asked, what was the right number?

Budget director Mitch Daniels fumed, "Why would anyone who believes in accuracy buy that number?" Treasury Secretary Paul O'Neill called the figures "a nonsense set of statistics," adding "It's only possible for them to be right if you grant them 50 assumptions that nobody in their right mind would accept."

O'Neill is the former CEO of Alcoa. His 2000 income of over $56 million puts him at the top of the US financial pyramid. Last week O'Neill revealed that he was keeping $100 million in stock options from Alcoa, while denying that this would affect administration policy in any way.

Bush administration officials and congressional Republican leaders have sought to prevent such social comparisons from being made at all by suppressing the relevant data—adding censorship to their arsenal of deception and class warfare.

The Treasury Department and the congressional Joint Tax Committee have instructed their economists to stop calculating distributional tables for their computerized models of the US economy and the federal budget. As a result, neither the legislative nor the executive branch produced an analysis of the effect of Bush's tax plan on various income groups.

According to one press account: "Tax analysts from both parties who have worked at the Congressional Joint Tax Committee and the Office of Tax Analysis in the Treasury say the relevant information on how the Bush plan would affect people with different incomes is already in the computers. All it would take to produce the distributional tables would be for someone to push a button, the analysts said. But that may not happen."

The Bush administration took office through the suppression of votes. Now it must govern through the suppression of information, hoping to ram through a huge tax cut for the wealthy while the American public is politically disarmed by the media, and the Democratic Party offers no serious opposition.

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