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Don't Eat the Rich, President Obama

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WASHINGTON (TheStreet) -- Keeping the Bush tax cuts from expiring at the end of the year would be both good policy and good politics for President Barack Obama.

If he wants to avoid a double-dip recession, fend off double-digit unemployment and retain a Democratic majority in at least one house of Congress, the president needs to embrace tax policy focused on the political center. He can throw out a little populist red meat to his demoralized base, but he'd better not taunt the middle-class Tea Party monster ready to devour left-liberal congressmen. The president can skewer Wall Street, but not eat the rich.

There may be a good time to raise taxes on the super-wealthy, but Dec. 31, 2010, when the Bush tax cuts expire, sure as hell isn't one of them. Obama's market-savvy fellow Democrat and Senate Budget Committee Chairman Kent Conrad (D, N.D.) acknowledges that. Treasury Secretary Tim Geithner understands it, even if he can't say it. Job-producing investment demands it.

Anybody with a lick of political economic sense knows the Great Recession was not caused by low tax rates. It was the mortgage meltdown, stupid! Housing-bust-driven loss of home equity and mutual-fund retirement savings are the caffeine that stimulated the aging Baby Boomer, vote-rich, amorphous Tea Party.

If Obama and congressional Democrats believe they can seduce independents by defining the rich as individuals and couples with incomes of over $200,000 and $250,000, they are using a stimulant stronger than that found in either conservative tea or liberal lattes. Upper-middle class, home-owning taxpayers are the motivated voters in this mid-term election, just as Clinton-hating Christian-and-economic conservatives were the righteous army in 1994 that overturned decades of Democratic control of the House. Recall the part health-care "reform" played in defining the Clintons as the Gingrich Revolution's enemy that year. The religious right was populated with economic conservatives, not just those who hated the sex, drugs and rock 'n roll lifestyle they imagined were embodied by Bill and Hillary Rodham Clinton.

Some Beltway Democrats think they can inspire their working-class base by beating up on those $250,000 rich couples. That's an aging Democratic populist political consultant's hallucination. The most reliable voters in the Democratic base are not the declining number of union members who can be rolled out by the AFL-CIO political action committee. Just look at not-so-big labor's disastrous wasting of members' dues trying to oust Sen. Blanche Lincoln in the Arkansas Democratic primary this year. The Democratic base is increasingly the well-heeled Baby Boomers, more moved by Obama's elective war in Afghanistan and failure to move faster on the liberal and libertarian cultural agenda than they are with the rich not being taxed more.

So what are the smart political and policy options for Obama and congressional Democrats? Pretty simple. Aim liberal demagogic fire not at The Rich, but against those "greedy Wall Street bankers who destroyed our economy ... blah, blah, blah" (you guys are tough enough to take the flak) while quietly giving Republicans enough Blue Dog Democrat votes to extend the tax cuts. On the flip side, House Republican Leader John Boehner and his band of free marketeers should restrain themselves and avoid dumb rhetoric that sounds like they believe the only good marginal tax rate is zero.

Full disclosure here. Our present president lost much of the love of this libertarian Democrat (about six of us) with his Lyndon W. Obama war in Afghanistan and his consultant-driven health-care "reform." I am not here to help a politician, but to add my small voice to others who want to keep us from driving over a tax-policy cliff. Some of us who just read, write and teach for a living have the luxury of sitting on the sidelines, asking the best of our politicians. At 63, I'd just like to have enough to semi-retire, without burdening my political-journalism students and their children in my old age.