

Obama Tax-Cut Swindle Triggers Dem Revolt

by Edward Spannaus

Dec. 20—In what many now see as a sharp turning point in the breakup of Barack Obama’s Presidency, the corrupt tax-cut deal that the President worked out with Republican leaders behind the backs of his own party, has triggered a revolt among Democrats, bringing to the surface the accelerating disillusionment over Mr. “Change You Can Believe In.”

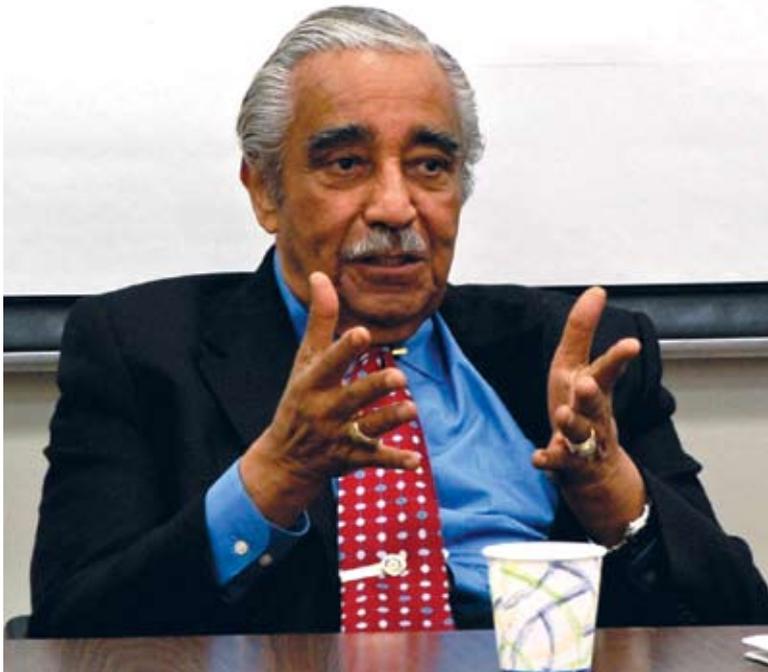
Even more important, is that both the substance of the tax-cut bill—including its deadly assault on the Social Security Trust Fund—and the process by which it came about, show how Obama’s British controllers expect him to govern over the next two years, by adopting wholesale the dictatorial “Unitary Executive” methods to which the nation was introduced by Dick Cheney and George W. Bush during the past decade.

Rangel Sounds the Alarm

Rep. Charles Rangel (D-N.Y.), the former chairman of the House Ways & Means Committee, the body which is charged with carrying out the U.S. Constitution’s requirement (Art. I, Sec. 7) that all revenue bills be initiated in the House of Representatives, captured the essence of Obama’s treachery, in a speech on the House floor on Dec. 16.

“Tonight is going to be a rather historic vote. In the old days, the House would initiate tax bills, and then we would send it to the Senate, and then the Senate and the House would come together and have what was known as a conference,” Rangel stated. “But it’s clear to me that rules are changing fast.... Now it works that the President works with a handful of Republicans and tells us, on the House side, that if we change anything, there’s absolutely no deal....

“In addition to that, we find that all of the tax benefits seem to be centered among the people who are the richest that we have in this country, while we find more and more Americans going into poverty. I submit to you, that democracy cannot grow with this type of di-



Elbert Garcia

FDR Democrat, Rep. Charlie Rangel, was driven out of his post as chairman of the House Ways and Means Committee by spurious “ethics” charges, clearing the way for Obama’s unconstitutional tax-cut scam with right-wing Republicans.

versity, where we find so much wealth held in the hands of so few, and so many other people are without jobs and without hope.”

Rangel concluded with a warning about the threat to the Constitutional tradition represented by the Obama-GOP deal: “So, to Members who are coming to this body, this is a new set of rules, a new set of traditions; but I tell you, it is not the American tradition that I knew and loved so well.”

What Obama Lost

Rangel’s clear and direct attack on Obama, and the unprecedented number of Democrats speaking out strongly and passionately against the Obama-GOP tax bill, reflects the stark reality of the collapse of Obama’s Democratic support.

