Trump, Congress move to finalize tax cuts for big business

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Ending a ten-day holiday recess, the US Congress assembles today to begin the final drafting of legislation that will provide the biggest windfall for the wealthy and big business in modern American history. The tax bill is the most brazen piece of class legislation ever placed before a US Congress, actually raising taxes over a ten-year period on anyone making $75,000 a year or less, in order to fund a dramatic cut in corporate taxes and the phasing out of the estate tax on inherited wealth.

Under the schedule drawn up by Republican congressional leaders and the Trump administration for the month of December, the $1.5 trillion tax cut would be followed shortly afterwards by budget legislation that will include substantial cuts in domestic social programs.

The budget legislation must be passed by December 8, under terms of a temporary budget extension adopted just before the beginning of the new fiscal year on October 1, but it is widely expected that Congress will extend the deadline by two weeks, until December 22, to give time for passage of the tax cut for the wealthy. If Congress fails to meet the deadline, this would trigger a partial shutdown of the federal government for the first time since 2013.

The first formal bipartisan talks on the tax and budget legislation will take place Tuesday at the White House, when Trump meets with Senate Majority Leader Mitch McConnell and House Speaker Paul Ryan, and their Democratic counterparts, Senate Minority Leader Charles Schumer and House Minority Leader Nancy Pelosi.

One version of the tax bill passed the House of Representatives November 16 on a near party-line vote. A different version was approved by the Senate Finance Committee on a 14-12 party-line vote the same day, but it also requires approval by the Senate Budget Committee, which is to vote on it Tuesday. Once the Senate bill is passed—by no means certain at this point—the two bills must be reconciled in a special committee and the resulting legislation approved by both houses before the bill goes to Trump for his signature.

The Democrats, as usual, are posturing as the defenders of the “middle class” and of programs like Social Security and Medicare. But they have already accepted the heart of the Republican tax cut bill, the slashing of corporate taxes, only quibbling over whether the present, largely nominal, 35 percent rate should be cut to 20 percent, as the Republicans advocate, or to 25 to 28 percent, as various Democrats have suggested.

Opinion polls published over the past several weeks show that the tax cut legislation, favoring the wealthy and big business, is overwhelmingly unpopular with the American people, opposed by two-to-one majorities and by both Democratic and independent voters. The bill has virtually unstoppable legislative momentum, however, demonstrating the role of Congress, the White House and the two capitalist political parties as instruments of big business.

As Republican Senator Lindsey Graham declared, in a moment of rare candor, his “financial contributions would dry up” if he voted against the tax cut legislation. White House chief economic adviser Gary Cohn, former president of Goldman Sachs, blurted out, “The most excited group out there are big CEOs, about our tax plan.”

Cohn was being discreet. Even more excited than the CEOs are the billionaires aged 70 and up, like his boss, President Trump. The House version of the legislation would entirely abolish the estate tax, allowing the superrich to transfer their wealth to their heirs without paying a penny. The Trump family alone will save an estimated $1.1 billion under the tax legislation that Trump would sign into law as president.

The tax cut is being pushed through using the same expedited procedure employed in the repeated failed attempts to repeal Obamacare earlier this year. The legislation has been given the status of a “budget reconciliation” measure, allowed for one piece of legislation per fiscal year, which makes it exempt from a Senate filibuster, thus requiring only 50 votes for passage, plus the tie-breaking vote of Vice President Mike Pence.

With 52 Republicans in the Senate, and the 46 Democrats and two pro-Democratic independents voting against the bill, McConnell can afford only two defections in the Republican caucus. Political and media attention is focused on six or seven Republicans who are seeking various concessions to win their support for the legislation—with at least three of the seven seeking greater cuts for their favored business interests.

The horse trading before the anticipated vote in mid-December is further complicated by the special election December 12 to fill the Senate seat from Alabama now held by Luther Strange, who was appointed to fill the vacancy created when Senator Jeff Sessions became Trump’s attorney general. Strange will be replaced immediately by the winner of the special election, either ultra-right Republican Roy Moore, considered a less sure vote for the tax bill than Strange (because the bill doesn’t go far enough), or by Democrat Doug Jones, considered a likely “no” vote.

In the event the bill fails at first go-round, however, unlike Obamacare repeal, there is likely to be a concerted effort to win one or more of several potential Democratic crossovers to vote for a slightly modified tax cut, which could then be trumpeted as a bipartisan “compromise.” Any such outcome would be virtually indistinguishable from the current Republican-only versions of the tax bill.

As more analysis is made of the various House and Senate drafts—each running to many hundreds of pages of arcane and mind-numbing technicalities, drafted for the most part by tax lawyers for corporate lobbies—more and more reactionary and cruel provisions have been uncovered. The bills’ drafters have ransacked the tax code seeking tax breaks for working people they can repeal to finance ever-larger tax breaks for the corporations.

One version of the tax legislation, for example, eliminates the tax deduction for people whose homes have been destroyed by wildfires, tornadoes, earthquakes and floods, thus penalizing the victims of future hurricanes and other natural disasters. Another version would raise the cost of college education by $65 billion over ten years. A third version would end deductibility of certain nursing home charges for the elderly. And on and on, with media reports describing lobbyists shocked at how far and how fast Congress is moving to eliminate deductions once considered politically sacrosanct in order to provide an even bigger windfall for the wealthy.

After the tax bill is disposed of, the House and Senate will move on to considering the omnibus budget bill, so-called because it will include spending authorization for every federal department except the military—already passed by near-unanimous bipartisan votes. Already the Republicans have laid down a marker in the talks, demanding that spending for domestic programs increase at a much slower pace than spending for the military—below the rate of inflation in most cases, meaning an effective spending cut in real terms.

Because the budget legislation must be passed this month to avoid a federal shutdown, it will become the vehicle for other policy measures added to it as riders. Trump is demanding that funding for his wall along the US-Mexico border be included in the bill.

Aid to hurricane victims in Puerto Rico, restoration of funding to the Children’s Health Insurance Program, which serves nine million low-income children, and other such palliative measures may be raised, but only to serve as hostages to push through even more draconian cuts in other areas.