

# The Fiscal Cliff, A Self-Created Bi-Partisan Drama. The Need to Mobilize Resistance

Politics as Usual Doesn't Work: Obama, Boehner and Pelosi Plan More Theft Under the Guise of the Fiscal Cliff

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*The fiscal cliff is a self-created [bi-partisan drama](#) that demonstrates the failure of traditional politics and the need for mobilized resistance and a new independent political movement. The mass media and operatives from the Democratic and Republican parties have raised all sorts of imagined fears to provide cover to unnecessary cuts to health, retirement and social programs, while marginally increasing taxes on the wealthiest. But watch out, this is really only the set-up for the payback to big business interests that bankrolled the 2012 elections.*

President Obama is on track to be the first Democratic president to [cut Social Security benefits](#) at a time when pensions are disappearing and it is the primary source of income for elderly Americans. Social Security does not add to the deficit as it has a \$2.7 trillion surplus, expected to rise to \$3.7 trillion [according to the Social Security Trustees](#). Cuts to Medicare and Medicaid are also on the table; [no doubt other safety net programs will also be cut](#).

While Democrats like to blame Speaker Boehner, and he and the Republicans deserve their share of bi-partisan blame, Democratic leader Nancy Pelosi is cheering on the retirement cuts [saying they would "strengthen" the program](#). Pelosi, who keeps [her leadership by raising millions](#) from the wealthy has [raised \\$328 million since becoming leader including \\$85 million in the 2012](#), seems out of touch with how [retired Americans teeter on the verge of poverty](#). In fact, while Social Security [keeps 21 million out of poverty](#), the [Census Bureau reports](#) that in the last decade there has been a 78% increase in Americans over 60 facing the threat of hunger and one in six seniors live in poverty. The [Social Security Administration](#) reports projected poverty rates are quite sensitive to the assumption that benefits are not further reduced. The proposal made by Obama and endorsed by Pelosi (and [other leading 'progressive' Democrats](#)) as strengthening [would noticeably reduce benefits of retirees](#) – a person who retired at 65 in 2000, if they live to 92 will have one month cut annually as a result.

The bi-partisanship of Washington, DC has also taken military cuts off the table. In fact, while the Congress, president and media elite were fretting over the deficit both Houses passed [the \\$633 billion NDAA](#) with super bi-partisan majorities, a vote of 315 to 107 in the House; 81 to 14 in the Senate. The reality is the Pentagon is so over-budgeted that many [retired generals and admirals are calling for military cuts](#). There is a lot of waste in the Pentagon, much of it [quite embarrassing](#) in a time of economic collapse and austerity. The reality is when 6 out of 10 discretionary federal dollars are spent on the military and national security, the U.S. will not be able to provide the resources for a new economy or meet the necessities of the people.

When it comes to taxing the wealthy bi-partisanship in DC prevents progressive taxation. President Obama said shortly after his election that [he will not compromise](#) on increasing taxes on the top 2%. But, now he has compromised and the tax increase on the wealthy will be only on the top 1%. The increase will at most be to a top rate of 39%, when [in the 1940s and 50s](#) the wealthiest paid as much as 92% and in the 60s and 70s, paid at a 70% rate. [Recent research shows](#) a top tax rate of 83% on the wealthiest would be the optimum for the economy.

But it is not only a progressive income tax that has bi-partisan opposition; it is bi-partisan support for a reduction in corporate tax rates. Along with his offer to cut Social Security payments President [Obama proposed](#) fast-track procedures to help Congressional tax writers overhaul the individual and corporate tax code. Fast-track is a way to push controversial and unpopular measures through Congress with no hearings, amendments or lengthy debate.

The goal of cutting corporate taxes and protecting money hidden away overseas has been evident in the work of the [Fix the Debt campaign](#) made up of more than 80 CEO's of America's most powerful corporations and biggest campaign donors which has raised \$60 million to lobby for a debt deal that would reduce corporate taxes and shift costs onto the poor and elderly.

As economist [Jack Rasmus writes](#) the fiscal cliff deficit reduction is “a prerequisite for what they really want—a cut in the corporate tax rate, understandings on non-enforcement of the foreign profits tax, and further incentives—all of which Obama (and Romney) promised in the recent elections. Obama is on record during the elections, and well before, in favor of cutting the top corporate tax rate from 35% to 28%—i.e. where it was during the Reagan period.”

