

The GOP's Trillion-Dollar Ripoff for the Super-Rich

by Jeffrey Steinberg

A group of Congressional Republicans, led by House Majority Leader John Boehner (Ohio), House Ways and Means Committee Chairman Bill Thomas (Calif.), and Senate Majority Leader Bill Frist (Tenn.), orchestrated a shameless taxpayers ripoff at 1:30 a.m. Saturday morning, July 29, giving America's wealthiest 7-8,000 families what could amount to a \$1 trillion tax cut over the next decades. Through the worst kind of parliamentary chicanery, this group of GOP zealots bundled the first hike in minimum wages in a decade, and a package of needed small business, middle class, and R&D tax benefits, into a bill that vastly and permanently cuts the estate tax for America's super-rich, thereby extorting Congress to choose between vitally needed measures or a defeat of the \$1 trillion taxpayer ripoff on behalf of the super-rich.

By a vote of 230-180, the House ultimately passed the marathon bill, and departed Washington for a five-week recess until after Labor Day, leaving the Senate to take up the measure the week of July 31. Senate Minority Leader Harry Reid (D-Nev.) vowed that the entire measure would be defeated, to avert the trillion-dollar tax ripoff; however, this wipes out the vital package of tax relief and an urgently needed, long overdue hike in the minimum wage.

One senior Congressional staffer, contemplating the arrogance of the Republican cabal that pushed through the estate tax cut scam, complained bitterly: "These people are out to shut down the Federal government altogether. They do not want the government to function on behalf of the needs of the American people. This is beyond the pale."

Rep. Charles Rangel (N.Y.), the ranking Democrat on the Ways and Means Committee, had issued a press release two days before the final vote, preemptively denouncing the GOP ploy in the most blunt terms. "The reputation of Congress is at stake, as the House Republican Leadership holds the pension bill and the tax extenders hostage for the benefit of a

wealthy few. Millions of hardworking Americans are looking to Congress for some assurance that their life savings and pensions will be secure, yet we find House Republicans catering to the whim of less than 1% of the American people who are eligible for estate tax relief." The press release noted that the estate tax bill component would benefit "roughly 7,500 of the wealthiest families in America, at a cost of nearly \$300 billion." Rangel asked: "How in the devil is this small group of people so powerful that they can hold hostage legislation that affects millions of working families?"

The release noted that "among the many popular provisions that have expired, or will expire by the end of 2006, are the extension of the credit for research and development, deduction of State and local sales taxes, deduction for qualified tuition, work opportunity tax credit, and extension of qualified zone academy bonds." These legitimate tax benefits must be renewed every two years.

Rep. George Miller (Calif.), the ranking Democrat on the House Education and the Workforce Committee, issued a separate press release following the 1:30 a.m. vote, also denouncing the GOP action: "In a cynical effort to provide political cover to vulnerable members of their party, Republicans in the U.S. House of Representatives this morning passed a minimum wage increase that stands little chance of approval in the U.S. Senate because it is coupled with massive tax breaks for the wealthiest estates in the country. Democrats had offered alternative legislation, raising the minimum wage without including the controversial tax provisions, but Republicans defeated it."

Miller, who had been working for months on both the minimum wage hike and a viable bill to salvage the nation's private employer fixed-payment pension system, was quoted: "Republicans have killed this chance to give a raise to the millions of American workers who need it most, but Demo-

crats will not stop fighting for a minimum wage increase. What American workers deserved was a straightforward vote in Congress on whether or not to increase the minimum wage from \$5.15 to \$7.25 per hour. What they got instead was one of the most shameful and cynical acts of political deception that I have ever seen. It's no wonder that the American people are so fed up with the way things work in Washington, D.C."

In addition to the fact that the estate tax "poison pill" was attached to the minimum wage bill, to ensure that it would either be killed, or trumped by the massive tax give-away to those who least need it, the bill that was finally attached to the legislation at the last moment, was significantly watered down from the minimum wage plan put forward by the Democrats. The GOP bill excluded more than 1.8 million workers from the minimum wage gain, and imposed an actual minimum wage *cut* on restaurant workers and others who receive gratuities. It also eliminated the extension of the minimum wage boost to the Northern Mariana Islands, the U.S. territory that houses slave labor sweatshops, boosted by former House Majority Leader Tom DeLay (R-Tex.) and his former K Street lobbyist crony, Jack Abramoff.

