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Cover Story
The Worst Didn't Happen;
Now another Danger Lurks
Left Margin
By Carl Bloice
BC Editorial Board

"Keep in mind that these folks spent millions and millions of dollars - and played just as many dirty tricks - to defeat Obama and a host of other Democratic candidates, and that money wasn't spent, nor were those dirty tricks played, in the hope that Republicans might emerge victorious," wrote Detroit Monster on *The Black Liberal Boomer Blog* on the eve of the vote. "This was an all-out, go-for-broke campaign that was not supposed to lose. They had successfully cleared the decks in 2010 to make way for a flood of rightwing Tea Party affiliated candidates, they had engaged in massive demonstrations of voter suppression right up to the day of the vote, they had a bought-and-paid-for Supreme Court majority who had handed a stolen presidency to George W. Bush in 2000 come to the rescue once again when they gave the thumbs-up to Citizens United, enabling super wealthy individuals and the corporations who love them to swallow America whole."

Alas, for the most part it didn't come to pass. The divisiveness, the smears, the racism, the attempted voter suppression, the obscurantism, and outright lying didn't work. The reactionary rightwing suffered a clear setback and for that the nation and the world can be thankful.

But danger lurks from another quarter.

The "bipartisan" financial elite has always been determined to get its way no matter who was headed for the White House next year. While the nation has been preoccupied with who would run the government for the next four years, the austerity lobby has been quietly mobilizing its forces. It has been augmented by powerful corporate interests who are prepared to spend as much as \$100 million on a campaign to make the 99 percent of us pay the major costs of overcoming capitalism's latest crisis. They are intent on making sure that the greatest sacrifices are borne by working people, retirees and the poor.

This is how it goes down.

If a proposal to undermine Social Security, Medicare and Medicaid comes before the new Congress, all the members of that body will have to show where they stand. Although it will be easier now that the election is over, that will still be a political problem. And so, under the banner of "deficit reduction," and a threatened "fiscal cliff," a drive is underway to cut a backroom legislative deal. When the secret horse-trading is over, a package will be presented for approval and for which no one will take responsibility for any of its individual parts. It's called a "grand bargain."

The people of the country do not want to reduce the economic security and well being of seniors, or to sharply reduce healthcare provisions for low-income people and the disabled. That's why the matter was never debated during the campaign. Now the thinking is that this can be accomplished between the "lame duck" period now and when the new Congress convenes January 3.

It's a strange view of democracy, wherein if you can't get enough of the peoples' elected representatives to approve of something, you extort it out in a backroom somewhere in Washington. Of course, it's all justified in the name of "bi-partisanship" and "compromise."

"Poll after poll has shown that the public rejects the millionaire-oriented, tax-cutting, government-slashing austerity plan known as "Simpson Bowles," Richard (RJ) Eskow of the Campaign For America's Future, wrote last week. "And yet politicians in both parties keep trying to force it through the legislative process under the banner of a 'Grand Bargain.' Word is they're going to

try again, either during the lame-duck session or when the new Congress convenes in January.”

Brace yourself for one of the most aggressive corporate lobbying campaigns of all time,” Sarah Anderson and Scott Klinger wrote on *AlterNet.org* October 26. “And one of the most hypocritical.”

On October 4, *Financial Times* economic writer, Gillian Tett, wrote that sometime last year she heard Erskine Bowles, “the wisecracking Democrat who has campaigned for bipartisan fiscal reform, throw down a gauntlet to American business.” Speaking to an audience of corporate executives, at Harvard Business School, she wrote, he had “begged them to support his efforts to forge a practical deal - and argued that this corporate voice was crucial to breaking Washington gridlock.” Tett rued the fact that, as she put it, “the appeal fell on deaf ears; chief executives have been missing in action (MIA) - or missing from the political fiscal action - in the past year.”

“But could this finally be about to change?” wrote Tett because “a quiet new initiative has recently got under way to co-opt those MIA corporate leaders into the fiscal fight.”

