

US Congress passes \$1.8 trillion spending and tax package

Kate Randall

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Congress on Friday passed a year-end spending and tax package with strong bipartisan support. The deal is the broadest agreement since 2013 and funds government through next September, removing the prospect of a government shutdown during the 2016 election campaign.

The budget agreement ends a 40-year ban on crude oil exports. US energy giants have long lobbied for the lifting of the ban on exporting crude oil, a policy rooted in the energy crises in the early 1970s, and the lifting of the ban is considered a victory for the Republicans and a boon to oil company profits.

The fiscal package includes a \$1.15 trillion spending measure as well as \$620 billion in tax breaks for businesses and some lower-income workers and families. It increases federal outlays by \$66 billion above previously agreed-upon limits, divided between military and nonmilitary programs.

The deal includes two particularly reactionary provisions: restrictions on the visa-waiver program for citizens from 38 countries and a sweeping cybersecurity measure that removes restrictions on direct information sharing by companies with government agencies.

The House passed the tax section of the agreement Thursday in a 318-109 vote. On Friday morning it passed the spending portion of the deal in a 316-113 vote, with 150 Republicans and 166 Democrats supporting the measure. Later Friday, the Senate passed both parts of the agreement in a 65-33 vote.

The package now goes to President Obama, who is expected to sign the legislation into law. The president praised the bill in a news conference Friday afternoon. “I do want to thank Congress for ending the year on a high note,” he said. “I’m not wowed about everything in it—I’m sure that’s true for everybody—but it is a

budget that, as I insisted, invests in our military and our middle class without ideological divisions.”

The bill is considered a victory for new House Speaker Paul Ryan (Republican of Wisconsin). Some Republicans complained that the bill did not include restrictions on Syrian and Iraqi refugees coming into the US, or limits on federal funding for Planned Parenthood.

But the speaker’s supporters argued for passage to get the regular annual appropriations off the table and strengthen Ryan’s position to lead an assault on social spending next year, particularly in relation to the Social Security and Medicare programs.

House Minority Leader Nancy Pelosi lined up enough Democratic votes to assure the bill’s passage. Liberals in her caucus had threatened to kill the legislation over concerns on lifting the ban on oil exports and the lack of a bankruptcy provision to help fiscally distressed Puerto Rico, which faces a potential bond debt default next year.

Pelosi touted the package’s inclusion of modest tax benefits for working families and to promote renewable energy. “I feel almost jubilant about what is in this appropriations bill,” she gushed in an interview with the *New York Times*.

Appropriations and tax cuts

The more than 2,000-page spending portion of the package includes a \$1.4 billion increase for military construction projects and a \$2 billion increase for the National Institutes of Health.

The budget reauthorizes and expands benefits for

emergency workers suffering from health problems related to their work responding to the 9/11 terrorist attacks. It also includes a three-year reauthorization of the Land and Water Conservation Fund, a federal program that helps public entities purchase property for environmental protection.

The nominal \$66 billion increase in discretionary funding, decried by some Republicans, still leaves spending lower than in 2010 when inflation and population growth are taken into account. The deal therefore continues the policy of slashing discretionary spending as a share of GDP to levels that prevailed under Eisenhower, something the Obama White House has boasted about.

The tax portion of the legislation permanently extends and expands credits for business research and development costs. It includes House-passed legislation that expands the credits to start-up businesses, and allows businesses to claim credits of up to 15 percent of qualified costs.

The agreement delays taxes included as part of the Affordable Care Act (ACA). It delays for two years a 2.4 percent tax on medical device manufacturers, as well as the tax on “lavish” employer-sponsored health plans known as the Cadillac tax. It maintains a previous rider blocking funding for “risk corridors,” a program meant to shield insurers from heavy losses during the transition to the ACA.

The deal permanently extends the Earned Income Tax Credit, including a once-temporary expansion for families with three or more children. It also permanently extends and expands the American Opportunity Tax Credit, which provides a \$2,000 credit for tuition and qualified expenses for four years of post-secondary education.

Anti-democratic provisions

Reflecting the anti-terror hysteria that has gripped both big business parties in the wake of the Paris and San Bernardino attacks, the spending bill includes legislation imposing new restrictions on the visa-waiver program currently utilized by over 20 million people from 38 countries entering the country annually for 90

days of less.

The legislation would exclude from the visa-waiver program, without exception, dual nationals from Iran, Iraq, Sudan and Syria, as well as anyone who has travelled to those countries in the past five years. It would also require the countries participating in the waiver program to issue passports with embedded chips containing biometric data, report information about stolen passports to Interpol and share information about terrorist suspects with the US.

Also slipped into the budget deal in the name of the “war on terror” are provisions of the Cybersecurity Act of 2015. The thinly disguised surveillance bill would provide US companies ways to share user data related to alleged cyberthreats with the government, while allowing the government to use that information for any purpose, with threadbare privacy protections.

The bill removes a restriction on direct information sharing with the National Security Agency (NSA) and the Pentagon and eliminates a restriction on the government’s use of that information for surveillance activities. The legislation would allow federal agents and police authorities to use the information to prosecute any and all crimes, leaving it up to the individual agencies to remove or retain personally identifying information.

In an article detailing the new surveillance act, The Intercept quotes Evan Greer, campaign director for Fight for the Future, a digital rights advocacy group. He sets out the following chilling scenario:

“If someone hacks a health insurance company like Blue Cross/Blue Shield, and they get scared and hand over all the medical records that were exposed in the hack, the (NSA) could share those records with the DEA [Drug Enforcement Agency], who could use them in ongoing investigations that have nothing to do with cybersecurity or terrorism.”



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