

Obama vows not to rescind tax cuts for the rich if recession deepens

Bill Van Auken
9 September 2008

Backing away from one more of his meager campaign promises, Democratic presidential candidate Barack Obama has said he would reconsider his proposal to rescind the Bush administration's tax cuts for the rich when he takes office if the US economy is in recession.

The continuing retreat by the Democrats and their candidate has only emboldened the Republican Party, which continues its uncompromising defense of the financial elite, while portraying the extreme right-wing program of its candidates, Senator John McCain and Alaskan Governor Sarah Palin, as some kind of reform agenda for shaking up Washington.

In an interview aired Sunday by ABC's "This Week" program, Obama cast doubt on whether he would seek to implement the modest increases that would go into effect for those earning more than \$250,000 a year, by ending the Bush tax reductions.

Obama appeared on the program after being briefed on the impending government seizure of Fannie Mae and Freddie Mac, the two insolvent mortgage loan giants, and just two days after the Labor Department announced that unemployment had hit a five-year high.

That the US economy will be in a recession come January increasingly appears to be a foregone conclusion.

In the interview with ABC's George Stephanopoulos, the following exchange took place:

STEPHANOPOULOS: So, even if we're in a recession next January, you come into office, you'll still go through with your tax increases.

OBAMA: No, no, no, no, no, no. What I've said, George, is that, even if we're still in a recession, I'm going to go through with my tax cuts. That's my priority.

STEPHANOPOULOS: But not the increases?

OBAMA: I think we've got to take a look and see where the economy is. I mean, the economy is weak right now. The news with Freddie Mac and Fannie Mae, I think, along with the unemployment numbers, indicates that we're fragile.

The implication of Obama's statement is that imposing any further tax obligations on America's financial oligarchy could be excluded if the economy is in serious crisis.

The plan that the Obama campaign originally advanced, and which is incorporated into the Democratic platform, would have restored the top two income tax rates to their pre-2001 levels of 36 percent and 39.6 percent, from their current near historic lows of 33 percent and 35 percent.

An additional facet of Obama's tax plan would set the cutoff amount for the estate tax exemption at \$3.5 million. This represents a considerable increase over the current \$2 million level, not to mention the \$1 million level it would revert to in 2011 without the enactment of new legislation. The Democratic candidate would also reduce the top taxation rate on massive inherited wealth to 45 percent from the 55 percent to which it would return automatically in 2011.

The Republican Party has called for the outright appeal of the tax, which it refers to as the "death tax," echoing a concerted campaign waged by some of the wealthiest layers within the US financial oligarchy.

That Obama is backing away from even the minimal changes to the tax giveaways to the rich calls into question his entire platform and is a powerful indication that his semi-populist appeals to anger over the economic conditions confronting the vast majority of the population are nothing but empty campaign rhetoric.

Under conditions in which millions of American workers are confronting the loss of their jobs as well as their homes, the Democratic candidate failed to explain why an economic crisis would make untenable any increase in the tax rates for the super-rich.

It should be recalled that during World War II, the tax rate for the top income bracket rose to 90 percent and as late as 1980 was still 70 percent.

Part of Franklin Delano Roosevelt's New Deal program, enacted in the depths of the Great Depression, was a wealth tax that increased taxes on the super-rich as well as the corporations in order to pay for limited social welfare programs and public works employment. The Democratic president implemented these measures in large part to stave off the threat of social revolution in the face of growing upheavals within the working class.

Obama's shying away from any increase in the tax burden on the rich is a clear indication that, should he be elected in November, his administration will enact no significant social programs to ameliorate the conditions confronting the millions of unemployed, the great majority of working people confronted with dramatically declining real wages and the tens of millions trapped in poverty.

Indeed, the Democratic campaign had previously presented the reversion to the earlier tax rates imposed upon the country's millionaires and billionaires as a source of revenue that would be used to offset the provision of minimal tax breaks for working

class and middle class families together with less well defined proposals for social initiatives.

Given the central thrust of Obama's economic policy—fiscal discipline—the logical corollary of any move away from returning the top tax brackets to the taxation levels of 2001 is the scrapping of these proposals.