“Most notably, under the framework of a group known as The Committee for a Responsible Federal Budget - led by people such as Maya MacGuineas with the spiritual leadership of Mr. Bowles and Alan Simpson - Washington and Wall Street players are trying to persuade those CEOs to support a campaign for bipartisan action,” wrote Tett. “So far, about 100 CEOs have signed up, including Jamie Dimon (of JPMorgan), Lloyd Blankfein (of Goldman Sachs), Jeff Immelt (of General Electric), and Mr. Cote himself.”

“The group has raised more than \$30m, and expects to raise more, to fund lobbying and public debate, via conferences, advertisements and social media (Mr. Bowles, as it happens, is on the Facebook board.),” reported Tett. (The mogul list also includes Steve Ballmer of Microsoft).

According to Tett, between now and the end of the year, this big business will advocate a “preliminary deal” to get past the so-called “fiscal cliff”, and then, in the first six months of next year, they will launch “a serious drive to hammer out a grandiose

fiscal plan." By this time, she suggests, it will be easier to strike a bargain since none of the bargainers will be up for re-election.

This big business super lobby is proceeding under the slogan "Fix the Debt".

"This is yet another project supported by Wall Street investment banker Peter Peterson," wrote economist Dean Baker. "For the last two decades Peterson has used his fortune to bankroll a number of organizations that were ostensibly pushing fiscal responsibility, but always had the same punch line: cut Social Security and Medicare."

"The irony is that CEOs in the coalition's leadership have been major contributors to the national debt they now claim to know how to fix," wrote Anderson and Klinger. "These are guys who've mastered every tax-dodging trick in the book. And now that they've boosted their corporate profits by draining the public treasury, how do they propose we put our fiscal house back in order? By squeezing programs for the poor and elderly, including Social Security, Medicare, and Medicaid."

"There really is no shame," commented Bernie Sanders (Ind-Vt). "The Wall Street leaders whose recklessness and illegal behavior caused this terrible recession are now lecturing the American people on the need for courage to deal with the nation's finances and deficit crisis. Before telling us why we should cut Social Security, Medicare and other vitally important programs, these CEOs might want to take a hard look at their responsibility for causing the deficit and this terrible recession."

"Our Wall Street friends might also want to show some courage of their own by suggesting that the wealthiest people in this country, like them, start paying their fair share of taxes" continued Sanders. "They might work to end the outrageous corporate loopholes, tax havens and outsourcing provisions that their lobbyists have littered throughout the tax code - contributing greatly to our deficit."

A clear indication that the big business operatives have been gearing up for a big campaign was the appearance on the day before the election of a full-page advertisement in the *New York Times* titled, "The Fiscal Cliff and America's Future." It was paid for by 11 firms and funds, including the online stockbroker TD

Ameritrade, the investment firm Morningstar, the multinational investment management corporation, BlackRock and AK Steel. The ad called for a "bipartisan response" to what it referred to as a pressing need "to steer our nation away from this rapidly approaching fiscal cliff and towards a credible, sustainable deficit reduction plan."

The big business ad repeats the canard that businesses are holding off from investing the funds they have on hand because of the "uncertainty" about the economic future.

"The Fix the Debt campaign, much like the Bowles-Simpson Commission and the propaganda of the Peterson Foundation generally, contends that the projected national debt is depressing business willingness to invest now" wrote *American Prospect* co-editor Robert Kuttner October 30. "Presumably, businesses are worried about inflation and uncertainty. But the government can fund ten-year bonds at less than 2 percent interest and thirty-year bonds at less than 3 percent. So investors don't seem worried about inflation. It's not lack of confidence in deficit reduction that's depressing business investment but lack of confidence in consumer purchasing power."

"If anything, the economy needs more public spending to get us out of a deep slump brought to you by the very people behind this campaign," continued Kuttner. "Cutting the deficit prematurely will only depress purchasing power and deepen the slump. That's the real lesson of Greece, Spain, Portugal, et al."

