

Democrats abandon plans to tax corporations and the wealthy

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With negotiations between congressional Democrats and the Biden White House approaching several deadlines, it seems increasingly likely that the budget reconciliation legislation under discussion will not raise the taxes of a single capitalist and will provide only the most minimal benefits for working people.

Despite the gargantuan figures thrown around in the media—\$3.5 trillion, \$2 trillion, \$1.5 trillion—the most significant figure appears to be zero, as in zero new taxes on the wealthy and the giant corporations. And given the insistence by a large number of right-wing Democrats, including President Joe Biden himself, that all spending in the bill must be “paid for,” zero tax increases on the wealthy will mean zero increased benefits for anyone else.

The collapse of Biden’s tax agenda is a remarkable exposure of who really calls the shots in America. The Democratic Party’s most popular promise during the 2020 election campaign was to repeal Donald Trump’s 2017 tax cut for corporations and wealthy individuals, which pumped \$1.7 trillion into the pockets of the super-rich.

Opinion polls regularly show that 80 percent or more of the American people believe—with ample reason—that the wealthy do not pay taxes, or pay at far lower rates than working people. Proposals for increasing the income tax rates for giant corporations and millionaires and billionaires attract similar support.

The latest debacle in the reconciliation talks came when Arizona Senator Kyrsten Sinema declared herself opposed to any increase in the income tax rates either for corporations or for wealthy individuals. Given that this is the central plank of Democratic Party tax policy, which Sinema had up until recently upheld, the reversal cannot be explained by an ultra-right or “libertarian” ideology.

Louisiana Democratic Senator John Breaux declared in 1981, “My vote can’t be bought, but it can be rented.” It appears that here, too, a right-wing Democrat’s vote has been secured, at least for now, through massive campaign contributions by big financial and pharmaceutical concerns. (In addition to suddenly opposing any tax rate increase for the wealthy, Sinema is also flatly against allowing Medicare to negotiate for lower drug prices, something that would surely benefit the large population of retired people in her state.)

The budget reconciliation bill is not subject to a filibuster under Senate rules, but needs all 50 Democratic votes, plus the tie-breaking vote of Vice President Kamala Harris, in order to pass, given the total opposition of the 50 Republicans to any tax increase on the rich.

Both Sinema and West Virginia Senator Joe Manchin have veto power over the legislation, but they have carried out a certain division of labor, effectively a tag team, where either one, but usually not both, objects to every tax proposal.

Thus Manchin supported an increase in tax rates on the wealthy and corporations, but Sinema blocked it. Then, with great fanfare, Senate Finance Committee Chair Ron Wyden unveiled his 107-page “Billionaire’s Income Tax” plan on Wednesday morning, offering it as a tax increase targeting the 700 richest Americans, affecting only those with more than \$100 million in income for three consecutive years.

The bill was immediately embraced by Sinema. However, within a few hours, Manchin denounced it as “divisive” and said he was adamantly opposed to it. “I don’t like the connotation that we’re targeting different people,” he said. People, he added, who “contributed to society” and “create a lot of jobs and invest a lot of

money and give a lot to philanthropic pursuits.”

This was, of course, not what Manchin said about the child tax credit, which provides \$250 per child. That, he insisted, should be means-tested and include work requirements—thus “targeting” mothers and other caregivers and forcing them to take low-paying jobs even if they could not afford childcare.

Manchin, with millions invested in the coal industry, cares nothing for the generally low-paid or unemployed workers in his home state of West Virginia, devastated by mine closures. But he is highly sensitive to the “targeting” of America’s wealthiest, including Tesla CEO Elon Musk, the world’s richest man, who denounced the tax on billionaires.

The billionaires’ income tax was a doubly cynical proposal, because it was likely to be tied up in court challenges by the “targeted” billionaires, who could afford to pay massive amounts to their lawyers to argue that it was an unconstitutional “wealth tax” and did not fall under the protection of the 16th Amendment, the basis of the present federal income tax.

Senator Wyden issued a statement Monday defending the billionaires’ tax against a court challenge. “Entire sections of the tax code are unconstitutional if this is unconstitutional,” he said. “I can’t imagine the Supreme Court wants to give the wealthiest people on earth billions in tax cuts, particularly at a time when so many Americans are losing faith in the Supreme Court.”

This is certainly in the running for the most bankrupt and stupid comment of the current congressional session. Not only does the Supreme Court invariably take the side of the wealthy against the working class, nearly all the justices seem to believe that one of the few legitimate purposes of government is to “give the wealthiest people on earth billions in tax cuts.” That is certainly the political platform of the Republican Party, which selected six of the nine justices.

The truth is that none of the Democrats expects a billionaires’ tax to collect a penny—only to serve as a populist cover for their failure to enact any significant social reform, despite controlling the House, the Senate and the White House.

Even if the tax were enacted, upheld by the courts and actually collected, it would hardly make a dent in the fortunes that have been amassed just since the onset of the COVID-19 pandemic. The top five billionaires

alone added \$370 billion in wealth since February 2020, according to Bloomberg News (owned by one of the top 10).

Musk himself made more on Monday alone, when the value of his Tesla stock shot up by \$36 billion after an order from Hertz for 100,000 electrical vehicles was announced, than the total amount he would have to pay under the billionaires’ tax.

The only tax policy change that had the support of both Sinema and Manchin is the most meaningless: a provision announced Tuesday for a 15 percent minimum tax on corporate earnings. The brainchild of Senator Elizabeth Warren, the corporate minimum is unlikely to affect the 200 large corporations that currently pay nothing, given that there already is a minimum income tax for individuals, which has been easily evaded by the super-rich.

Amazon billionaire Jeff Bezos, for example, earns no taxable income from his gargantuan fortune, taking a salary of only \$80,000 a year from Amazon and paying for his personal expenses by borrowing against his vast and increasing holdings of Amazon stock. This did not stop Congressional Progressive Caucus Chair Pramila Jayapal from giving her full backing to the corporate minimum tax.

Manchin killed another proposed revenue raiser, a proposal to require banks to share information about tax-dodging customers with the Internal Revenue Service (IRS), telling The Economic Club of Washington D.C., “I think that one’s going to be gone.”

These sordid maneuvers are being carried out with the sanction of the Biden White House. Biden invited Manchin to his Wilmington, Delaware, home over the weekend for a breakfast discussion of the budget bill. Both Manchin and Sinema visited the White House Tuesday evening for further talks.



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