

# How Rich the Rich Are? Obama “Taxes the Rich” for the Wrong Reasons

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President Obama may have opened Pandora’s box with his latest tax-the-rich rhetoric, but he’ll try to keep the lid half-shut.

Truly informing the public about just how rich the rich are — and just how much their taxes have been lowered over the decades — would certainly cause working people to demand much more from the wealthy than Obama is. Equally important to what is being demanded is where the new tax money is to go. Working people would prefer that Obama put the deficit on the back burner and use the new revenue to create jobs and to save Medicare and Medicaid, both of which the President plans to cut substantially. The deficit does not represent a social crisis the way that massive unemployment does; the President is thus proposing to tax the rich at too low a rate and for the wrong reasons.

Obama’s tax ideas must first be put in their proper context. The Bush tax cuts — that Obama plans to end — and the inheritance tax — which he plans to restore — would not be issues needing to be fixed were it not for Obama himself, who allowed the inheritance tax to expire and allowed the Bush tax cuts to continue (Bush had planned for the tax cuts to expire last year). The new “Buffet rule” tax for capital gains is a long overdue idea that will not be used to save social programs, but lower the deficit.

In response to Obama’s tax plans, progressive groups cheered and Republicans snarled; both reactions were consciously exaggerated. Lost in the progressive jubilation over Obama’s supposed “toughness” were his plans to cut Medicare and Medicaid, a long-time goal of Republicans. The New York Times reports:

“The White House said Mr. Obama’s proposals would cut \$248 billion from the projected growth of Medicare in the next 10 years, while shaving \$72 billion from Medicaid and other health programs.” (09/20/11)

The Medicare cuts come in the form of higher deductibles, lower payments to nursing homes and other facilities, higher costs for home health care, and other fee changes that will negatively impact the overall health of the elderly, sick, and poor.

The President also said that raising the Medicare beneficiary age — from 65 to 67 — is not “off the table,” which virtually assures that such a measure will be pursued by Obama’s Super Congress.

This attack on Medicare is on top of Obama’s previous Medicare slashing; the hundreds of billions of dollars he took from Medicare as part of his now-infamous health care reform —

one of the many aspects of the reform that Republicans loved. In fact, Obama is achieving the destruction of Medicare like no Republican before him. In defense, Obama claims that the majority of his cuts fall on Medicare providers, dishonestly implying that beneficiaries will be unaffected by massive cuts to doctors and hospitals; of course the patients suffer in the end with less access to doctors, less ability to stay in hospitals, less procedures being performed, and less adequate overall care.

Also, if these additional cuts to Medicare are pushed through, the program will be further undermined, opening itself up to new attacks. Medicare will appear less functional as its funding is stripped, and the right wing will then say, "Medicare doesn't work, let's cut it." And they will be half-right, since no under-funded program works as it should.

Obama also announced that he would like to lower the corporate tax rate, which in effect would funnel more money to the rich through the back door.

For labor and progressive groups to applaud Obama's plan without criticism is a stunning example of how the Democrats have intellectually handicapped the U.S. liberal left: an independent voice has been stifled so that Obama can speak unchallenged; progressive demands have been limited so that Obama's agenda may be fulfilled. Consequently, working people's livelihoods are being squandered so that the corporate establishment may live in peace. As the social crisis in the U.S. deepens, these political "mistakes" of the liberal left are becoming unpardonable crimes.

Take for example the AFL-CIO, which has traditionally offered a strong defense of Medicare. After Obama's tax announcement, the AFL-CIO blog wrote a positive response, which included:

"Obama also vowed to veto any bill that cut Medicare benefits without raising revenue."

What?! So it's suddenly OK to cut Medicare? So long as revenue is raised too? Luckily, AFL-CIO President Richard Trumka did come out with a statement rejecting Medicare cuts, but the above-quoted line appeared on several liberal left websites, implying that a "practical solution" to the deficit problem would include massive cuts to social programs. This willful acceptance of Obama's "great compromiser" role must end for working people to make progress.

Obama's role as a "pragmatist" — as opposed to the Republican's radical agenda — is too often praised by liberals, but the plight of working people demands a less moderate President. Pragmatism would not be so bad were not society so ravaged by poverty, unemployment, declining wages, and a horrific lack of health care. Ignoring these problems — or indeed making them worse — in the name of "realism" merely means that the President lacks imagination and the ability to inspire, not to mention the ability to instill any "hope." Making bargains with Republicans is simply shifting society rightward faster than the typical pace of the last 30 plus years.

It's nice that Richard Trumka and some others continue to reject any cuts to Medicare, but words aren't enough. Massive cuts to Medicare, Medicaid, and other social programs are in the works via Obama's Super Congress that is slated with the mandate to reduce the deficit. Working people have the power to stop these cuts if massive street demonstrations, combined with other actions, are held that demand hands off this social safety net. But by half-attaching themselves to Obama's tax plans, labor and progressive leaders are half-

draining any enthusiasm that could be created by putting forth independent demands. Working people are demanding good jobs and that Medicare, Medicaid, and Social Security be saved. Taxing the rich to pre-Reagan levels can achieve this; the deficit can wait.

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