Although Obama got about 80% of the House Republicans’ votes on the tax-cut bill, he got only 55% of the Democratic vote—or, to put it another way, 45% of Democrats, almost one-half, voted *against* Obama. The opposition Democrats ranged from at least ten conservative Blue Dogs, to about 25 members of the Congress-

sional Black Caucus. To characterize this as a “liberal revolt,” as much of the news media did, misses the point. Congressional sources tell *EIR* that the revolt was completely unorganized; had it been coordinated, the insurgency could have easily carried the day on the Democratic side.

This rebellion took place despite the fact that the White House had undertaken a campaign to pressure Democrats to vote for the rotten compromise; Obama needed to target Democrats because, as *Politico* notes, he had “the GOP already in lock step behind him.” Obama personally called or met with dozens of Senate and House Democrats; he repeatedly deployed Vice President Joe Biden to the Hill, and also had his economics team of Gene Sperling, Tim Geithner, and Jack Lew lobby Democrats for the deal.

High-level Democratic sources have confirmed to *EIR*, what only Rep. Peter DeFazio (D-Ore.) had the courage to say publicly: that Obama told members of the House Democratic Caucus that failure to pass his tax-cut bill would mean *the end of his Presidency*, and that the U.S. would be paralyzed for the coming two years. “The White House is putting

on tremendous pressure, making phone calls, the President is making phone calls saying this is the end of his Presidency if he doesn’t get this bad deal,” DeFazio told CNN’s Eliot Spitzer on Dec. 15.

The large number of Congressional Black Caucus members who opposed Obama reflects a powerful shift in the African-American community, which LaRouche Political Action Committee (LPAC) organizers have been finding in recent weeks. People who had been extremely upset over LPAC’s poster featuring Obama with a Hitler mustache, are now confessing that they were wrong and had failed to see the truth about Obama. That Obama was so willing, even eager, to cut a deal with the most reactionary Republicans in favor of the super-rich, at the expense of working and poor people, is driving the reality of his failed Presidency home to anyone with eyes to see and ears to hear.

The Congressional Revolt

Two events at the end of the previous week helped to catalyze the House revolt. First, was the old-style filibuster mounted on Dec. 10 by Sen. Bernie Sanders

(I-Vt.). In the course of his eight-and-one-half-hour filibuster, Sanders blasted the proposed tax cuts for millionaires and billionaires, the raising of estate-tax thresholds, and Obama's proposal for a Social Security payroll-tax holiday. Sanders cited Social Security opponent Peter Ferrara's intention to kill the program by turning it into just another welfare program—directly contrary to President Franklin Roosevelt's intention.

The second was a press conference, also on Dec. 10, sponsored by the National Committee to Preserve Social Security and Medicare, and joined by a number of House Democrats, including DeFazio; the speakers warned that the Obama's proposal for a "payroll tax holiday" is an essential element of a long-standing right-wing plan to destroy Social Security. Former Congresswoman Barbara Kennelly (D-Conn.), spokeswoman for the National Committee, charged that Obama's scheme will promote the privatization of Social Security.

Nancy Altman, co-director of Social Security Works, pointed out that Franklin Roosevelt created Social Security as an insurance program, separate—and indeed firewalled—from the general Treasury fund. Altman cited FDR's statement: "We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits. *With those taxes in there, no damn politician can ever scrap my Social Security program*" (emphasis added).

Altman said that for years, conservatives have been gunning for Social Security, trying to cut benefits, and ultimately privatize it. The White House is treating the payroll tax holiday as a "concession" from the GOP, which, she notes, is sort of like the GOP saying, "Please, don't throw me in that briar patch."

Altman predicted that the tax holiday won't last just one year, because Congress will soon face the unpalatable choice of cutting discretionary spending or making even deeper cuts in Social Security. She noted that it will be a Republican "make my day" moment, if Obama allows the tax holiday to expire, and thus "increases" taxes. "There is no reason to do it this way," Altman declared, "except as an assault on Social Security."

