

# Democrats gut provisions in “climate” bill to raise taxes on hedge funds, corporations

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In a shameless display of subservience to the corporate-financial oligarchy, the Biden White House and Democratic leadership in the Senate agreed on Thursday to gut provisions in their climate and tax bill that would modestly raise taxes on multibillion-dollar corporations and hedge fund billionaires.

Senate Majority Leader Chuck Schumer (D-NY), otherwise known as the “senator from Wall Street,” announced a deal with Arizona Democrat Kyrsten Sinema to drop a provision ending the infamous “carried interest” loophole, which allows hedge fund and private equity managers to pay federal taxes on their income at the capital gains rate, which is almost 50 percent lower than the normal rate for very high earners.

The provision would have affected only a relative handful of billionaires, raising an estimated \$14 billion in tax revenues over 10 years.

The Democratic leadership further agreed to slash the scope of its proposed 15 percent minimum tax on corporations worth more than a billion dollars so as to virtually exclude large manufacturing companies. This was despite the fact that only hours before Schumer and Kyrsten announced their deal, the Senate Finance Committee released data from the Joint Committee on Taxation showing that up to 125 billion-dollar companies averaged a mere 1.1 percent effective tax rate in 2019.

Sinema had been the last Democratic holdout on the so-called Inflation Reduction Act, announced last week after Schumer and West Virginia Senator Joe Manchin agreed to a drastically reduced version of President Joe Biden’s “Build Back Better” package of climate, tax and social measures.

Biden and the Democrats are seeking to get the bill approved by the evenly divided Senate through the budget reconciliation process, which requires a mere majority vote and blocks a filibuster by the Republicans, who will vote unanimously against the bill. That means every

Senate Democrat must vote for the measure, in which case Vice President Kamala Harris, as president of the Senate, will cast the tie-breaking vote.

The Biden administration—increasingly discredited as a result of its COVID-19 mass infection policies, its proxy war against Russia in Ukraine, its refusal to hold to account Trump and his fellow coup plotters and its efforts to impoverish workers through record inflation—is facing collapsing poll numbers and the prospect of a Republican takeover of one or both houses of Congress in the November midterm elections.

It is desperate to register a legislative “win,” and is cynically presenting its deal with Manchin as a breakthrough for the environment, for reduced prescription drug prices and for tax fairness. It is none of these things.

Last year, Manchin, a coal company multimillionaire, blocked various iterations of Biden’s domestic policy package—which shrank from some \$6 trillion to \$3.5 trillion and finally \$1.75 trillion—due to its restrictions on the fossil fuel industry and Manchin’s right-wing opposition to any expansion of social welfare measures.

The new bill, fraudulently presented as an anti-climate change measure, not only fails to rein in corporate coal, oil and gas polluters, it dramatically expands federal government leasing of onshore and offshore territories to oil and gas producers, extending offshore drilling from the Gulf of Mexico to the waters off of Alaska.

In an article published on July 29 titled “Climate Bill is a Boon for Fossil-Fuel Sector,” the *Wall Street Journal* quoted Shell CEO Ben van Beurden as hailing the bill, saying, “The world needs new oil and gas to come on stream.”

Part of the deal between Manchin and Schumer is an agreement, endorsed by Biden and House Speaker Nancy Pelosi, to vote on a separate bill in the fall that would make it easier for developers to override environmental

objections when building pipelines, natural gas export facilities and other energy infrastructure. Manchin has a direct interest in such a far-reaching gutting of environmental oversight since he is promoting the Mountain Valley gas pipeline between West Virginia and Virginia in the face of continuing protests by environmental groups and small landowners in the region.

Brett Hartl, government affairs director at the Center for Biological Diversity, called the bill a “climate suicide pact.”

Manchin is a shill for Big Oil and Gas. He is the biggest recipient in the Senate of campaign cash from the fossil fuel industry. According to the OpenSecrets tracker, he collected \$886,917 from the oil and gas industry between 2017 and 2022. Between July and October of 2021, when Manchin was the main Democratic opponent of Biden’s Build Back Better agenda, he raised \$400,000 from fossil fuel interests, even though he is not running for reelection in 2022 since his current term extends to 2024.

Evidently, in the corrupt environs of the capitalist two-party system, Manchin’s personal fortune in the coal and gas business and his payoffs from Big Oil qualify him to chair the Senate Energy and Natural Resources Committee, which he has led since 2021. During the Trump administration, Manchin voted with Trump’s positions more than half the time, according to FiveThirtyEight.

Sinema’s services to the American oligarchy center on her shilling for the hedge fund and private equity parasites. She is the top recipient of campaign cash from the investment industry, having taken in \$2.2 million from 2017 to 2022, according to OpenSecrets.

“We have agreed to remove the carried interest tax provision, protect advanced manufacturing, and boost our clean energy economy in the Senate’s budget reconciliation legislation,” Sinema said in a statement issued on Thursday.

If she were speaking truthfully, she would have said: “We have agreed to retain the multibillion-dollar tax loophole for hedge fund speculators, shield major manufacturers from paying federal taxes, and hand hundreds of billions in tax credits to the renewable energy industry while imposing no penalties on greenhouse gas-belching fossil fuel companies.”

CNN reported on Thursday that Sinema held a private call earlier in the week with the Arizona Chamber of Commerce and the National Association of Manufacturers, who urged Sinema to demand a change in the corporate minimum tax provision in the bill.

Arizona Chamber of Commerce President Danny Seiden told CNN that he made clear the business community’s opposition to the provision, saying it would impact manufacturers that take advantage of an accelerated depreciation tax deduction that slashes their tax burden.

“Is this written in a way that’s bad?” Sinema asked, according to Seiden. There can be little doubt who drafted the rewrite of the provision.

As for the supposed social benefits of the bill, whose total cost is estimated at \$433 billion over 10 years (compared to the bipartisan defense budget of over \$800 billion this year alone), they amount to a three-year extension of existing Affordable Care Act subsidies and the ability of Medicare to negotiate prices for a relatively small number of prescription drugs. All of the substantive social measures in Biden’s Build Back Better bills have been eliminated, such as extended child tax credits, child and elder care subsidies, paid sick and family leave, housing aid, universal prekindergarten, and Medicare expansion to cover dental, vision and hearing.

If the Senate parliamentarian rules that the bill’s provisions meet the requirements of the budget reconciliation process, which is by no means a sure thing, Schumer plans to hold a procedural vote on the measure on Saturday, August 6. This will be followed by a floor debate and a barrage of amendments under the so-called “vote-a-rama” procedure.

The Republicans will propose far-right anti-immigration measures and other fascistic nostrums in order to stall a final vote. Bernie Sanders will propose tougher measures to tax the corporations in yet another exercise in demagoguery, knowing his amendments will be rejected and having already announced that he will vote for the administration’s pro-business bill in the end.

The Democrats hope to obtain passage before Congress’ summer recess, scheduled to begin Monday, August 8.



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