

US House passes pro-corporate climate bill

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On Friday, the US House of Representatives passed the Inflation Reduction Act of 2022 on a strict party-line vote. All Republicans voted against and all Democrats, who hold a narrow majority, voted in favor. The bill, having been passed in a similar party-line vote by the Senate last Sunday, will now be sent to President Joe Biden to be signed into law.

The Democrats and media outlets aligned with the Democratic Party are hailing the measure as a “landmark” and “historic” breakthrough in the fight against global warming and a major advance for tax fairness, affordable health care and inflation control.

None of this is true. The *World Socialist Web Site* has published several articles detailing the actual provisions of the bill and exposing the Democrats’ cynical and misleading hype. It is clear that the orchestrated effort to present this pro-corporate bill as a major piece of social reform legislation is a desperate attempt to reverse Biden and the Democrat’s collapsing popular support in the run-up to the November 8 midterm elections.

All the substantial social measures included in previous versions of Biden’s domestic initiative, at one time dubbed “Build Back Better,” already downsized last year from \$3.5 trillion to some \$2 trillion over 10 years, have been removed from the current legislation, whose outlays are estimated at only \$433 billion.

Last November, in fact, the House passed a \$2.2 trillion “Build Back Better” bill that included universal pre-kindergarten, subsidies for child care, expanded financial aid for college, hundreds of billions of dollars in housing support, home and community care for older Americans, a new hearing benefit for Medicare, an expanded child tax credit, and four weeks of paid parental and medical leave.

That bill died in the Senate due to opposition from two Democrats, West Virginia Senator Joe Manchin and Arizona Senator Kyrsten Sinema.

The 2021 House bill also included a surtax on ultra-high earners and increased taxes on corporations estimated to bring in nearly \$1.5 trillion over 10 years.

None of these provisions are included in the current

legislation. Its provisions for “clean energy” consist of massive handouts to solar, wind and other renewable energy corporations in the form of \$369 billion in tax credits over 10 years. This is accompanied by far-reaching concessions to the fossil fuel industry demanded by Manchin, a coal business multimillionaire and unabashed shill for Big Oil.

Manchin, the Senate’s biggest recipient of campaign cash from oil and gas companies, used his leverage in the evenly divided Senate to demand that the bill include unprecedented guarantees of new leases of federal lands and offshore territories for gas and oil exploration. He also secured the agreement of Biden, Senate Majority Leader Chuck Schumer and House Speaker Nancy Pelosi to vote this fall on a bill that would weaken the ability of environmental agencies to restrict permitting of new oil and gas pipelines and other infrastructure projects.

Since the Inflation Reduction Act contains no caps on greenhouse gas emissions or penalties on carbon polluters, there is good reason to believe that the net result will be a worsening of the climate crisis.

The other major spending in the bill is \$44 billion to extend for three years enhanced subsidies to purchasers of private insurance on the Affordable Care Act’s exchanges, which were enacted as part of the CARES Act in March 2020. The Democrats made sure to include this in the bill because the increased support would otherwise have expired at the end of the year, and voters would have learned they faced sharply higher premiums right before the November elections.

Much is being made of provisions that for the first time empower Medicare to negotiate drug prices with the pharmaceutical corporations. This is estimated in the bill to generate \$265 billion in federal revenue from lower Medicare outlays for prescription drugs, with the benefit passed on to enrollees. However, as is typical of the entire bill, this “reform” is hemmed in and pinched so as to minimize any loss of profits on the part of the drug giants.

The government will not begin negotiating drug prices until 2026 and will be limited to a mere 10 drugs. That

will increase only to 20 drugs by 2029. A \$2,000 annual cap on out-of-pocket drug costs for Medicare enrollees will take effect only in 2025 and will aid only some 1.4 million seniors. A fee on drug companies that raise prices higher than inflation will apply only to drugs purchased through Medicare, not to the private market. And a \$35 monthly cap on insulin costs will similarly be limited to Medicare.

The claims about inflation reduction are entirely bogus. Supposedly, the bill will generate a net surplus of \$300 billion in additional government revenues over net outlays in the course of 10 years, a drop in the bucket of ever-expanding government debt. That, plus projected decreases in drug costs, is the entirety of the so-called inflation reduction impact.

The Congressional Budget Office called the bill's impact on inflation "negligible at best." The Bipartisan Policy Center projected "small impacts one way or the other," and the Penn Wharton Budget Model said the impact would be "statistically indistinguishable from zero."

Claims about significantly shifting the tax burden from working people to corporations and the rich are no less fraudulent. The 2017 tax overhaul that dramatically slashed corporate and individual income taxes for the rich remains intact. The minimal tax hikes that were included in the deal worked out last month between Manchin and Schumer were gutted or removed at the insistence of Sinema, the biggest recipient in the Senate of campaign cash from the hedge fund and private equity billionaires.

She demanded and got the removal of a provision, estimated at \$14 billion, to effectively end the notorious "carried interest" tax loophole that allows hedge fund and private equity managers to pay taxes on their income at the capital gains rate, barely half what they would pay at the normal rate for their income level.

The other major tax provision is a 15 percent minimum tax on corporations reporting annual income of \$1 billion or more, projected to generate \$222 billion over 10 years. However, Sinema, after a private call with the National Association of Manufacturers and the Arizona Chamber of Commerce, demanded and got the reinsertion of an accelerated depreciation allowance for manufacturing companies. This tax dodge, which is used by many highly profitable manufacturers to pay virtually no federal taxes, will render the 15 percent minimum corporate tax largely meaningless.

In place of the ending of the "carried interest" loophole, the Democrats inserted a 1 percent excise tax on stock

buybacks, estimated to produce \$74 billion in tax revenues over 10 years. The *Wall Street Journal* published an article last week headlined "Plan Isn't Expected to Affect Buybacks," citing various finance analysts who predicted the small fee would not dampen the enthusiasm of companies for purchasing their own stock, a parasitic use of profits to drive up the portfolios of big investors and the compensation packages of executives. Last quarter, in the midst of soaring consumer prices and shortages, US stock buybacks hit a record of \$281 billion.

Every one of the so-called "progressive" Democrats in the House voted for this miserable pro-corporate bill. Representative Pramila Jayapal of Washington, the chairwoman of the Congressional Progressive Caucus, said in a statement: "While we are heartbroken to see several essential pieces on the care economy, housing and immigration left on the cutting room floor...we know that the Inflation Reduction Act takes real steps forward on key progressive priorities."

Ayanna Pressley of Massachusetts, a member of the so-called "Squad," said, "While our work is unfinished—on paid leave, housing, disability justice, immigration, the care economy, environmental justice and more—this bill is historic and desperately needed. This is one more example of progressives pressing in support of the President's agenda and the Biden White House delivering. ..."

Ilhan Omar of Minnesota, another Squad member who is backed by the Democratic Socialists of America (DSA), called the bill a "massive step forward."



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