

# **The BLACK C o M M e n t a t o r**

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## **Cover Story “Fiscal Cliff’ Bridged but Threat to Working People’s Welfare Still on Track Left Margin By Carl Bloice BC Editorial Board**

“The deal that the Obama administration struck this week with Congress to avoid sending the country over this so-called fiscal cliff did little more than push the tough bargaining off for another day, when the stakes may actually be higher,” the *Los Angeles Times* said editorially last week. That qualifies as an understatement. What happened in Congress soon after the ball fell in Times Square settled? Very little. It meant only that we could watch the rest of the endless Bowl games without constantly switching channels to check on the speed of our fall into the abyss.

Yes, the reactionary right Republicans suffered a setback but it’s not that uplifting when you consider that people earning \$50,000 a year will pay about \$1,000 more in payroll taxes this year. That’s because the “deal” hatched last week on Capitol Hill means payroll taxes are going up and over three quarters of the country’s working people will experience a decline in their take home pay this year.

Yes, expanded unemployment benefits will be extended in hard hit states but that seems like the least the knuckleheads could do.

All in all, 2013 is shaping up as a year of precariousness for the nation’s working people, seniors and the poor. The threats of last year are being carried over and the stakes are indeed higher.

"Once more, Washington is fixated on what and how to cut," Robert Borosage wrote last week on the *Our Future blog*. "Once more, the media is clamoring for a deal, for 'shared sacrifice.' Once more, Republicans have indicated that they are prepared to hold the full faith and credit of the United States hostage to exact deep cuts in spending, with Social Security, Medicare and Medicaid their primary targets. Once more, the president has indicated that he wants more deficit reduction, with a 'balanced' program mixing spending cuts with tax hikes."

It is important to keep in mind what is at stake here.

A couple of days into the New Year, *Washington Post* columnist David Ignatius harshly excoriated President Obama for unwisely playing "a poker game of incremental bargaining" with an incompetent House Speaker John Boehner. Nothing new here. Numerous critics at both ends of the political spectrum have registered the same complaint. What's notable is the policy content of Ignatius's complaint. That is: the President didn't come forward with his own "grand bargain," he didn't embrace "Simpson-Bowles." More specifically he didn't offer cuts in Social Security. "It's Obama's job to lead the party toward entitlement reforms and other policies that will be painful but necessary," he wrote. Beware of overemphasis on Obama's style of operation. It's cover for the real beef: that the tycoons of Wall Street, and the Washington elite that front for them, haven't secured what they want – so far.

"It has become standard practice in Washington for Wall Street types and other wealthy interests to finance groups to push their agenda," economist Dean Baker wrote last week. "The Campaign to Fix the Debt involves the CEOs themselves directly stepping up to the plate and pushing the case for cutting Social Security and Medicare as well as lowering the corporate income tax rate."

"It's clear what's going on here," continued Baker. "We don't need any conspiracy theories. CEOs from both political parties have openly come together to demand cuts in Social Security and Medicare, two programs that enjoy massive political support across the political spectrum. The wealthy are joining hands without regard to political affiliation to cut benefits that enjoy broad bipartisan support among everyone who is not rich."

The *Financial Times* concedes that, "On political grounds, Barack Obama got the better of a mediocre bargain," one that, however,

"averts calamity for the time being, but only at the expense of setting up a potentially even more explosive showdown two months from now. During that time, the paper says the President "must persuade Republicans to avoid triggering a sovereign default." And, he "will need to make a serious offer of reforming entitlements, notably Medicare and Social Security."

"Smarting from the president's victory on taxes over the New Year's holiday, Republicans in Congress are betting that their refusal to raise the \$16.4 trillion debt ceiling will force Mr. Obama to the bargaining table on spending cuts and issues like changes in Medicare and Social Security," Michael Shear and Jackie Calmes wrote in the New York Times last week. *Financial Times* Washington bureau chief Edward Luce offered this disquieting prognosis: "If there is a silver lining to all of this, the next showdown will offer Mr. Obama a chance – albeit slim – of knocking fiscal brinkmanship on the head for the remainder of this Congress. If he can accomplish that, he will gather impetus to pursue his priorities, including immigration reform and action on global warming. But it would be very unwise to bet on it."

