

# Responsible Fiscal Cliff Resolution

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Responsible governance isn't rocket science. Nor is effective economic policy. Fiscal cliff resolution is as simple as doing the right thing. Both parties spurn doing so.

December 31 is a nominal deadline. Effectively it's meaningless. New year legislation can be retroactive to January 1. Absent any, here's what's at stake.

Bush tax cuts revert automatically to Clinton-era levels. The current top 35% will rise to 39.6%. Average middle income families will pay an extra \$2,200 annually.

High income earners have clever lawyers and accountants able. They're able to minimize their burden. Ordinary people are hit hardest.

The payroll tax will rise from 4.2% to 6.2%. Doing so means a 50% tax increase for over 90% of Americans.

Payroll taxes shouldn't have been cut in the first place. Better economic stimulus methods exist. Cuts drain Social Security Trust Fund reserves. Doing so irreparably hurts the ability to pay future benefits.

Congress planned it that way. Both parties want Social Security privatized. Doing so assures destroying it altogether. It also violates Franklin Roosevelt's pledge. He said:

"We put those payroll contributions there so as to give the contributors a legal, moral, and political right to collect their pensions and their unemployment benefits."

"With those taxes in there, no damn politician can ever scrap my social security program. Those taxes aren't a matter of economics. They're straight politics."

Both parties play hardball. Class war defines their agenda. America's social contract is on the chopping block for elimination. A decade from now it won't exist in its current form. In two decades or less it will disappear altogether.

Doing so means using America's resources for waging war on humanity, increasing corporate profitability, and benefitting super-rich elites already with too much. Vital popular needs will be sacrificed.

Nominally at midnight December 31, unemployment benefits for 2.1 million Americans expire. They represent those without jobs longterm. In 2013 Q I, another million Americans will lose their benefits. More will lose out throughout the year.

Budget sequestration kicks in. Initially, automatic \$1.2 trillion in spending cuts are

mandated. Nominally they're across the board. Obama, most Democrats, and Republicans agree.

Defense spending will rise, not fall. America's war machine will be generously funded. War profiteers demand it. Bipartisan complicity won't disappoint.

Social America will be hardest hit. It's longstanding policy. Over the next decade, agreement was reached on cutting about \$4 trillion. Before it ends, expect much more.

Social Security, Medicare, Medicaid, and public pensions are prime targets. Other vital social programs are included. Erosion and planned privatization assure eliminating them.

So does eventually ending virtually all benefits disadvantaged households now get. Bedrock programs will be entirely destroyed. Doing so in their current form comes first. Eliminating them altogether follows.

The annual "doc fix" also expires. Medicare's growth formula ties physician compensation to economic performance. Healthcare providers get shortchanged. Doc fixes minimize damage.

Unless renewed, physician compensation will drop 26.5%. Doing so assures more doctors dropping out of the program altogether. Many already did so.

The alternative minimum tax (AMT) expires. Annual congressional patches keep it in place. In 1969, it was introduced.

Initially it was conceived as a system to assure high-income earners, corporations, trusts, and estates pay at least minimal taxes. Currently around 20% of households are affected.

Thresholds aren't automatically adjusted for inflation. For years, Congress enacted one-year patches. At times, modest inflation relief was included. AMT kicks in if tentative minimum taxes exceed regular ones.

Tentative ones are AMT amounts times alternative minimum taxable income less the AMT foreign tax credit. Regular ones equal income tax obligations minus foreign and possessions tax credits.

The AMT is a very complicated. It's a parallel tax system. Ordinary people need accountants to determine if it affects them. What began in 1969 is totally dysfunctional. Many middle income earners are hard hit. Nominally it wasn't supposed to be this way.

Patches rectify things annually. Failure to do so assures voter rage. It's been avoided so far. Given bipartisan agreement to destroy America's social contract, anything is possible ahead.

Social destructiveness is prioritized. Doing what's right is spurned. Imagine the difference effective policies would make. Key ones include:

Putting money power back in public hands where it belongs. The Constitution's Article I, Section 8 mandates it.

Public banking works. It's an idea whose time has come. Privatized money power is destructive. Regaining public control more than ever is needed.