It is important to recognize what the so-called fiscal cliff is all about. The Republicans "want something" says economist Paul Krugman, and it is "making all the Bush tax cuts permanent" and, not having the necessary votes in Congress, they are "holding America hostage, saying - more or less explicitly - that if they can't have what they want but can't pass, they'll tank the whole economy."

According to former Treasury Secretary and White House economic adviser, Lawrence Summers, President Obama "has embraced the principles, though not all the details, embodied in the Simpson-Bowles commission report on budget deficits" and "Like the group of chief executives who made a major statement on deficit reduction last week he insists that achieving

sustainable finances means both containing spending especially on entitlements and raising revenue” and “he has made clear that in talks with willing partners to conclude a deal, he is prepared to go beyond his budget proposals to ensure that debt accumulation is contained.”

Repeatedly during the Presidential campaign, Republican Mitt Romney was sharply and correctly criticized for advocating a step reduction in taxes while refusing to specify which current deductions he would alter to achieve his goal. He steadfastly refused to say when asked. A similar demand should have been made to Obama; which of the “details” of the scheme advanced by Simpson and Bowles does he have reservations about? Nobody asked and he never said.

Last week, Kuttner, wrote “... on Wednesday morning, a struggle begins within the Democratic Party to save him (and us) from himself - to keep him from agreeing to a budget deal that will only slow growth, needlessly sacrifice Social Security and Medicare, and make the next four years much like the last four years.”

“What a waste, what a pity,” concluded Kuttner. “Progressive Democrats should be resisting the economic lunacy and political sway of an extremist Republican Party. Instead, they will be working to keep their own president from capitulating to fiscal folly.”

Before the election, Eskow, of the Campaign for America’s Future, observed, “It’s unfortunate that the President isn’t clearer and more forceful on this issue, but one thing’s for certain: While he mentions ‘Simpson Bowles’ often, he’s not running on an unequivocal program of cuts to Medicare and Social Security, drastic reduction in other forms of government spending, and lower taxes for the wealthy.”

“And that is Simpson Bowles.”

“Nobody - nobody - is running on a straight Simpson Bowles ticket,” wrote Eskow. “That’s because it’s as toxic politically as it would be economically, were it to become law. It would make a mockery of the democratic process to impose this austerity plan on voters who were never given the chance to vote for - or against - it.”

"As far as Social Security, my opponent is on record as wanting to privatize Social Security," says Senate Majority leader Harry Reid. "I am opposed to that. There is a reason that FDR passed Social Security in 1935. That's because older Americans, after they retired, they had no income, no way to survive, and their life expectancy was cut short. Same thing with Medicare. There was a reason in 1965 that we passed Medicare. Older Americans were dying and it wasn't of old age. They were dying for lack of healthcare. So now we've created Medicare, created Social Security, I am going to stand and fight for both of these programs. They are very important to seniors and future generations of seniors."

"I will promise you without fear of contradiction, I will do everything in my power to strengthen and protect Medicare and Social Security and it's going to be a cold day in the middle of August in the Nevada desert before I do anything that's going to harm those two essential programs," said Reid.

In her acceptance speech Tuesday night the new Massachusetts Senator Elizabeth Warren pledged to defend Medicare and Social Security.

We didn't get a chance to express ourselves on this matter in the voting booth; the two major candidates wouldn't discuss it (the minor party candidates might have made it more of an issue but didn't). But the incoming administration has no mandate to do anything but uphold Reid's pledge. To do otherwise is to spit in the eyes of a major and important section of its "base." Unions, senior advocacy groups and progressive organizations would do well to express their opinion on this right now and prepare for battle.

I know. Thanksgiving is upon us and Christmas, Hanukkah and New Years are near and we would like to forget about politics for a while. The problem is, matters of great importance to the well-being of a lot of working people in our country could be decided over the next seven weeks or so. On the sly.

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