

The US Senate tax bill: The financial oligarchy on the rampage

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Republican Senate Majority Leader Mitch McConnell announced Friday afternoon that he had the necessary 50 votes to pass the tax cut for the wealthy and giant corporations through the Senate. Voting on a series of amendments by Democrats, nearly all rejected on 52-48 party-line votes, culminated in final passage of the measure early Saturday morning by a 51-49 margin.

The undemocratic process by which the tax cut bill has been pushed through the House and Senate testifies to its reactionary and socially criminal character. There have been no public hearings, no witness testimony, no submissions from economists or tax experts about the impact of the massive changes proposed in the federal tax code.

As late as 4:15 p.m. Friday, as debate continued on amendments to the bill, the actual text of the legislation was not available to senators preparing to vote on it, let alone the American people. Handwritten pages were being pasted into the bill after they had been reviewed and approved by corporate lobbyists. Entire chapters accounting for hundreds of billions of dollars in revenue were being rewritten behind closed doors to satisfy the demands of the last few Republican holdouts.

For Senator Lisa Murkowski of Alaska, who voted against Obamacare repeal, the price of her vote was incorporating into the tax bill an unrelated provision opening the Arctic National Wildlife Refuge for oil and gas exploration. For Ron Johnson of Wisconsin and Steve Daines of Montana, the price was another \$60 billion in tax breaks for “S-corporations,” the mid-sized, multi-million-dollar enterprises that were treated less advantageously in the original bill than giant corporations. The families of both senators own such companies. Senator Susan Collins of Maine extracted a promise from Trump to support increased financial subsidies for big insurance companies participating in Obamacare.

Democratic senators made demagogic statements during

the floor debate, denouncing the legislation as a handout to the wealthy and big business. The pretense of concern for the impact on working people is completely bogus, but the outrage on the part of the Democrats is real: they are angry that they have been cut out of the lucrative deal-making. The White House and the Senate Republican leadership decided to push the tax cut through under a procedure known as “reconciliation,” which requires only 50 votes and avoids the threat of a filibuster, depriving the Democrats of any input on the legislation. All previous tax cut bills have been bipartisan affairs, in which the two capitalist parties worked together to deliver the goods to their favored corporate interests.

The Democrats are not seeking to rally popular opposition to a brazen tax giveaway to the super-rich. Rather, they are appealing to the Republicans to let them participate in the grubby legislative horse-trading. At least 15 Democrats appeared at a press conference Tuesday to send a message to the Republican majority: “Why settle for just 50 votes on tax reform when you could get as many as 70?” Senator Joe Manchin of West Virginia, one of the group, said. “If you’ve heard the rhetoric that Democrats don’t want tax reform, that’s false. We want tax reform. The country needs meaningful tax reform.”

Senate Democratic Leader Charles Schumer was not in the group, but he has repeatedly indicated his support for the main goals of the tax bill, which are to slash the corporate income tax rate, now 35 percent, and to allow giant companies holding trillions in cash overseas to “repatriate” the funds and pay only a nominal tax. He closed out the Senate debate with unctuous praise for Republicans, “many of whom I admire,” and an appeal for them to reconsider and reach a bipartisan deal with the Democrats.

The White House and the congressional Republicans are seeking to conceal the brazen class character of the tax bill with an unprecedented barrage of lies. Trump

appeared at a campaign-style rally in Missouri where he claimed that the tax bill would hurt billionaires like himself, while helping people of more humble means: “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.”

Both the *New York Times* and the *Washington Post* published analyses Friday of the impact of the tax cuts on Trump, based on his 2005 tax return, the only one available, showing that under the Trump-backed bill the billionaire president would save \$31 million of the \$38 million he paid in taxes that year, as well as (in the House version) escaping an estimated \$1.1 billion in estate taxes.

The class character of the tax cut legislation must be understood historically. During the heyday of American capitalism, when the ruling elite could afford to extend modest concessions to working people, the income tax rate on the wealthiest families rose as high as 90 percent. Even if this rate could be evaded through tax avoidance schemes, it set a marker that those with the highest incomes were expected to pay significant amounts to underwrite federal social spending.

Over the past 40 years, as a central part of the social counterrevolution waged by the US ruling elite, under both Democratic and Republican administrations, the top income tax rate has dropped sharply: from 90 percent to 70 percent in the 1970s, then from 70 percent to 28 percent under Reagan in the 1980s.

Huge tax cuts for the wealthy combined with a savage attack on working class wages to drive up economic inequality to staggering levels. Today, three American billionaires own more wealth than the bottom half of the population. Real wages have stagnated or declined since 1972.

The current tax bill marks a certain culmination in this process. American capitalism is in deepening crisis. The soaring stock market is not a sign of health, but the fever chart of a system on the brink of collapse. There is a genuine element of desperation in the frenzy in Washington to engineer one more transfusion of financial resources taken from working people and pumped into the sclerotic veins of the Wall Street addicts.

The money-grabbing is so reckless that the tax bill does not provide even a fig leaf of “fairness.” In 2027, for example, according to figures provided by the Joint Committee on Taxation and the Congressional Budget Office (both Republican-controlled), the bill raises the taxes of people making \$40,000 to \$50,000 a year by \$5.3

billion and cuts the taxes of those making \$1 million a year or more by \$5.8 billion.

The methods employed by the ruling elite to resolve its crisis at the expense of the working class will provoke increasing popular resistance. Under the pay-as-you-go rules enacted as part of a series of bipartisan budget deals between the Obama administration and the Republican Congress, the \$1.5 trillion tax cut over ten years must be offset by yearly cuts of \$150 billion in spending, unless Congress approves a waiver by a super-majority vote.

This means that the new year will begin with demands from the White House and Congress that the budget deficit—which they have made much worse by cutting taxes on the rich—be financed through across-the-board cuts in domestic programs, particularly the largest programs: Medicare, Medicaid and Social Security.

Wall Street, the biggest beneficiary of the tax cut bonanza, will lead the charge for austerity measures. Goldman Sachs has already sounded the alarm, sending a note to clients Thursday warning that the US national debt was on track to hit unsustainable levels and was already at its highest point, as a percentage of GDP, since 1950.

In its increasingly naked drive to monopolize all the wealth of society, the ruling class is fueling a growing mood of anger and opposition, with revolutionary implications. The coming struggles of the working class will require a complete political break with the two parties of big business, the Democrats and Republicans, and the building of a mass independent political movement based on a socialist program to put an end to the profit system.



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