Republicans release final bill to slash taxes for US corporations and the rich

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Scrambling to push through a final tax overhaul bill in time for passage early next week, Republican House and Senate conferees released a plan late Friday that will drastically cut taxes for corporations and the wealthy, raise taxes for millions of working people, and bankrupt the federal Treasury, setting the stage for a historic assault on core social programs such as Medicare and Social Security.

The proposal is being rushed through Congress with only token opposition from the Democrats, on the basis of expedited and undemocratic procedures and no congressional hearings. The bill itself is the product of closed-door negotiations dominated by corporate lobbyists. It is being rammed through in the face of polls showing overwhelming popular opposition, despite a campaign of lies from the White House and congressional Republicans so brazen and transparent that it defies description.

The $1.5 trillion tax cut, the benefits of which will go overwhelmingly to the rich, will dramatically expand the transfer of wealth and income in America from the bottom to the top, sharply increasing social inequality beyond existing levels that already surpass anything seen over the past century.

Wall Street celebrated the release of the final bill with a new rally, sending all three major US indexes into record territory. The Dow Jones Industrial Average, which has soared by more than 25 percent since Donald Trump's election on the expectation of a gigantic tax windfall, ended trading with a gain of 143 points, closing in on 25,000. It has risen by nearly 400 percent since its post-crisis low point in March 2009.

The bill that emerged from two weeks of negotiations between House and Senate Republicans in the conference committee is even more slanted toward the wealthy than the measures that were being reconciled. For example, it includes a cut in the individual federal tax rate for the highest bracket from the current 39.6 percent to 37 percent. The House version included a smaller reduction and the Senate version had no reduction in the top rate.

The centerpiece of the bill is a huge cut in the corporate tax rate from the current level of 35 percent to 21 percent, to take effect in 2018. It is estimated that this will increase corporate revenues by more than $6 trillion over the next decade. While tax cuts for individuals in the bill are set to expire after 2025, laying the basis for a sudden tax increase for working-class and middle-class households, the cut in corporate taxes is permanent.

The class character of the bill is revealed most nakedly in its drastic reduction in the estate tax, a boon to the richest 0.2 percent of the population. The bill doubles the threshold for the tax on inherited wealth to $11 million. It thereby consolidates a new financial aristocracy able to pass on its wealth virtually intact to future generations. This measure itself demonstrates the reality, behind the threadbare trappings of democracy, of oligarchic rule in America, with both parties and the entire political system under the control of an unaccountable financial elite.

The bill also includes a sharp tax cut for owners of so-called "pass through" businesses such as partnerships and S corporations, who pay taxes at the individual rather than the corporate rate. Large corporations such as Apple, Amazon and Microsoft, which hoard billions in profits overseas in order to escape taxation, will be able to repatriate these sums at a vastly reduced tax rate.

The measure also repeals the alternative minimum tax (AMT) for corporations and raises the AMT income threshold for individuals, another windfall for the wealthy.

While the bill increases the standard deduction for non-itemized tax returns and the child tax credit, it reduces tax breaks on home mortgage interest and state and local taxes as well as a number of other expenses that primarily impact low- and moderate-income families.

At the same time, it eliminates the Obamacare individual mandate without providing any offsets for low-income households that depend on subsidies to afford health insurance. According to the Congressional Budget Office, this provision will result in 13 million fewer Americans having health insurance by the end of the decade, plus a 10 percent increase per year in premiums for those who purchase insurance on the individual market.

Analyses of the House and Senate bills by the nonpartisan Tax Policy Center, the Congressional Budget Office and the congressional Joint Committee on Taxation all agreed that bills passed by the separate chambers would overwhelmingly benefit the richest five percent of the population. The Center for Budget and Policy Priorities estimated that half of the tax cuts in the Senate bill would go to the top 1 percent, those making more than $700,000 a year. The top 0.1 percent would receive up to 30 percent of the total tax cut.

The Tax Policy Center found that the Senate bill "could reduce taxes by nearly three times as much for business owners in 2019 as for people…whose primary source of income is wages or salaries."

The Joint Committee on Taxation reported that under the Senate bill, by 2027 every family earning less than $75,000 would pay higher taxes than under current law.

These reports have not prevented the White House and congressional Republicans from lying without restraint or shame, insisting that the tax bill is a boon for the "hard-working middle class" that will create jobs and raise wages. It will no more do these things than previous tax cuts for the rich implemented over the past four decades.

The reality is that the ravenous corporate-financial oligarchy wants an even bigger share of the national income to further pad its bank accounts and buy more and bigger mansions, private islands, yachts and private jets and stage more lavish and obscene displays of wealth.

Corporate profits are already at near-record levels and the real corporate tax rate in the US, after tax loopholes and dodges, is at 19 percent, below the rates in Europe and Japan. US corporations are hoarding their profits to the tune of nearly $2 trillion rather than investing them in plant, equipment and decent-paying full-time jobs.

As Reuters recently reported, "US corporations are saying they would use a tax reform windfall to buy back shares, retire debt and other shareholder-friendly moves, in recent post-earnings calls with investors and securities analysts."

The vast majority of Americans see through this tissue of lies. A Quinnipiac University poll released December 13 showed that US voters oppose the Republican tax plan 55 percent to 26 percent. Only 16 percent say the plan will reduce their taxes, while 44 percent say it will increase their taxes and 30 percent say it will have little impact. Sixty-five percent say the wealthy will benefit most from the plan.

But the American capitalist class wants the money and proceeds with utter ruthlessness and contempt for democratic public opinion to take it.

At the same time, Trump, House Speaker Paul Ryan, House Ways and Means Committee Chairman Kevin Brady and other Republicans have already made clear that they intend to pivot from the tax swindle to an unprecedented assault on social programs on which tens of millions of workers and youth rely. Ryan and Brady have explicitly spoken of the need to take on so-called entitlement programs, signaling their intention to privatize and ultimately dismantle the core programs dating from the 1930s and 1960s—Medicare, Medicaid and Social Security.

The release of the tax bill came just one day after a team of economists led by Thomas Piketty, Emmanuel Saez and Gabriel Zucman issued a report on global inequality showing that between 1980 and 2016, the richest one percent captured twice the income growth as the bottom half of the world's population.

The transfer of income and wealth from the working class to the financial elite was greater in the US than in any other advanced economy. In 2016, 47 percent of total income in the US and Canada went to the top 10 percent. The income share of the top one percent doubled between 1980 and 2016 from 10 percent to 20 percent, while the bottom 50 percent saw its share of national income fall from 20 percent to 13 percent.

The authors of the report cited regressive tax changes as a major factor in the growth of economic inequality and predicted that the Republican tax cuts would "turbocharge" a further concentration of wealth at the top.

The Democrats' opposition to the tax bill is a cynical charade. They too advocate a major cut in corporate taxes and have focused their response to the Republican proposals on pleas for bipartisan talks to work out a common tax plan. Last month, the pro-Democratic *New York Times* published an editorial headlined "The Right Way to Cut Corporate Taxes." It declared, "The Republicans are right about the corporate tax system being broken."

The Democrats have no interest in opposing Trump on the basis of his attacks on the social and democratic rights of working people, his assault on immigrants or his global warmongering. They are basing their opposition to Trump and the Republicans on McCarthyite-style agitation over allegations of sexual misconduct, Russian meddling and "fake news." These thoroughly right-wing campaigns are aimed at blocking any working-class movement against social inequality and war and justifying military aggression, Internet censorship and attacks on free speech.