"Republican leaders are holding a minimum wage increase for 6.6 million workers hostage to tax breaks for just 8,200 families," Miller continued. "It's hard to decide what's worse: that Republicans still won't allow a vote to increase the minimum wage with no political strings attached, or that Republicans believe the American public would be fooled by their sham minimum wage bill."

This act of political treachery by Boehner, Thomas, and Frist has also infuriated some more honest Republicans, including Charles Grassley (Iowa), the chairman of the Senate Finance Committee. Grassley, along with Mike Enzi (R-Wyo.), chairman of the Senate Health, Education, Labor, and Pensions Committee, had been pressing for the tax extenders to be added to the pension bill, which had finally come out of House-Senate conference, and which also passed the House the week of July 24, and will likely be approved by the Senate. Grassley called a leadership meeting on July 27, to confront Thomas and other House Republicans on their efforts to sabotage these vital small business, R&D, and middle class education tax breaks, by attaching them to the estate tax. House Republicans flat-out boycotted the meeting and refused to confer with the GOP Senators, before pulling their late-night stunt. On July 29, Grassley told the *Washington Post*, "When my credibility is abused and used, I resent it." He said that he had been "stabbed in the back."

Loss of Revenue: Do the Math

Under the best possible estimates, the costs to taxpayers of the permanent reduction in estate taxes over the next ten years, will be \$268 billion. However, as the full cut in estate tax rate kicks in several years from now, if passed, the costs will balloon. According to a fact sheet prepared by the Democratic Staff of the Committee on Ways and Means, between

2011-21, an estimated \$800 billion in tax revenue will be lost, and when interest on these revenues is factored in, the loss in Federal government tax revenues soars towards \$1 trillion! According to the fact sheet, an average of 7,500 estates per year will get all the benefits from the tax cut, and an estate worth \$20 million (approximately 800-900 of America's ultra-rich families) will each get \$5.6 million in tax relief.

Senate Democratic Leader Reid, who has vowed to defeat the measure—with a filibuster if necessary—told the *Washington Post*, "Republicans have made perfectly clear who they stand with and who they are willing to fight for: the privileged few."

A Wake-Up Call for Democrats?

The gutter parliamentary maneuverings and blackmail games of Boehner, Thomas, and Frist aside, the trillion-dollar permanent estate tax cut drive, by a faction of the Republican Leadership, does put a far more existential issue on the table. And it is an issue that Democrats have, so far this year, dodged. At the core of the estate tax cut and the Republican effort to block even a modest increase in the minimum wage, is a drive to destroy the very principle of the General Welfare, which is at the heart of the American Constitutional republican system. In effect, a major faction of the Republican Party, aligned with the very international financial Synarchy that Lyndon LaRouche has exposed, are out to impose "Schacht without Hitler" on the United States. The drive to bankrupt the Federal government and impose an Executive Branch dictatorship, is aimed at achieving a counter-revolution before Bush and Cheney leave office, that would leave the United States bankrupt, isolated, and vulnerable to Presidential dictatorship.

While Democrats did mobilize, effectively, in 2005, to defeat the drive to privatize Social Security, just months later, Senate Democrats caved in to the nomination of an outright fascist to the U.S. Supreme Court—Samuel Alito. And when Democratic Party money-bags Felix Rohatyn was exposed as the architect of the takedown of America's high-technology industrial base, a majority of Democrats ran for the hills.

The estate tax drive is part of the larger scheme to bankrupt the Federal government through a flurry of privatization schemes, including Rohatyn's own Public-Private Partnership Initiative. A just-released 20th *Annual Privatization Report* by the Mont Pelerin Society-linked Reason Foundation, makes the point clear. Calling for the elimination of Social Security, Medicare, Medicaid, and the selling-off of the Tennessee Valley Authority and every Franklin Roosevelt government-directed infrastructure project, the Reason Foundation document basically calls for the U.S. government to remove itself from any role in the economic affairs of the nation.

If that is not a sufficient wake-up call to the Democratic Party, that it is time—as LaRouche demands—to fight for the FDR legacy, then nothing is.