

US Senate committee passes tax windfall for the rich

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The Senate version of the Republican bill to slash taxes for corporations and the rich won approval on a 12-to-11 party-line vote of the Senate Budget Committee on Tuesday, setting the stage for its likely passage by the full Senate later this week. The House of Representatives passed a similar measure, also on a party-line vote, earlier this month.

Congress, backed by the Trump White House, is hurtling toward the implementation of the most brazen and far-reaching corporate raid on the federal Treasury in US history. The measure being rushed through Congress, without public hearings and by means of legislative short cuts, gimmicks and behind-the-scenes horse-trading between political frontmen for various financial interests, will dramatically cut taxes for big business and the wealthy while increasing taxes on the working class.

It will reduce federal tax revenues by between \$1.4 trillion and \$1.5 trillion over the next decade, sharply raising the federal deficit. Republican leaders such as House Speaker Paul Ryan and House Ways and Means Committee Chairman Kevin Brady have already indicated that the increased deficit will be used as justification for laying siege to what remains of the basic social programs dating from the 1930s and 1960s: Medicare, Medicaid and Social Security.

Both the House and Senate bills reduce the corporate tax rate from the current 35 percent to 20 percent, saving corporations trillions of dollars. They also dramatically slash taxes for other business owners and wealthy families, consolidate an aristocratic caste at the very top by cutting or eliminating the estate tax on hereditary wealth, and, in general, plunder the national economy in order to further enrich the ruling class.

The tax “reform” will make the United States, already the most unequal developed economy in the

world, far more unequal.

Wall Street celebrated the forward progress of the Senate bill by driving all three major stock indexes to new record highs. The Dow Jones Industrial Average shot up by 255 points, gaining more than 1 percent and closing in on the 24,000 mark. The broader Standard & Poor’s 500 index gained 0.98 percent and the Nasdaq picked up 0.49 percent.

The Budget Committee vote followed a luncheon meeting on Capitol Hill between President Trump and Senate Republicans, which Trump in a later White House appearance described as a “love fest.” Virtually all of the half-dozen Senate Republicans who have withheld support for the Senate bill emerged from the meeting signaling their readiness to back it when it comes up for a floor vote.

Two of these senators, Ron Johnson of Wisconsin and Bob Corker of Tennessee, are members of the Budget Committee and had threatened to vote against the measure, blocking it from coming up for a vote by the full Senate. Johnson has been holding out for a tax reduction for owners of so-called “pass through” businesses even greater than the 17.4 percent included in the current version of the Senate bill. A recent University of Chicago Study concluded that 69 percent of income from such businesses—where the owners pay the individual income tax rate rather than the corporate rate—goes to the top 1 percent of US earners.

Corker has demanded the addition of a trigger mechanism that would require taxes to be raised if federal revenues after a certain period fall short of congressional projections. Both said Tuesday they were confident their concerns would be addressed before a final bill is worked out between the House and Senate and signed by Trump, who has pledged to do so by Christmas.

Susan Collins of Maine, who has criticized the addition in the Senate bill of a repeal of the Obamacare individual mandate, which requires people not insured by their employer or the government to purchase insurance on the private market, said, “I believe that a lot of my concerns, it appears, are going to be addressed and that I’m going to be getting the opportunity to offer amendments on the Senate floor.”

She added that Trump had pledged to support legislation restoring Obamacare subsidies to private insurers, which he had removed by executive order, if the individual mandate was repealed. The Congressional Budget Office has concluded that repeal of the individual mandate will result in four million fewer people having health insurance next year and 13 million fewer by 2027, along with a 10 percent yearly rise in premiums for those who continue to buy insurance on government-managed exchanges.

The Republicans control the Senate by a narrow 52 to 48 margin, meaning they can afford only two “no” votes from their caucus, since the Democrats are expected to vote as a bloc against the measure. A 50-50 tie would result in a Trump-Republican victory, since Vice President Mike Pence would cast the tie-breaking vote.

To avoid a Democratic filibuster and the need to marshal 60 votes, the Republicans are making use of the parliamentary maneuver of moving the bill under the “budget reconciliation” process. This requires, however, that the resulting deficit be kept below \$1.5 trillion and not grow further after ten years.

To achieve this while ensuring a \$6.7 trillion increase in corporate revenues by 2037 and hundreds of billions in tax breaks for the richest 5 percent, they raise taxes elsewhere, resorting to cruel tax measures that punish working families and end up raising their taxes.

The Senate bill makes cuts in individual income tax rates temporary, reverting back to the current rates after five years, while corporate tax cuts are permanent. It eliminates deductions on state and local taxes and terminates tax breaks on medical expenses, student loan interest, tuition deferments and a host of other expenses that disproportionately impact low- and middle-income households.

As a result, according to the Congressional Budget Office and the Joint Committee on Taxation, on average, households making less than \$30,000 will start

seeing negative effects in 2019 and households making less than \$75,000 will become worse off in 2027. By that time, 50 percent of Americans will see their taxes rise.

Meanwhile, according to the Center on Budget and Policy Priorities, half of the tax cuts will go to the top 1 percent of households, those making more than \$700,000 a year. The top 0.1 percent will receive up to 30 percent of total tax cuts.

The Democrats are putting on a show of opposition to this naked piece of class legislation, but on an entirely cynical and token basis. The Obama administration called for a cut in corporate taxes to between 25 percent and 28 percent, a massive transfer of wealth to the corporate elite that the Democratic Party continues to support.

As part of their political theatrics, Senate Minority Leader Charles Schumer and House Minority Leader Nancy Pelosi boycotted a scheduled White House meeting with Trump and Republican congressional leaders on Tuesday to discuss extending the federal budget. The current extension expires on December 8, and without a further one, the federal government will be forced to partially shut down.

The Democratic leaders announced they would not attend after Trump issued a tweet Tuesday morning denouncing the Democrats for raising taxes, starving the military and supporting “illegal” immigration. He added that he did not believe a deal could be reached to avert a government shutdown.

Schumer was more forthright on the Democrats’ position on the tax bill when he spoke on the floor of the Senate later in the day, pleading once again for negotiations with the Republicans to work out a reactionary bipartisan compromise.

“It’s an issue crying out for a bipartisan solution,” Schumer declared. “There are a lot of areas where we agree. We have to work to find a middle ground that’s acceptable to both parties.”



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