

# New York Times outlines Democrats' "compromise" tax windfall for the rich

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With the US House of Representatives set to vote this week on the Trump administration's tax overhaul—a brazen handout to the rich worth trillions of dollars—the *New York Times* has spelled out its compromise plan to fleece the American people for the benefit of Wall Street and the corporate elite.

Titled “The Right Way to Cut Corporate Taxes,” the *Times*' lead editorial on Monday outlines the Democratic Party's position on the cynically named “Tax Cuts and Jobs Act,” which the Republicans are seeking to railroad through Congress on the basis of the Big Lie that the tax giveaway to corporations and wealthy individuals is a boon to “hard-working middle-class Americans.”

Under conditions where the country's infrastructure has been so starved of resources for so many decades that a serious storm turns into a social catastrophe, where millions of workers and youth cannot find a decent-paying, full-time job, where social desperation and despair are registered in record rates of drug overdoses and suicides, declining life expectancy, rising infant and maternal mortality, and an epidemic of mass homicides, the two parties of big business are squabbling over how far to go in looting the federal Treasury.

Whatever the final shape of the larceny carried out in the name of tax “reform,” the federal government will lose trillions in tax revenues and the budget deficit and national debt will soar. This will provide the justification for the final dismantling of basic social programs such as Medicaid, Medicare and Social Security.

What is presented by the corporate media as a fierce conflict between the Republicans and Democrats is in reality a bipartisan conspiracy to increase the already stratospheric levels of social inequality in the United

States.

The *Times* editorial begins by acknowledging that the “Republicans are right about the corporate tax system being broken.” The problem, however, is not the fact, as the newspaper admits, that despite a nominally higher federal-state rate of 39 percent, the real corporate tax rate in the US, at 19.4 percent, is *lower* than in Britain, Canada, France, Germany, Italy and Japan, due to copious loopholes. Or that corporate tax revenue in the US has fallen from 4 percent of the gross domestic product in 1967 to just 1.6 percent in 2016, with the tax burden shifted more directly to working people who pay income and payroll taxes.

The problem is that the official corporate rate is *too high!* “If Republicans worked with Democrats,” the *Times* writes, “they could reach a compromise to lower the top corporate tax rate to between 25 percent and 28 percent...”

Another part of the “plausible compromise” on offer from the *Times* and the Democrats is a special discounted rate of 15 to 16 percent as an inducement for transnational corporations such as Apple, Microsoft and General Electric that have stashed trillions in profits overseas in order to avoid US taxes to bring their cash hoards home, providing yet another windfall for corporate tax evaders.

With an eye toward the stock portfolios of those who run the *Times* and the privileged upper-middle class layers who comprise the main public constituency of the newspaper, the editorial notes, disapprovingly, that “under current law, interest is deductible for tax purposes while dividends are not.”

Absent from the statement is any reference to what is arguably the most outrageous tax loophole for the very rich—the so-called “carried interest” provision that allows hedge fund, private equity and real estate

speculators to pay only 20 percent on their income instead of the normal rate, currently almost twice as high.

Nor does the *Times* mention that US corporations are raking in record profits at current tax rates, or that they are hoarding an estimated \$1.84 trillion in cash—facts that belie the claims that “high taxes” are preventing companies from hiring workers and paying decent wages.

So what is the disagreement between the Republicans and the Democrats about the tax overhaul really about? It clearly has nothing to do with the interests of the vast majority of the American people. It is rather a conflict within the richest 10 or five percent over the division of the spoils to be obtained through the economic rape of the country.

The working class, which produces the wealth of society, has absolutely no interest in supporting either of these two right-wing parties of the ruling class. It should reject the entire fraudulent and reactionary framework of the so-called “debate” over taxes and advance a policy that speaks to its own needs and interests.

Workers need secure and decent-paying jobs. They need health care, education, housing, pensions and access to culture. The young generation needs an end to crushing student debt and the omnipresent threat of police repression and war.

The bipartisan conspiracy on taxes is one more demonstration of that fact that these basic social rights are incompatible with the capitalist profit system. The task then is to mobilize the working class in a struggle to put an end to this system and replace it with one that is organized to meet social needs and promote social equality, rather than enrich a parasitic financial aristocracy.

A component part of this fight for socialism is the fight for a radical, democratic revision of the tax system to break the stranglehold of the financial oligarchy, place the tax burden squarely on the corporate elite and free up vast resources to meet the vital social needs of the people. A tax policy to redistribute the wealth from the ruling elite to the working class would include a restoration of the top rate for both personal and corporate income to the levels that existed in the 1940s and 1950s, when the top personal income tax bracket peaked at 94 percent.

These are in themselves democratic demands. They cannot be achieved, however, without a frontal assault on the corporate and financial elite’s control of economic life, and with that, the entire political system. Democratic tax reform must be connected to the fight for workers’ power, the transformation of the corporations and banks into publicly owner utilities, and the socialist reorganization of society.



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