Colonial America prospered that way tax and inflation-free. It's the same wherever it's instituted. Imagine if Wall Street's controlled Federal Reserve was nationalized.

Its franchise would be abolished. Giant banks could be broken up. Too-big-to-fail ones could end. Insolvent ones would be shut down. Responsibly run public ones would replace them.

Sustainable inflation-free prosperity could follow. Readily available credit makes it possible. All boats could be lifted equitably. It happened in America before and could again. Political will alone prevents it.

Imagine the difference under public banks. They're not beholden to Wall Street or shareholders. They don't have to earn profits. They don't pay huge salaries and bonuses.

They're mandated only to serve communities, businesses of all sizes, farmers, and private individuals responsibly. They're very much up to the task. They succeed marvelously.

Federal, state and local debt could be substantially reduced or eliminated. So could personal and payroll taxes. America's manufacturing base could be rebuilt.

Social programs could be funded inflation-free. Infrastructure rebuilding could be prioritized. It could be done on a scale never before imagined.

Environmental cleanup could happen. Alternative, sustainable, clean, safe, affordable energy sources could be developed.

Millions of good-paying jobs could be created. Employment would exist for everyone willing and able to work. People with money spend it. Doing so enhances economic growth.

Home ownership would be available to millions. Foreclosures would end. Mortgages would be sustainably cheap. Booms and busts would end. So would destructive currency devaluations and economic warfare.

Private pensions, savings and investments would be safe. Social Security, Medicare, Medicaid, public pensions, and other vital benefits would be secure in perpetuity. So would sustainable prosperity.

Fiscal cliff duplicitous hype wouldn't exist. Imagine this kind of nation. It's not pie-in-the-sky. Colonial America proved it works. So have other nations where it was tried. Why not again now. Political will alone prevents it. People power can change things.

Reinstitute anti-trust laws with teeth. Prohibit monopoly and oligopoly power.

Revoke corporate personhood. Business giants are private tyrannies. Their rights are the same as people. Limited liability status eliminates most responsibilities.

They're a universe unto themselves. They can reside in many places simultaneously. They can't be imprisoned for wrongdoing. They take full advantage.

They're obligated only to shareholders. Their power has grown exponentially. They're out-of-control. They're rapacious predators. They make US policy. They write legislation Congress passes. Presidents dutifully enact it. It's high time that changed.

Dismantle destructive duopoly power. Replace it with multi-party direct democracy. Get

money out of politics.

Break up big media. Make broadcasting a public utility. Airwaves belong to everyone. Business giants exploit it. Generous subsidies support them.

Prohibit corporate handouts, loopholes, and special benefits. Make corporations pay their fare share. Tax all profits equitably.

Mandate progressive taxation. Treat all forms of income equally.

Tax speculation. Impose a Tobin tax on large financial transactions.

Reinstitute Glass-Steagall. Decouple commercial from investment banks and insurers. Abolish the Commodity Futures Modernization Act. It legitimized swap agreements and other hybrid instruments.

It prevents regulatory oversight of derivatives and leveraging. It turned Wall Street crooks loose on unsuspecting investors. Fraud more than ever was institutionalized. It's Wall Street's business model.

Giant banks make money by stealing it. Crooked politicians permit it. Predatory rapaciousness is institutionalized. America's 1% profits at the expense of others. Depression conditions harm growing millions. Reckless policies make it possible.

Mandate level playing field fairness. End monied corruption. Hold corporate bosses accountable. End America's student loan racket. Reenergize organized labor. Let workers bargain collectively with management fairly.

Save public education. Institute it at the college and graduate school levels. Establish universal healthcare. Everyone in. No one left out.

End America's permanent war policy. Prioritize peace. Close all overseas bases. Cut defense spending sharply. Use America's resources for productive economic growth.

Imagine priorities this beneficial. Imagine a country fit to live in. Imagine widespread activism committed to achieve it. It won't happen any other way. It never has. It never will.

Ordinary people are responsible for their own futures. They hold their fate in their own hands. It's their choice. Act responsibly or lose out entirely. America's on a fast track toward the worst of all possible worlds.

Imagine mass activism unwilling to tolerate it. Beneficial social change could follow. Institutionalizing it could become policy. If that's not worth working for, what is?

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