

Biden's Phony Fiscal Policy: Cuts Corp Taxes & Infrastructure Spending

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I don't often restate my twitter posts here on the blog, but today's development by Biden is so historic a betrayal and reversal to satisfy corporate friends and Republicans it deserves a repost. It's a 'double reversal' and so typical a Democrat party betrayal.

Today Biden announced he was CUTTING corporate taxes to 15%. Trump had cut corporate tax rate from 35% to 21%. Biden ran for office pledging to raise that back to 28%. He then reneged and said it would be only 25%. He then agreed with European Union finance ministers to cut taxes on US multinationals to only 15%. Now he announces he'll CUT US corporate taxes to 15%-instead of raising to even 25%. This comes after talks with Republicans.

Not to outdo himself, Biden next CUTS his proposed infrastructure bill further as well. Starting out at \$2.25T, he last week reduced that to \$1.7T. Now, however, he offers to CUT that to \$1T!

In the past two weeks it was apparent that Biden and Republicans were engaging in a 'smoke and mirrors' negotiations on the so called American Jobs Act, aka Infrastructure bill: Biden had agreed to break out negotiations on a separate track on \$400B in the bill that was actually a subsidy to US auto and tech corporations, to pay for their R&D on electric car investments. It included as well \$50B subsidy to US auto corps for semiconductor chip production.

Auto companies had cut production (i.e. gone on strike) claiming a chip shortage and began laying off workers. All this just as Congress was taking up proposals on chip subsidy of \$50B. Once it appeared the \$50B would pass, however, somehow auto companies-despite their claimed chip shortage-now miraculously boosted production once again. The alleged chip shortage was clearly a lobbying pressure ploy by the companies. They'll now get the \$50B chip subsidy, plus another \$173B in the infrastructure bill to subsidize their electric car development and charging stations build out. The rest of the \$400B corp subsidy in the Infrastructure bill will benefit tech corps' R&D and manufacturers.

The \$400B subsidy has nothing to do with infrastructure. But will now fast track in passage

while the rest of the human investments in the infrastructure bill of \$2.25T, then \$1.7T, and now \$1T will lag.

Biden's cut of his infrastructure proposals to \$1T brings it in line with Republican counter proposals of roughly \$928B. However, McConnell & Co. \$928B includes moving \$350B in spending allocated in the already passed Covid Relief Act (aka American Rescue Plan) in March. It also includes \$308B also already allocated to be spent in transportation funding.

So the Republican bill is just agreeing to spend what has already been spent!

It's almost certain Biden will include the \$308B already allocated for transport spending in his reduced \$1T infrastructure offer. That's West Virginia blue dog Democrat Senator, Manchin's, proposal. So Biden's only proposing \$700B—a long way from his original \$2.25T.

Biden's dual move to CUT corp taxes even more than Trump had and to cut his proposed infrastructure spending by more than \$1.5T, represent unilateral moves by him without any real concessions by the Republicans. It all looks like a well orchestrated 'deal' from the beginning, overlaid with a public appearance that there are 'negotiations' under way

One is reminded of last summer, when Shumer-Pelosi reduced their proposed spending by \$1T on their 'Heroes Act', which McConnell and Republicans simply refused to counter. Democrats have a history of capitulation, poor negotiating strategy and ability, and a general capitulation to Republicans on fiscal policy.

Further back, one is also reminded of Obama's policy. In 2009 his fiscal stimulus was a mere \$787B (of which \$300B were tax cuts for businesses). He then CUT social program spending in August 2011 by twice that amount, \$1.5T.

Biden's latest moves are deja vu Democrat party perfidy. Biden reveals he-like Trump, Obama, Bush and Clinton before him—is intent on continuing the Neoliberal fiscal policy of cut, cut, cut corporate and investor taxes + promise social program spending, cut that back, and then take even more back in subsequent austerity proposals once the immediate crisis has passed.

In the interim, Neoliberalism means the Fed giving trillions of dollars in free money to banks, investors and corporations. In one year the Fed has pumped \$4T of virtually free money into these folks, matching in one year the amount Obama gave them in four years, 2009-13!

By these recent moves Biden and Democrats are on board, in other words, with the decades long policy of continual further corporate tax cutting, temporary fiscal program spending during a crisis, followed by eventual austerity take-backs.

Biden's just announced CUTS to corporate taxes and proposals for infrastructure spending are clearly Republican-McConnell demands. Biden and Dems once again clearly capitulate. Then again, maybe the capitulation was all planned out months ago!

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