In the television interview, Obama criticized his Republican rival from this standpoint, declaring, "John McCain likes to talk about fiscal responsibility, but there is no doubt that his proposals blow a hole through the budget."

The statement on ABC on taxes has given the lie to the pretense that an Obama presidency would mean reinvigorated spending on education, health care and social welfare, just as his recent statements embracing the US "surge" in Iraq have put paid to the illusions that his was an "antiwar" candidacy.

Why a deepening of the economic recession would make a reversion to even 2001's low tax rates for the financial elite untenable is something that Obama failed to explain and which his interviewer obviously saw as self-evident.

The underlying conception is that under conditions of economic crisis, any attempt to carry out even the most minimal policy of redistributing wealth would undermine the profit system.

The reality is that no serious changes in terms of employment, living standards, social conditions, health care and education can be undertaken in the US without confronting the most pervasive feature of American society: social inequality.

The vast majority of wealth created by working people has flowed to an ever-narrower layer of society. According to one recent study, between 1997 and 2001 the top 10 percent income bracket accounted for nearly half of the growth in real wages and salaries. Still more staggering, the top 1 percent—those averaging \$365,000 annually—appropriated 24 percent of this growth, close to double the amount that went to the hundreds of millions of people who constitute the bottom half of the US economic ladder.

Any genuine attempt to confront the economic crisis from the standpoint of the interests of working people, the great majority of society, would take as its minimal starting point the repeal not only of the Bush tax cuts for the rich, but those carried out under the Democratic administration of Bill Clinton, and those of his Republican predecessors Bush Sr. and Reagan.

Obama and the Democrats have no intention of mounting any such challenge to wealth and privilege, much less the exploitative and unequal social order that underlies it.

Elsewhere in the ABC interview, Obama was at pains to emphasize the right-wing character of his program. He reiterated his support for "merit pay" for teachers, a longstanding hobbyhorse of the Republican right.

The candidate predicted he would "have some big arguments with some Democrats about the need to eliminate programs that don't work, that have just gone on and on ... because of inertia."

He also repeated his call for beefing up the ranks of the American military. "There are, as you know, a whole bunch of folks on the left who think that that is a waste of money," Obama said of his plan, which would add another 100,000 soldiers and Marines to the US war machine. "I think it's important for us to do."

While taking a hard line against the "left," Obama and his vice-presidential running mate, Senator Joe Biden, continued to cower before the Republican Party and the extreme right. Both repeatedly dodged questions about the politics of McCain's own running mate, Sarah Palin.

As ABC News reported following the Sunday interviews, "What became clear is that the Democrats still have not settled on a strategy for responding to Palin."

In his interview with ABC, Obama called Palin "a skilled politician" and refused to comment on her breathtaking lack of political credentials. For his part, Biden, appearing on NBC's "Meet the Press," described Palin as "a smart, tough politician," adding, "and so I, I think she's going to be more formidable." Biden went on to claim he had "no idea what her policies are."

The Democrats are well aware of Palin's politics. She was chosen for the Republican ticket to appease the extreme right Christian fundamentalist wing that has gained virtual veto power over the Republican Party's policies and decisions. A virulent opponent of abortion and same-sex marriage, an advocate of teaching creationism in public schools and someone who has enjoyed intimate ties to forces that can best be described as theocratic fascist, the very possibility that someone like Palin could be placed "a heart-beat away" from the US presidency is an immense political issue in the 2008 election.

Yet the Democrats have made a deliberate decision to avoid any confrontation with these politics, instead seeking to accommodate themselves to religious backwardness and the political right.

The most recent polls have indicated significant gains for McCain. A voter survey released by *USA Today*-Gallup Monday showed McCain ahead by 54 percent to 44 percent for Obama among voters most likely to go to the polls in November.

While the media and the Democrats have attributed this swing to a post-Republican convention "bounce" and to enthusiasm for Palin, a more plausible explanation is declining support for Obama and the Democrats as their policies become ever more indistinguishable from those of McCain and the Republicans.

With every day of the election campaign, it is becoming increasingly clear that an Obama presidency will signal not a turn towards liberal reformism or a turn away from militarism, but rather the use of pseudo-liberal rhetoric to better pursue a continued assault on the basic rights and conditions of the working class at home combined with new and even greater acts of military aggression abroad.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact