

Congressional Democrats ensure passage of Obama's deal to extend tax cuts for the rich

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Congressional Democrats on Monday moved closer to ending their token opposition to a tax cut deal worked out between President Obama and congressional Republicans that will hand over hundreds of billions of dollars to America's financial aristocracy. The bill extends Bush-era tax cuts for the wealthy for two years and sharply reduces estate taxes on the rich.

Obama reversed a campaign pledge to retain the tax cuts for the middle class and allow those for families earning more than \$250,000 a year—the richest 2 percent—to expire when the tax cuts passed under Bush expire on January 1. Instead, he capitulated to pressure from the financial-corporate elite and the Republicans to extend all of the tax cuts.

The Senate passed a procedural motion to test whether the tax bill would clear a filibuster, with 83 senators voting in favor and 15 opposed—a more lopsided victory than had been expected. Forty-five Democrats and 37 Republicans supported the measure, clearing the way for a vote on the full bill as soon as Tuesday. Only 9 of the 56 Democrats in the outgoing “lame duck” Senate voted against the motion.

The House of Representatives is expected to approve the tax bill by the end of the week in the last significant piece of business before departing for the January recess and bringing to an ignominious close the 111th United States Congress.

In a brief statement to the press, Obama declared the Senate's procedural vote a major victory and said it proved “both parties can, in fact, work together to grow our economy and look out for the American people.”

The two-year extension of the tax cuts for the wealthy will cost an estimated \$150 billion. In the likely event that the cuts are eventually made permanent, between \$700 billion and \$1 trillion will flow into the bank accounts of the rich over the next decade.

The bill also raises the tax exemption for estates from \$1 million to \$5 million for an individual and \$10 million for a family, and reduces to 35 percent from 45 percent the levy on taxable estate wealth. In addition, the measure extends a Bush-era cut in the capital gains tax and includes a number of other tax breaks for corporations.

To provide Democrats with political cover, the deal includes an extension of federal long-term unemployment benefits until the beginning of 2012, when any continuation of the program will be at the mercy of the new Republican-controlled House of Representatives. It also includes a one-year Social Security payroll tax cut of 2 percent.

The Making Work Pay tax credit will not be extended, and as a result couples making under \$40,000 a year or individuals making less than \$20,000 will end up paying higher taxes, since the Social Security tax cut will not offset losing the benefit of the expired tax credit program.

The Social Security measure also sets a precedent for raiding the retirement program for general revenue needs.

House Democrats, who made great show after Obama announced the tax deal of diehard opposition, have in recent days been sending signals that they will supply sufficient votes to pass the bill in the lower chamber. Statements by leading House Democrats over the weekend have underscored the utterly cynical character of their supposed opposition to the tax windfall for the rich. What was presented in the media as a “revolt” against Obama's cave-in was, from day one, political theater designed to throw dust in the eyes of the public.

Representative Chris Van Hollen of Maryland, a lieutenant of House Speaker Nancy Pelosi and leading congressional liberal, appeared on two Sunday news

programs to pledge the bill's passage. On the Fox News Sunday program, he said, "We're not going to hold this thing up at the end of the day."

At the same time, he insisted that the Democrats would force a vote on the estate tax portion of the bill, which he declared unacceptable. He noted several times that the massive cut approved by the Obama administration would funnel \$25 billion to only 6,600 US families.

The Democrats are proposing instead a somewhat less obscene concession to the rich, but a huge concession nonetheless. They want to raise the estate tax exemption to \$3.5 million instead of \$5 million, while leaving the rate at 45 percent.

"We do think that simple question should be put to the test," Van Hollen said. "We're going to ask the Republicans and others, are they going to block this entire deal" in order to achieve their full demands on the estate tax?

Behind the posturing and play-acting, the meaning is clear. The House Democrats will hold a vote on amending the tax bill along the lines of their estate tax proposal, knowing that their version will not pass. This will be done "for the record"—to be able to tell voters that they were defending the middle class while the Republicans were defending the wealthy.

They will then proceed to make sure that the entire deal, as worked out between the White House and the Republicans, passes and is signed into law. The transparency of their ruse only underscores their contempt for the intelligence of the American people.

Massive tax cuts for the wealthy and for corporations will increase the federal deficit and the national debt, which will then be seized on as the pretext for mounting an assault on any form of government spending that benefits the working class, including basic entitlement programs such as Social Security, Medicare and Medicaid.

As part of his lurch to the right since the Democratic debacle in last month's midterm election, Obama will meet Wednesday with 20 CEOs from top US corporations. He is holding the meeting to "combat charges over the last several months of being anti-business," according to one media account.

Presidential adviser Valerie Jarrett said that on the agenda of the closed-door meeting will be overhauling the tax code, reducing the deficit and "a balanced

approach to regulations." This means huge cuts in high-end income tax and corporate tax rates, unprecedented cuts in social programs, and a further gutting of regulations on big business.



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