

Senate passes resolution setting stage for \$1.5 trillion in tax cuts for the rich

Gabriel Black
21 October 2017

Late on Thursday night, the United States Senate passed a budget resolution that paves the way for legislation slashing taxes on corporations and the wealthy, and sets a figure of \$1.5 trillion for the amount that will be funneled by the US Treasury into the pockets of the super-rich.

The budget resolution does not have legal effect and is not signed into law by President Trump. Instead, it sets the procedural terms for upcoming tax and budget legislation. The main, if not the only purpose, was to permit tax cuts to be enacted under a procedure known as “reconciliation,” in which filibusters are barred and legislation will require only a bare 51 votes to pass—50 senators and the tie-breaking vote of Vice President Mike Pence.

The vote was split on party lines, 51 to 49, with all 48 Democrats opposing it, joined by only one Republican, Rand Paul of Kentucky, who wanted even bigger budget and tax cuts than proposed by the Republican leadership. The House approved its own version of the budget resolution on October 5, including provisions for greater cuts in social spending and requiring the tax cut to be entirely offset by spending cuts. It is expected that the House will now approve the Senate resolution, since the Senate figure permitting tax cuts that add \$1.5 trillion to the deficit is far more lucrative for the big financial interests that are the driving force of the legislative action.

Neither the Trump White House nor the Republican congressional leadership have released the full details of their tax cut plan, but it will include a huge cut in the corporate tax rate, from the present 35 percent (which most companies avoid through accounting gimmicks) to 20 percent or even lower, the abolition of the estate tax, and other cuts in taxation on the wealthy. There will be tiny cuts in taxes for many middle income

families, although some will actually have to pay more. There will be no benefit for the 47 percent of the population whose earnings are so low that they pay payroll taxes but no income taxes.

The budget resolution is something of a misnomer, since the spending levels it sets out for the next 10 years have no legal significance and will be altered, in whole or in part, when actual appropriations bills are passed by the Republican-controlled Congress. But the language and the figures set down in the bill demonstrate the intentions of political establishment as a whole: to usher in a new wave of draconian cuts to essential services that tens of millions of Americans rely on.

The resolution overall calls for \$5 trillion worth of cuts over the course of ten years, \$1.5 trillion more than what Trump called for this May. Were the budget from 2017 to be extended over the course of the next 10 years that would amount to a whopping 13.7 percent reduction in federal spending.

A large part of the budget cuts would come from Medicaid, \$1 trillion, and Medicare, \$473 billion. Much of the remaining \$3.5 trillion in cuts is unspecified. However, Trump’s earlier partial budget gives an insight on a list of possible cuts:

- The Supplemental Nutrition Assistance Program (SNAP), otherwise known as Food Stamps, could be cut by roughly \$200 billion over a decade—that is a quarter of its budget. The program currently serves 44 million people and was already cut back during the Obama Administration.

- Social Security’s Supplemental Security income program, which provides cash benefits to the poor and disabled, could be cut by \$72 billion over the decade.

- Temporary Assistance for Needy Families (TANF), otherwise known as Welfare, could be cut by \$272

billion over the decade.

- Federal employees could have their cost-of-living adjustment eliminated and be forced to pay for more of their retirement, eliminating \$63 billion.

- The Air Traffic Control system could be privatized for \$70 billion.

- The Environmental Protection Agency would be cut by about 32 percent.

- Funding for the arts, medical research and science would be cut by billions. This could include the National Cancer Institute, the National Science Foundation, the Corporation for Public Broadcasting, and the National Endowment for the Arts.

These sorts of devastating cuts could push destitute and already penniless people into their graves. It would not be an exaggeration to say that large sections of the country would descend into third-world conditions.

What will not be cut is the military. The only item in the budget that will receive a significant increase is the military, which will be boosted by tens of billions of dollars each year.

Senator John McCain, who initially opposed the resolution, demanding that military spending be increased higher, gave his support to the final version. He said, “For too long, draconian budget cuts to the military have crippled readiness and put the lives of our service members in danger.”

McCain does not care about the lives of American soldiers. He, and the military-intelligence complex he speaks for, cares about the geopolitical supremacy of the United States as its economic power declines and it prepares to fight its foreign rivals. Only a warmonger could cheer on the rise in defense spending while basic social services of the country are gutted in the most draconian budget in American history.

The Democratic Party, for its part, protested the bill by suggesting several amendments, such as preventing tax cuts for anyone above \$250,000 a year in income, banning cuts in Medicare and Medicaid, and banning any tax increases for middle-income families. All of these were voted down.

The Democratic Party’s opposition to the Republican bill is of a tactical, not principled, character. The Obama administration reached a series of agreements on budget cuts and tax cuts with congressional Republicans, though not as deep. The Democrats are not opposed to tax cuts or spending cuts, but seek to

preserve their shredded credibility as the party of the “middle class.”

Senate Minority leader Charles Schumer, the favorite senator of Wall Street, postured as an opponent of economic inequality, which he said would be made worse by the Republican tax cut plan. “Our economy suffers from massive inequality—which is growing—a concentration of wealth at the very apex of our country’s elite,” he said. “The rich are doing well in America. God bless them, I’m glad they are. And American corporations are recording record high profits—just look at the stock market, which reflects that. God bless them too, we hope they do well. But middle class incomes have not risen with the rise in corporate profits or record levels of wealth concentrated among the wealthiest families.”

As Schumer’s language indicates, the Democratic Party celebrates wealth no less than the Republicans. But it voices the concerns of sections of the ruling elite that mass social anger, demonstrated in the initial public protests following Trump’s inauguration, will emerge explosively, and materialize as an organized social movement in American politics. They are afraid of the American working class becoming an organized, conscious, force in US politics—a development that would challenge the two-party system and the financial aristocracy’s grip on society.



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact