

Fiscal Cliff Reality

By [Stephen Lendman](#)

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Political Washington theater continues. Republicans and Democrats agreed years ago to erode America's social contract en route to eliminating it altogether.

Crisis conditions create opportunities. Former White House chief of staff, Rahm Emanuel, explained.

"You never want to let a serious crisis go to waste," he said. "What I mean by that is that's an opportunity to do things you couldn't do before."

He didn't mean populist ones. He had harsh neoliberal ones in mind. They're institutionalized. Ordinary people and America's most disadvantaged suffer most. The worst is yet to come.

Both sides agree. They're on board to give bankers, warmakers, other corporate favorites, and super-rich elites a bigger piece of the pie. Getting it depends on stealing it from most others. It's happening in real time. Grand larceny writ large looms.

Washington scoundrels also want more money for corporate America, for super-rich elites, to militarize space, fund America's imperium, and wage global wars on humanity. Fiscal cliff hype hides their real agenda. It's hugely ugly, destructive and repressive.

So-called negotiations, headlines, and hype are noise. Both sides will choose their time, place, and explanations to announce final deal terms.

December 31/January 1 are fictitious deadlines. Cuts can come any time. They can be made retroactive to yearend. One deadline alone matters.

On March 27, America runs out of money. It's when debt ceiling limit is reached. US law requires Congress authorize borrowing amounts to fund federal programs.

Doing it means raising the ceiling by late March or sooner. Agreement in principle is baked in the cake. Announcement can come anytime before March 27. Expect details to be finalized along the way.

Corporate approval sealed a done deal. Promised tax cuts bought support. Neither side of the aisle dares disagree. Pre-holiday headlines conceal more than they reveal.

"Boehner Cancels Tax Vote in Face of GOP revolt," said the [New York Times](#). The [Washington Post](#) headlined "Boehner abandons plan to avoid 'fiscal cliff.'" "

"Boehner's 'Plan B' Collapses," said the [Wall Street Journal](#). Claiming rebellion in Republican

ranks is nonsense. Worse still are hyped fears about tumbling over the fiscal cliff.

Brinksmanship is for show and headlines. The Congressional Budget Office (CBO) estimates a 4% GDP hit without agreement by both sides.

Cancelling Thursday's vote was tactical. Both sides remain on board in principle. Agreement in some form can come post-Christmas, post-New Year's or later. March 27 is the only deadline that matters. Expect no problem reaching it in time.

Why act now when doing so looks like capitulation. Toughmindedness keeps party faithful loyal. As long as corporate bosses remain on board, resolution will come in time to avoid trouble.

Fiscal cliff hype is political and media scoundrel deception. In reality, no short-term apocalyptic times loom. Suggesting it is doublespeak duplicity. Scare headlines comes at the expense of reality.

Most people don't understand so they believe them. They'd know otherwise if they relied on legitimate alternative sources for news, information and analysis.

Media scoundrels avoid it. They and politicians thrive on deception. It's prioritized to pursue policies benefitting America's 1% at the expense of all others.

In its November 2012 report, the CBO estimated a \$503 billion 2013 economic hit if tax cuts expire and spending cuts become effective January 1. Another \$682 billion will follow in 2014.

Only \$85 billion in 2013 represents spending cuts. It amounts to \$20+ billion per quarter. It's matters little in a \$15 trillion economy. In 2013, it's expected to exceed \$16 trillion.

The other \$418 billion represents expiring Bush era tax cuts and ending the 2% payroll tax holiday.

Imposing it was a stealth scheme to drain hundreds of billions from the Social Security Trust Fund. Doing so irreparably weakens its ability to pay future benefits.

Assuring it or creating that impression remain policy. At issue is wrecking the program. Privatizing may come first. Medicare and public pensions face similar threats. So do Medicaid, education, food stamps, and other social safety net protections by other means.

Dark forces never rest. Their bottom line is thirdworldizing America. They're on track toward doing it.

Increasing or cutting taxes have little economic effect. Mainstream economists understand but don't explain. Nor do media scoundrels. They prefer scare tactic headlines.

Productive economic investment matters most. Job creation relies on it. Incomes are generated. When people have money they spend it.

Tax cuts corporations got were hoarded. Corporate America has \$2 trillion stashed away. It's largely not invested. Throughout 2012, business investment declined.

Other amounts are used for stock buybacks, acquisitions, dividends, offshore activities, and speculation.

It bears repeating. Fiscal cliff hype is nonsense. What matters is how what's planned affects economic activity in 2013 and longer-term.

Harming it domestically will be exacerbated by rapidly declining global manufacturing, trade and exports. Economist David Rosenberg worries about a troublesome "sea of uncertainty."

Major global debt imbalances aren't resolved. The world is awash in excess labor and product markets capacity. Without business investment, growth isn't possible. Decline continues.

Force-fed austerity exacerbates it. It's counterproductive when stimulus is needed. At the same time, money printing madness creates the illusion of prosperity or efforts made to restore it.

Bernanke committed to fund America's growing deficits. He'll buy half of new government debt issuance next year. Interest rates will stay near zero.

Expect this madness to work until it doesn't. The fullness of time will explain when. When day of reckoning time arrives, the mighty will tumble with others.

The entire financial system may crash. Crisis conditions may exceed the worst of 2008. Harder than ever times may follow. They'll likely persist long-term.

It's hard imagine prospects this grave aren't addressed responsibly. It should have been done years earlier. Doing it now is key. Instead, politicians in league with corporate bosses want maximum shorter-term gains at the expense of letting the devil take the hindmost.

In 2013, greater economic drag will deepen. Expect it to continue in 2014. It'll persist longer-term. That threat is real. Fiscal cliff hype is fake.

Deal terms will be announced. Whether this year or early next doesn't matter. Bipartisan agreement assures harder than ever hard times. Political solutions exacerbate real problems.

Instead of addressing them responsibly, they'll persist. Ordinary people will be hardest hit. America's social contract will be shredded. That's what fiscal cliff hype is all about.

Stephen Lendman lives in Chicago and can be reached at lendmanstephen@sbcglobal.net.

His new book is titled "Banker Occupation: Waging Financial War on Humanity."

<http://www.claritypress.com/LendmanII.html>

Visit his blog site at sjlendman.blogspot.com and listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network Thursdays at 10AM US Central time and Saturdays and Sundays at noon. All programs are archived for easy listening.

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About the author:

Stephen Lendman lives in Chicago. He can be reached at lendmanstephen@sbcglobal.net. His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III."

<http://www.claritypress.com/LendmanIII.html> Visit his blog site at sjlendman.blogspot.com. Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.

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