

Senate races to pass Trump tax cut for corporate America

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Following procedural votes that won the support of all 52 Republican senators, the US Senate on Thursday raced toward passage of a sweeping tax cut for corporations and the wealthy that will raise taxes on the working class and large sections of the middle class, starve the federal, state and local governments of revenues, and set the stage for the dismantling of basic entitlement programs such as Medicare and Social Security.

In a travesty of democratic procedure, a measure that will further restructure American society to benefit the ruling oligarchy at the expense of the mass of the population is being rushed through Congress without so much as a public hearing. Parliamentary gimmicks and backroom horse-trading are being used to impose the tax overhaul on a public that has been largely kept in the dark about its provisions, but nevertheless expresses mass opposition in opinion polls.

A floor vote is expected on Friday, and Republican leaders of the House of Representatives are calling on their members to reassemble early Monday to begin reconciling the Senate bill with a House version passed earlier this month. The prospect of early passage of a final bill, to be signed into law by President Trump before the end of the year, set off an explosion of euphoria and greed on Wall Street.

All of the major stock indexes soared to new record highs. The Dow Jones Industrial Average jumped 331 points, its biggest one-day gain of the year, to close well beyond the 24,000 mark, ending the session at 24,272.

A party-line vote on Wednesday to bring the Senate bill to the floor triggered a 20-hour debate followed by a so-called “vote-arama,” in which hundreds of amendments are submitted and disposed of in a rapid-fire and meaningless parliamentary charade.

Senate Republicans were hoping to hold a floor vote Thursday night, but were delayed when the nonpartisan congressional Joint Committee on Taxation (JCT) reported Thursday afternoon that the Republican plans, even assuming increased federal tax revenues from faster economic growth, would still result in a \$1 trillion deficit by 2027. This analysis, broadly confirming a host of previous reports by economic think tanks and organizations, shattered one of the Big Lies being used to ram through the tax overhaul—the claim that the loss of \$1.5 trillion in federal revenues due to tax breaks, going

overwhelmingly to corporations and the rich, would be offset by a massive growth in tax income resulting from a more rapid rate of economic expansion.

Three Republican senators who had expressed reservations about the tax bill, including retiring senators Bob Corker and Jeff Flake, responded to the JTC report by demanding changes in the bill to add \$500 billion in additional tax revenues. This sent Republican leaders and the White House scrambling to come up with band-aid fixes that would satisfy the Republican holdouts. With a narrow margin of 52 Republicans to 46 Democrats and two nominal independents who vote with the Democrats, the Republicans can afford to lose only two votes from their caucus to obtain a majority, including, if necessary, a tie-breaking vote by Vice President Mike Pence.

Nevertheless, Corker and Flake indicated they were prepared to vote in favor of the bill in its final form.

The ruthless and antidemocratic class character of the bill is reflected in the absurd lies being marshaled on its behalf. The cynically misnamed “Tax Cut and Jobs Act” is being promoted as a “middle-class” tax cut designed to create jobs and increase wages for “hard-working” taxpayers.

Leading the charge in this exercise in mass deceit is the billionaire con man-turned-president, Donald Trump. At a campaign-style event in Missouri on Wednesday, Trump declared, “Our focus is on helping the folks who work in the mailrooms and machine shops of America, the plumbers and the carpenters, the cops and the teachers, the truck drivers and the pipe fitters.”

He added, “This is going to cost me a fortune, this thing, believe me.” In fact, it is estimated that the Trump family will personally benefit from the tax overhaul to the tune of \$1.1 billion.

The basic outlines of the House and Senate bills make a mockery of claims that they are geared to the needs of working people. The heart of both bills is a drastic cut in corporate taxes from 35 percent to 20 percent, which will save corporations \$2 trillion over the next decade and increase their revenues by \$6.7 trillion by 2037.

The official line that this will make US corporations more internationally competitive, leading to a surge in productive investment and the creation of good-paying, secure jobs, is

belied by the fact that US corporations already pay an effective (i.e., real) tax rate of 19.4 percent, less than that of their global competitors. 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.