Pelosi Stops the Clock

With this backdrop, the plans by the White House to ram the tax-cut bill through, ran into major resistance on Dec. 16. The belated rebellion by House Democrats

forced Speaker of the House Nancy Pelosi (D-Calif.) to suspend debate and pull the bill and its accompanying rules resolution from the floor for over five hours; numerous accounts indicated that Pelosi pulled the measure for fear that she and Obama lacked the votes to ram the legislation through, which they ultimately did, but not until almost midnight.

And despite almost universal news media denial or downplaying of the fact, the attack on the Social Security Trust Fund contained in the Obama-GOP bill was a major focus of debate on the House floor. An estimated one-half of Democrats who spoke during the debate, raised the Social Security question.

Even before the debate commenced, DeFazio hit the fact, in a one-minute floor speech, that this would be the first time that Congress has ever broken down the firewall between the general fund and the sacrosanct Social Security Trust Fund. Rules Committee chairwoman Louise Slaughter (D-N.Y.) (who ultimately voted against the bill), called the proposed payroll-tax holiday one of the greatest threats ever to Social Security, and predicted that once the payroll tax is reduced, no one will be able to reinstate it.

Steve Lynch (D-Mass.) attacked both the tax cuts for the wealthy and "raiding the Social Security Trust Fund"; he called the bill "a complete surrender of Democratic principles."

Michael Capuano (D-Mass.) charged that the bill cuts Social Security, Medicare, etc. "through the back door," and that "voting for this bill simply empowers those who want to cut these programs anyway." Rep. John Garamendi (D-Calif.) quoted FDR, and said that among the numerous problems in the bill, is that it puts Social Security in play for the first time in its history. As the debate went on, a number of opposing Democrats, such as Rep. David Wu of Oregon, labelled the legislation, "the Obama tax bill."

Where Obama Is Headed

As Rangel warned, the methods that Obama used to ram through the GOP tax-cut bill violate the American tradition and the U.S. Constitution itself. We have already seen in Obama's first two years, a tendency to use his appointments of dozens of "czars" to avoid Congressional scrutiny and oversight. Or, his appointment of the Bowles-Simpson fiscal austerity ("catfood") commission, after Congress refused to authorize such a commission a year ago.

This is nothing, compared to what Obama's control-

lers have in store for him in the next two years. In an article in the Dec. 20 *Politico*, entitled “Obama 2.0: Re-inventing a presidency,” a number of commentators provide Obama with a roadmap for carrying forward the Cheney-Bush “unitary executive” drive for a dictatorship of the Executive branch. They recommend that Obama come up with a way to discard the “Congress-centered strategy” of the past two years, and come up with “new and more creative ways to exercise power and set the national agenda.”

Foremost among these “experts” is John Podesta of the George Soros-financed Center for American Progress (CAP), who says that Obama “needs to be the CEO of America.” Podesta proposes that Obama should give more attention to those powers of the Presidency that don’t involve legislation. Podesta and CAP issued a report on Nov. 16, telling Obama how to expand the use of Executive power, such as by issuing Executive Orders, aggressive use of regulatory agency rule-making, creation of corporatist “public-private partnerships,” etc.—all to implement his agenda without Congress. Podesta and others also urge coming up with ideas that “transcend” the usual right-left divisions. The Democratic centrist think-tank “Third Way” (a successor to the defunct Democratic Leadership Council) says the same thing: Find ways to overcome partisan divisions. This means co-opting the opposition. “You stiff-arm your party in both houses and cooperate with the other party”—which is, of course, exactly what Obama did on the tax-cut bill—says Yale political science Prof. David Mayhew.

Before the November election, Lyndon LaRouche warned Congress and the Democratic Party in particular, that if they didn’t immediately reinstate FDR’s Glass-Steagall law, the financial system would continue to disintegrate, and Obama would destroy the nation with his fascist policies. With the rout of the Democratic Party in the elections, and the impending takeover of Congress by Mont Pelerin Society-controlled Republicans like Rand Paul, LaRouche reiterated the warning he gave after the elections, with heightened urgency.

Now, unless sane forces in the Democratic Party quickly regroup around LaRouche’s proposals, the nation faces nothing but a race between the ongoing financial collapse, and the drive by Tea-Party Republicans, aided by Obama, to dismantle every protection for the American people that has been built up since the New Deal.