

After Democrats cave in to spending cuts

## Senate agrees to pass reduced version of Obama “stimulus” plan

By Patrick Martin  
7 February 2009

The Obama administration reached a tentative agreement Friday with a group of Senate Republicans and conservative Democrats to cut the planned economic stimulus package by tens of billions of dollars, paving the way for the Senate's passage of the legislation over the weekend. Floor debate began Friday evening on a measure to cut \$110 billion in spending from the bill, reducing the measure to a total of \$780 billion.

The nature of the "compromise" agreement is best illustrated by considering the political physiognomy of the five senators who negotiated it. They include three Republicans—Susan Collins and Olympia Snowe of Maine and Arlen Specter of Pennsylvania—Senator Ben Nelson of Nebraska, the most conservative member of the Democratic caucus, and independent Joseph Lieberman of Connecticut, an all-out supporter of the war in Iraq who was one of the most vitriolic supporters of defeated Republican presidential candidate John McCain in the 2008 elections.

The final deal was reached in face-to-face talks between Collins and Specter, speaking for the group of five, Senate Majority Leader Harry Reid and White House chief of staff Rahm Emanuel. The Senate Democratic caucus then approved the package Friday evening.

The House passed its version of the bill, an \$819 billion measure, on January 29. The Senate version grew during the week to just over \$900 billion, largely through the addition of tax cuts which the White House and congressional Democrats hoped—in vain—would attract Republican support. For example, Senator Charles Grassley of Iowa, the ranking Republican on the Senate Finance Committee, added a \$70 billion tax cut to insulate upper-middle-income families from the effects of the Alternative Minimum Tax. But Grassley nonetheless continued to oppose the resulting bill.

The intervention of the group headed by Collins and Nelson had the effect of shrinking spending to offset the added tax cuts, so that the resulting bill is relatively close to the total approved by the House, although differently composed. While few details of their substitute bill have been made public, education programs bore the brunt of the reductions, including \$40 billion cut from a "stabilization" fund to aid state-administered K-12 schools, and \$15 billion cut from a proposed expansion of special education and Head Start pre-kindergarten programs, as well as funds to implement testing mandated by the No Child Left Behind law.

The \$780 billion figure seems to reflect a political imperative that the "stimulus" plan should be at least slightly larger than the \$700 billion approved by Congress last fall to bail out the financial system. Otherwise both parties would face the prospect of public criticism that they were devoting more federal resources to rescuing the banks than to relieving the economic distress of the entire American population. (In fact, the bank bailout is far larger than the portion of the stimulus plan that will actually reach the unemployed—much of that legislation consists of tax cuts and business subsidies.)

The timing of the agreement was driven by the need of the White House to have the stimulus package nearing approval before next week's planned announcement of the next stage in the bank rescue, one which is expected to take the handouts to Wall Street far above the \$1 trillion mark.

Friday's shaky agreement depends on at least two Senate Republicans—Collins and Specter, as Snowe declared herself still "uncommitted"—joining all 56 Democrats and two independents who vote with the Democrats to provide the 60-vote margin required to prevent a Republican filibuster.

Senator Edward Kennedy of Massachusetts, who has been away from Capitol Hill since suffering a seizure January 20 and is receiving treatment for a brain tumor, was reported to be returning to Washington Friday evening because of the likelihood that he would have to cast the deciding vote.

If the bill does pass the Senate, a House-Senate conference committee would meet next week to work out a joint version, which could provide even less social spending than the Senate bill, rather than splitting the difference. A group of 48 conservative Democratic congressmen, the so-called Blue Dogs, sent a letter to House Speaker Nancy Pelosi Thursday, calling for further cuts in spending in any final bill, even though 37 of the congressmen who signed the letter actually voted for passage of the House version. The letter hailed the Senate for a "bipartisan effort to pare further spending" from the stimulus bill, calling this "a highly worthwhile goal."

Republican senators who took the floor during the week's debate on the stimulus bill vented a near-hysterical opposition to any increase in government spending to alleviate the impact of the economic crisis on millions of working people. John McCain of Arizona, the defeated Republican presidential candidate, spoke Friday to argue that the private sector, not the federal government, should be the basis of economic recovery. "It's the reason we don't have socialism in this country," he declared.

McCain offered a substitute bill that would have eliminated every penny of increased spending for unemployment compensation, health care and cash support to near-bankrupt state governments, in favor of \$445 billion in tax cuts, much of which would go to the wealthy. Another right-wing Republican, James DeMint of South Carolina, proposed an amendment that would extend indefinitely the 2001 Bush tax cuts for the wealthy, now set to expire at the end of 2010.

In the face of this intransigence, the approach of the Obama White House and the congressional Democratic leadership was to conciliate. Obama met repeatedly with the handful of right-wing Republican and Democratic senators who engineered the eventual compromise. While making occasional verbal sallies at his Republican opponents, citing his election victory only three months ago, he never dropped the posture of pleading for bipartisan support.

The five days of floor debate and backroom negotiations on the stimulus bill thus highlighted a basic difference between the two parties. Both are political instruments of the financial aristocracy, but the

Republicans are the open advocates of big business. The Democrats pretend to defend the interests of the working people, while in practice serving the same corporate elite. This double-dealing role of the Democrats is expressed in their habitual spinelessness and insincerity.

In an opposition role, the Republicans conduct themselves intransigently, while the Democrats bow and scrape, beg for "bipartisanship," and end up looking like the weaker party even when possessed, as now, of a sizeable majority.

With a Democrat in the White House, the Republican minority in Congress today attacks and blocks administration legislation, using every available parliamentary device, like the filibuster. When they were a majority in Congress, the Republicans even impeached a twice-elected president, Democrat Bill Clinton, on trumped-up charges.

The Democrats, by contrast, never availed themselves of the full powers of the legislature when, against their own expectations, they won a congressional majority in 2006. House Speaker Nancy Pelosi ruled out impeachment hearings over Bush's illegal wars, spying on Americans, and countless violations of the Constitution. The Democrats would neither vote down nor filibuster the stream of "emergency" bills to continue the funding of the wars in Iraq and Afghanistan.

The Republicans, despite their overwhelming repudiation at the polls only four months ago, have no compunctions about threatening a filibuster in the Senate against an emergency stimulus bill, under conditions of the worst economic crisis since the Great Depression, one which is driving up the jobless toll by better than half a million a month.

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