In fact, everything being talked about in the choreographed negotiations is items President Obama has shown repeated support for. His [deficit commission, Simpson-Bowles](#) called for cuts to Social Security, Medicare, Medicaid and social programs. The [grand bargain Obama offered](#) to Speaker Boehner before the elections included all of these cuts and more, including to veteran health care and retirement, college financial support and food assistance. And, during the campaign [Obama said that he agreed with Romney on Social Security](#).

The bi-partisan deficit cutters are so focused on reducing corporate taxes and helping their donors that they will do great damage to the economy. As [350 economists wrote](#): “As Great Britain, Ireland, Spain and Greece have shown, inflicting austerity on a weak economy leads to deeper recession, rising unemployment and increasing misery. In a deep recession, deficit reduction is a moving target. If you cut spending and consumer purchasing power in an already depressed economy, unemployment rises and revenues fall — and the goal of a smaller deficit keeps receding like a mirage in a desert. When private purchasing power is depressed by the aftermath of a financial collapse, only public investment can make up the gap.”

Not all business leaders put their personal gain ahead of what is best for the country. The American Sustainable Business Council, Business for Shared Prosperity and the Main Street Alliance have [called on Congress and the President to close corporate tax haven loopholes](#) costing the U.S. Treasury \$100 billion a year and raise corporate tax revenues above today's

historically low levels. They note corporate taxes accounted for less than 8% of federal tax revenues – way down from 32% in 1952.

“With corporate profits at a 50-year high and corporate taxes as a share of the economy at a 50-year low, now is not the time to lock in low corporate taxes,” said Joseph Magid, president of Gryphon Systems, a management consulting company in Wynnewood, PA. “Our country cannot afford to keep giving tax breaks and loopholes to giant corporations at the expense of smaller businesses. Highly profitable U.S. multinationals should pay their fair share.”

Most Americans [know how to fix the economy](#); it is just elected leaders who are blinded by campaign donation corruption who cannot see the obvious. By a super majority of 62% to 30% Americans believe that growing the economy, not reducing the deficit should be the priority. By huge majorities they support taxes on the wealthy, 70% support a plan that raises taxes on the top 2%; 63% oppose taxing investor income at lower rates than worker’s wages; 75% support a plan to create a higher tax bracket for millionaires and 67% find lower taxes on corporations or the rich unacceptable. And, 62% do not want Social Security benefits cut and 79% do not want seniors paying more for health care. But the views of Americans are off the table in our *representative* democracy.

During the Occupation of Washington, DC at Freedom Plaza we held hearings on the deficit and [found that we could create jobs, reduce the wealth divide and control spending](#) by putting in place a progressive tax system with a proven history of working, cutting military spending and investing to getting the economy going. All of this was based on evidence-based solutions supported by majorities of Americans, economists and others. But, empirical evidence is off the table in bi-partisan Washington, DC.

Ours is not the only plan, there are many ways to reduce the deficit, create jobs and get the economy moving. See, e.g. [8 Deficit Reducers That Are More Ethical — And More Effective — Than the “Chained CPI”](#); [Rein in the Rich: How Higher Taxes Could Lift the Economy](#), [Republican and Democratic “Remedies” Ensure More Crises, but Alternatives That Work Are Taboo](#), Green presidential candidate, Jill Stein has put forward a [Green New Deal](#) and the Economic Policy Institute has put forward.

Navigating [the fiscal obstacle course: Supporting job creation with savings from ending the upper-income Bush-era tax cuts](#). All of these approaches are more consistent with what the American people want than what Obama, Boehner and Pelosi, are discussing.

The fiscal cliff shows how out of step elected officials in Washington, DC are; how they ignore what the people want and what the evidence says is needed. Their focus on providing their campaign donors with even more wealth at the expense of the economy and the people is evident. The only way we will tax the wealthy and corporations; stop cuts to Social Security, health care and social programs is for Americans to mobilize in revolt. Traditional politics does not work; the people must find a new path – the creation of an independent political movement – to create the transformations needed in the United States.

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