

Senate Democrats postpone vote on tax cuts for the wealthy

Patrick Martin
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In a decision that combines cowardice and avarice, Senate Democrats announced Thursday that they would put off any vote on the extension of the Bush-era tax cuts until after the November 2 election.

After a closed-door caucus meeting of the 59 Democrats, Senate Majority Leader Harry Reid canceled plans to introduce and vote on a measure that would extend the tax cuts for households earning \$250,000 or less, but allow the tax cuts to expire for those above that income level.

There were two reasons for the reluctance of Democrats to proceed with the legislation. A significant number of Democratic senators support extending the tax cut for the wealthy—a category that includes most of the senators themselves. Even more members are afraid to raise taxes on the wealthy before the elections, for fear of rightwing retaliation.

Senator Claire McCaskill, a Missouri Democrat who has close ties to the Obama White House, summed up the prevailing mood of hand-wringing capitulation in a comment reported by the Politico.com website: “If we had the vote, they would somehow twist it to attack us,” she said, referring to the Republicans and their rightwing allies on Fox News, talk radio and among the Tea Party groups. “If we don’t have the vote, they’ll twist it to attack us. So pretty much anything we do will be twisted to attack us.”

Senator Diane Feinstein of California—a multi-millionaire who will benefit considerably from an extension of the tax cuts for the wealthy—sounded the same theme. “I believe a vote on taxes right before the election is a mistake,” she said, because opponents “will find a way to mischaracterize it.” Conceding that expiration of the tax cuts was “not really a tax increase” but rather, “simply returning to where it was,” she concluded, “but that won’t come across in an

election debate.”

The implication of such statements is that there is broad popular support for extending the tax cuts for the wealthy. The opposite is the case. It is the corporate-financial elite that is overwhelmingly opposed to any increase in its taxes.

The fact that the Democrats, in the midst of the deepest social and economic crisis since the Great Depression, are unable to take even a modest measure against the rich and the super-rich underscores the rightwing character of both parties and the existence of a de facto dictatorship of the financial aristocracy.

Opinion polls suggest significant losses in the November 2 election by the Democrats in both the House and Senate, including possible loss of control in the House. This is not due to an upsurge of popular support for the rightwing nostrums of the heavily publicized Tea Party movement. It reflects rather the collapse of support among Democratic voters because of the ongoing economic slump and the failure of the Obama administration to take any effective action against it.

The conclusion being drawn by the Democratic congressional caucus, however, is that they must move further to the right. As the *New York Times* summed up their reasoning, Reid & Co. made “a decision that spares some politically vulnerable incumbents from casting a potentially difficult vote to let taxes rise for the rich.”

The remarkable fact is that key Senate Democrats claim that raising taxes on the wealthy will hurt them in the election, despite studies showing that the vast majority of the American people believe the rich monopolize too much of society’s wealth and are taxed far too little.

The tax cut issue is driven by the December 31, 2010,

deadline for the expiration of the tax cuts enacted by a bipartisan vote of Congress in 2001, just months after George W. Bush entered the White House. In order to push the tax cuts through quickly, the Bush administration drafted legislation that awarded the tax cuts for nine years, then eliminated them in the tenth year. This meant the cuts could be portrayed as “temporary.”

The calculation at the time was that whichever party was in power in 2010, Congress would not allow the tax cuts to expire and would enact their extension, including the tax breaks benefiting the wealthy. That assumption is now being confirmed in practice.

President Obama, in a belated effort to strike a populist pose during the congressional election campaign, gave a series of speeches this month advocating extension of the tax cuts only for those below the \$250,000 line, 97 percent of all taxpayers. He denounced the Republicans for holding that tax cut “hostage,” while they insisted on extending the tax cuts for the wealthy as well.

Less than a month into this campaign, however, it has collapsed ignominiously, not because of Republican filibustering—there has been no vote in the Senate, procedural or otherwise—but because the Democratic caucus in the Senate could not agree on the substance or timing of a bill.

Several of the most conservative Democrats, including Ben Nelson of Nebraska and Joseph Lieberman of Connecticut, are in favor of extending the tax cuts for the wealthy.

Other Senate Democrats support a one- or two-year extension of all the tax cuts, essentially putting off the issue until the next Congress, which is likely to have a much larger group of Republicans who favor making the tax breaks for the wealthy permanent.

This stand was also endorsed by 31 House Democrats, who sent a public letter to Speaker Nancy Pelosi opposing any immediate tax increase on high-income households.

Senator Evan Bayh, a conservative Indiana Democrat who is retiring this year, said this outcome was the most probable. “I think it’s likely that we’ll get an extension for a year or two for higher earners,” he said.

A third group of Democrats wants to postpone any decision to a lame duck session of Congress after the November 2 vote. Assuming large Republican gains, as

most congressional Democrats do, this would mean dealing with the issue under conditions where both the Republicans and the corporate-controlled media would declare there was a voter “mandate” to extend the tax cuts for the wealthy.

In throwing in the towel on the issue, the Senate Democrats make an electoral victory for the ultra-right that much more likely. As one commentator noted, the cave-in “raised a political risk for Democrats that they would be seen as wavering on one of President Obama’s signature campaign promises and abandoning a fight that could have mobilized the party’s base ahead of the elections.”

House Speaker Pelosi suggested Friday that she might call up a tax bill for a vote next week, despite the Senate decision, in a last-ditch effort at sustaining the fraudulent political pose adopted by the White House. The House bill would follow the Obama prescription, extending the tax cuts for those under \$250,000 and allowing the tax cuts for the wealthy to expire.

The House Democrats had previously decided not to act until after the Senate, rather than pass a bill that could be portrayed as a tax increase, and then have it blocked by a filibuster. In order to avoid that outcome, Pelosi aides indicated that the tax bill would be called up under a procedure known as “suspension of the rules,” which requires a two-thirds vote for passage.

In other words, rather than passing the bill by the normal process, using her top-heavy majority of 255 to 178, Pelosi would deliberately adopt a procedure that ensures its defeat by the Republicans, but allows the Democrats to go on record in favor of extending tax cuts for the middle class.



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