Moreover, US corporations are already making record profits, but instead of investing in new plants and equipment and hiring workers at decent wage rates, they are hoarding some \$2 trillion and plowing most of the rest into stock buybacks and other forms of parasitical activities designed to drive up the personal wealth of CEOs and big investors.

Other provisions in both the House and Senate bills include drastic cuts or outright elimination of the estate tax, a measure that will benefit the richest 0.2 percent of the population and establish a de facto aristocracy of inherited wealth. The tax plans eliminate the alternative minimum tax, which is paid by the wealthiest households, and lower the top individual tax rate or raise the threshold for its application.

The Senate bill repeals the Obamacare individual mandate requiring people not covered by their employer or the government to purchase private health insurance, a change that will result in 13 million fewer people with health insurance by 2027 and a 10 percent *per year* increase in premiums for those who continue to purchase insurance on government-managed exchanges, according to the Congressional Budget Office.

The bill also eliminates all income tax deductions on state and local taxes. This provision, which will jack up federal taxes for millions of working people, is designed to achieve two goals: first, to rob ordinary taxpayers to help defray the cost of massive tax cuts for corporations and the rich; and, second, to make it politically impossible for state and local governments to raise taxes and force them to slash social services.

The House version eliminates most state and local tax deductions and, in addition, repeals tax deductions for medical expenses and nursing home care, limits tax deductions for home mortgage interest, and attacks college students by ending tax deductions for student loan interest and taxing tuition waivers for graduate students. Both versions impose taxes on university endowments. It is estimated that the House bill will cost college students \$65 billion over the next ten years.

Both bills adopt the so-called “chained” Consumer Price Index for adjusting tax brackets and other tax provisions for inflation. Since the chained CPI underestimates inflation, more low- and middle-income families will be pushed into higher tax brackets and receive fewer benefits such as the earned income tax credit. Over the next decade, this change will cost families \$134 billion, and the impact will worsen in future years. In 2027 alone, according to Congress’s Joint Committee on Taxation, families will lose \$31.5 billion.

As a result, households earning less than \$30,000 will begin to pay higher taxes as early as 2019. By 2021, all income groups making less than \$40,000 a year will be net losers, according to the Congressional Budget Office (CBO). As of

2027, everyone making less than \$75,000 will be paying higher taxes.

The rich, and especially the very rich, will, on the other hand, make huge gains. According to the Center on Budget and Policy Priorities, half of all tax cuts will go to the top 1 percent, those making more than \$700,000 a year. The top 0.1 percent will receive up to 30 percent of total tax cuts.

Moreover, the tax plan is designed to provide the biggest percentage tax savings to the richest Americans, assuring that America, already the world’s most unequal developed economy, will become far more unequal.

There are other reactionary provisions, completely unrelated to tax policy. These include the repeal of a 1954 law banning churches from partisan political activity and the opening up of the Arctic National Wildlife Refuge to oil drilling.

In a *Wall Street Journal* column on Thursday, Republican operative Karl Rove spelled out the agenda for using the sharp increase in the federal deficit as justification for gutting basic social programs. Noting that the Congressional Budget Office predicts that the public debt will rise from 75.5 percent of GDP in fiscal year 2017 to 85.6 percent in 2026, he says, “This will require congressional Republicans to tackle mandatory spending, which is made up mostly of Social Security and Medicare.”

The CBO has warned that the tax bills could trigger automatic cuts in Medicare totaling \$25 billion a year.

In the face of this unprecedented plundering of society for the benefit of a criminal financial elite, the Democrats are carrying out a token and two-faced show of opposition. They fully support a massive tax cut for corporations, quibbling only over the scale of the windfall for the rich. At the same time, they are pleading for Trump and the Republicans to enter into negotiations on a bipartisan tax cut plan.

They are far more focused on their witch hunts over alleged Russian meddling and alleged sexual improprieties by male entertainers and politicians, reactionary diversions that facilitate the assault on the social and democratic rights of the working class.



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