

U.S. tax reforms expose a Republican party held hostage by a few oligarchs

By John Ibbitson

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As an act of political vandalism, nothing that Donald Trump has said or tweeted matches what Republican senators achieved on the weekend.

In the dead of night, with no real debate, with most senators not knowing what, exactly, they were voting on, with amendments so rushed that they existed only as illegible handwritten scrawls on the margins of the text, the Republican caucus pushed through massive tax reforms that slash taxes on the wealthiest Americans. This at the cost of more than a trillion dollars added to the national debt, along with cuts to funding for health care and education.

Why did the senators do this thing? Because they were being blackmailed by a few powerful oligarchs, the very people who will benefit most from the tax cuts. Between kowtowing to those oligarchs and the President's brow-beating of the press, it's getting harder and harder to tell the difference between the United States and Russia.

Over the past few months, extraordinarily wealthy men (they are almost all men) who bankroll the Republican Party became so frustrated by the lack of progress on dismantling Obamacare or cutting their taxes that they threatened to put away their chequebooks.

"Anybody who was there knew that I was not happy," retired oil and gas tycoon Thomas Wachtell, told Politico, after a tense meeting between the Republican congressional leadership and a group of wealthy donors in Los Angeles last month. "You're never going to get a more sympathetic Republican than I am. But I'm sick and tired of nothing happening."

The Associated Press reported that a network of donors centred on the billionaire Koch brothers also sounded the warning: dismantle Obamacare and pass tax reform or face the fundraising consequences.

Without the oligarchs' cash, and facing the headwinds of a highly unpopular President, the Republicans risked losing control of the House, and possibly even the Senate, in next year's midterm elections.

Despite the warning, efforts to repeal the Affordable Care Act failed because a few Republican senators couldn't stomach cancelling health insurance for millions of lower-income people. But tax reform was a different matter. The House and the Senate got their bills through in one month flat.

Under the legislation, most people will enjoy a tax cut, at least temporarily. Some will pay more in the long run because of cuts to various exemptions, such as for tuition costs, but others won't.

The Republicans are gambling that enough middle-class voters will benefit, at least in the short run, that they won't notice or mind that most of the tax cuts flow to upper-income earners, and especially to those who own their own companies or who are major shareholders in large corporations.

The Congressional Budget Office predicts that 13 million people will be without health care insurance, because the Senate version eliminates compulsory enrolment in a health-care plan. Without that enrolment, many young, healthy people will opt out, forcing up insurance premiums for the rest, which will force lower-income people to give up coverage.

And by reducing federal tax deductions for state and local taxes, people who live in states with higher taxes, such as New York and California, could end up paying more tax. But they don't vote Republican, anyway.

As for the \$1.4-trillion (U.S.) that this tax cut is expected to add to the national debt over the next decade – well, that's for another Congress.

Such a naked, debt-financed transfer of wealth to the very richest while cutting health care and education subsidies isn't something you do in the light of day, especially since there were some squeamish Republican senators who had to be wooed with special promises. The Hill reported Sunday that Sens. Ron Johnson of Wisconsin and Steve Daines of Montana only

came on board after promises to treat smaller businesses as favourably as large corporations. Senator Susan Collins of Maine required some assurance of additional help for those impacted by the cuts to health-care funding.

The Republican leadership placed the final version of the bill before the Senate late Friday night. Against unanimous Democratic opposition, it passed just before 2 Saturday morning.

Once the House and Senate bills are reconciled and sent to the President for his signature, the Republicans will have had their first big legislative win. The real cost, however, is not to the treasury, but to democratic conventions and the rule of law. Just as you would expect when oligarchs are in charge.