The paper's editors chimed in with another rather pessimistic view of what could transpire in Washington over the next two months. "The White House won several victories in the fiscal-cliff package, but its eagerness for a deal disappointed many who believed the president's promise to raise far more revenue," they wrote. "It is hard to see how he avoids giving in to Republican demands, as he was forced to do in 2011."

"These are reasonable trade-offs, as the president's own Simpson-Bowles commission pointed out," said the paper. Of course, that's not true but it's probably useless to once more point out that the commission never issued any report or made any recommendations. Obviously the people who would cut back the livelihoods of seniors in the name of "deficit reduction" intend to repeat that falsehood forever.

"To make sense of what just happened, we need to ask what ... are the two sides really fighting about? Surely the answer is, the future of the welfare state. ... The right wants to roll the clock back to 1930, if not to the 19th century," says economist Paul Krugman. "There are two ways progressives can lose this fight," he wrote. "One is direct defeat on the question of social insurance, with Congress actually voting to privatize and eventually phase out key programs — or with Democratic politicians themselves giving away their political birthright in the name of a mess of pottage Grand Bargain. The other is for conservatives to

successfully starve the beast — to drive revenue so low through tax cuts that the social insurance programs can't be sustained."

"If Obama stands his ground in that confrontation, this deal won't look bad in retrospect," wrote Krugman. "If he doesn't, yesterday will be seen as the day he began throwing away his presidency and the hopes of everyone who supported him

"Although it does not do as much as I want, this bill does ensure that the wealthy will be contributing more as we work to bring our deficits under control," said Sen. Jeff Merkley (D-Oregon) after the House vote. "I far prefer that choice to further cuts to education, law enforcement, and investments in the infrastructure our economy depends on. But let's be clear: this deal carries great risks as well. This deal sets up more cliffs in the near future, including the expiring debt ceiling and the sequestration, pre-planned cuts to programs essential to working families. And as before, there will be some who use these cliffs to launch renewed attacks on Medicare and Social Security. We cannot let those attacks succeed."

"The 'fiscal cliff' deal was not all bad," says the progressive advocacy group Roots Action. "Social Security and Medicare weren't cut. Unemployment benefits were extended. Taxes went up a tiny bit on some of the wealthiest.

"But Pentagon spending remained outrageously high, giveaways to corporations were enormous, the President went back on his commitment to end tax cuts for more of the wealthiest, the deal raised taxes on people making \$20-200K per year more than on those making \$200-500K, and the debt ceiling limit remained -- setting up a big push to cut Social Security and Medicare in the coming months."

"We must now work to take the focus off the deficit and put it on jobs and smart public investment" says Roots Action. "That means moving the money away from war preparations."

Roots Action has begun to circulate a petition titled "Jobs Not Wars." Click [here](#) to sign the petition.

So far, "Fix the Debt," the group spearheading the drive to slash Medicare and retiree benefits, "has got fawning media coverage from outlets like the Wall Street Journal and CNBC," wrote Mary Bottari, director of the Center for Media and Democracy's Real Economy Project. "Watch as [Erskine] Bowles and Alan Simpson ('fiscal hawk

icons" according to Politico) take to the airwaves today to 'tisk tisk' the President for not slashing enough from social programs relied on by millions of Americans.

"Washington missed this magic moment to do something big to reduce the deficit, reform our Tax Code and fix our entitlement programs," Bottari quoted would be entitlement slashers Bowles and Simpson as saying. "The Fix the Debt 'magic' means painful austerity for the rest of us," she continued. "They are ready for the battle ahead, are we?"

**BlackCommentator.com** Editorial Board member and Columnist, Carl Bloice, is a writer in San Francisco, a member of the [National Coordinating Committee of the Committees of Correspondence for Democracy and Socialism](#) and formerly worked for a healthcare union. Click [here](#) to contact Mr. Bloice.



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