

Following passage of Senate tax bill, US ruling class takes aim at Social Security and Medicare

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The passage by the Senate of the Trump administration's tax bill is a landmark in the decades-long ruling class offensive against the working class in the United States.

With no serious opposition from the Democrats, and with final passage of a tax bill by the end of the month following negotiations with the House all but assured, congressional Republicans are moving on to the next stage of the class war agenda: the gutting of Social Security, Medicare and Medicaid.

The Senate version of the bill adds \$1.5 trillion to the federal budget deficit, triggering automatic cuts in spending for Medicare, the federal health insurance program for the elderly, of half a trillion dollars over 10 years, according to the Congressional Budget Office, and setting the stage for massive cuts in other social programs.

Last week, Trump declared at a Missouri rally, "We're going to go on to welfare reform." On Wednesday, Republican Senator Marco Rubio of Florida told business executives: "Many argue that you can't cut taxes because it will drive up the deficit." On the contrary, he argued, the costs can be offset by imposing "structural changes to Social Security and Medicare for the future."

Talk of "structural changes" is political jargon for the privatization of these bedrock programs upon which hundreds of millions of people depend and their destruction as guaranteed entitlements.

The envisioned cuts to entitlements will come on top of the hugely regressive provisions of the bill itself. Within 10 years, the Senate bill will increase taxes for households making under \$75,000 while cutting taxes for households making more than that amount, with the

richest 5 percent of the population getting the lion's share of the total benefits. By 2027, the top 0.1 percent will see a two percent increase in their after-tax income, while the bottom 20 percent will suffer a decrease.

Both the Senate and House versions of the bill cut the corporate tax rate nearly in half, from 35 percent to 20 percent. They allow corporations to repatriate profits stashed overseas at a bargain basement tax rate of 14.5 percent or less, a windfall worth hundreds of billions of dollars for the world's largest companies, already flush with cash.

The Senate version sharply reduces the estate tax on inherited wealth; the House version eliminates it entirely. The richest 0.2 percent of households, those with estates of \$11 million or more, will be able to pass on their wealth to succeeding generations virtually intact, creating a modern version of a dynastic aristocracy. The House version of the bill imposes a huge tax increase on graduate students and the Senate version shifts funds from public schools to private and religious schools.

This brazen plundering of society by and for the rich is sailing through Congress with no real opposition from the Democrats. They support a massive tax cut for corporations, proposing only a somewhat smaller reduction, and have repeatedly complained that the Republicans are shutting them out and refusing to negotiate a bipartisan tax cut for the rich.

Such a piece of legislation could be adopted only because there is no organized resistance. The Democrats have made no appeal to popular opposition, which is widespread according to multiple opinion polls, and instead have concentrated on promoting the witch-hunt over alleged sexual mistreatment of women

and the hysteria over supposed Russian meddling in the 2016 elections, both of which are being used to attack democratic principles of due process and the presumption of innocence and create the conditions for repression and censorship. These reactionary campaigns at the same time serve as a distraction while the ruling class raids the US Treasury and awards itself trillions in tax cuts.

The trade unions have likewise done nothing to oppose the tax bill, which comes as no surprise since they are controlled by people whose six-figure salaries place them among the elite who will personally profit.

The tax overhaul marks an escalation of the social counterrevolution carried out over the past four decades under Democratic as well as Republican administrations, in which tax cuts for corporations and the rich have played a central role. Following the 2008 Wall Street crash, this offensive was intensified.

The Obama administration pumped trillions of dollars into Wall Street through bank bailouts, near-zero interest rates and “quantitative easing” money-printing operations. This was accompanied by attacks on wages and pensions and budget cuts at the federal, state and local levels. Obama’s signature domestic program, Obamacare, was aimed at shifting the cost of health care from corporations and the government to working people.

The assault on the working class arises inexorably out of the capitalist system. For decades, the US ruling class has sought to offset the declining economic power of the United States, and the consequent pressure on corporate profits, through the redistribution of wealth and income from the working class to the rich.

This has been accompanied by the creation of a series of speculative bubbles, including the dot.com bubble of the late 1990s, the real estate bubble of the 2000s, and the present boom in the value of financial assets. Warnings abound that the latest bubble, which started after the bank bailout and has seen the Dow Jones Industrial Average more than triple, is overdue for a massive correction, possibly eclipsing the 2008 financial crisis.

The maintenance of the dizzying run-up in stock values requires an ever-more-aggressive upward redistribution of wealth to keep fresh cash flowing into the Ponzi scheme. As Treasury Secretary Steven Mnuchin put it, “To the extent we get the tax deal done,

the stock market will go up higher.” He added a warning: “But there’s no question in my mind that if we don’t get it done you’re going to see a reversal of a significant amount of these gains.”

This helps explain the frantic pace with which the ruling elite has moved to rush the tax bill through Congress. The Senate vote concluded at about 2 AM Saturday morning without members having had a chance to review the bill, which arrived with changes scribbled in the margins in barely-legible handwriting.

In 2009, the *World Socialist Web Site* published a lecture by David North, “The Capitalist Crisis and the Return of History,” which argued that “the most essential feature of a historically significant crisis is that it leads to a situation where the major class forces within the affected country (and countries) are compelled to formulate and adopt an independent position in relationship to the crisis.”

North noted, “For the ruling classes, this process takes place rather naturally. They assume that their interests, political and economic, are the only ones of any importance.” For the working class, however, “the formulation of an independent attitude toward the crisis, with the necessary program and policies, is a more protracted social and political process.”

The ruling class has made clear its class response to the economic, political and social crisis gripping American society: More inequality, austerity and war.

The new stage in the social counterrevolution will inevitably provoke mass opposition. The critical question for the working class is the formulation of, and mobilization around, a political program as determined and thoroughly worked out as that of the ruling class—one that articulates its needs and interests. Such a program must call for the confiscation of the wealth of the capitalist class, the seizure of the major corporations and their transformation into public utilities under democratic ownership and control, and the reorganization of social and economic life on the basis of social equality—that is, a socialist program.



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