

Will the Democrats Tax the Rich to Avoid the Fiscal Cliff?

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Literally the day after the election a sudden “urgency” gripped the nation: the imminent danger of the so-called “fiscal cliff” — the national automatic tax increases and spending cuts due in January. The media screamed that the suddenly approaching fiscal cliff would trigger a recession, forcing Democrats and Republicans to consider a “grand bargain” budget deal to avoid disaster.

Of course the fiscal cliff was looming throughout the presidential campaign; politicians simply agreed not to talk about it, since they shared — more or less — the same very unpopular “grand bargain” solutions: austerity cuts to Medicare, Medicaid, Social Security, and other popular social programs.

Yes, Obama talked incessantly about the rich “paying their fair share” during his campaign, but he greatly exaggerated his willingness to make this happen, as well as the real differences between the Republicans and Democrats when it came to fixing the deficit.

This fact is revealed by the pro-corporate grand bargain that Obama nearly brokered last summer to fix the fiscal cliff.

The New York Times explains:

“The White House agreed to cut at least \$250 billion from Medicare in the next 10 years and another \$800 billion in the decade after that, in part by raising the eligibility age. The administration had endorsed another \$110 billion or so in cuts to Medicaid and other health care programs, with \$250 billion more in the second decade. And in a move certain to provoke rebellion in the Democratic ranks, Obama was willing to apply a new, less generous formula for calculating Social Security benefits, which would start in 2015.”

There you have it. Obama was already guilty of everything he accused the Republicans of during his presidential campaign. His “tax the rich” demagoguery was mainly for show, the exact same promise he broke after the 2008 election.

Some Democrats are already preparing to help Obama break the 2012 promise. The New York Times reports:

“Senator Charles E. Schumer of New York, the No. 3 Senate Democrat, extended an olive branch to Republicans, suggesting Thursday that he could accept a tax plan [to fix the deficit] that leaves the top tax rate at 35 percent [leaving the Bush tax cuts for the wealthy in place].”

And although Obama has vowed to stay firm over taxing the rich (this time), his toughness is only skin deep, and comes with dangerous strings attached.

For example, Obama only wants to tax the rich enough to be able to sell the grand bargain to the American public; any grand bargain will include historic cuts to cherished national programs like Medicare, Medicaid, and Social Security, and Obama wants to avoid some of the outrage by claiming that the rich were forced to share in the “sacrifice” too.

This is the “balanced approach” to deficit cutting that Obama discusses, meaning that he wants to raise some revenue from the rich while also making gigantic cuts to social programs.

But in a society racked by massive inequalities, this kind of “balance” is ludicrous. The rich, the banks and other corporations have accumulated trillions of dollars that, if taxed at high enough rates, would easily make ANY cuts to social programs unnecessary.

The nation is not broke, but much of the money has floated to the top. And while Obama is striving to pass a largely symbolic “tax the rich” measure as part of his grand bargain, he’s doing so only to push forward the massive cuts.

This is the political context that makes the demands “No Cuts, Tax the Rich” incredibly necessary not only to Labor and community groups but to all working people, who would be able to unify and fight these austerity cuts by organizing nationally coordinated demonstrations and putting forth the pro-worker solution of No Cuts, Tax the Rich to address the Fiscal Cliff and all future austerity budgets, whether they occur on a city, state, or national level.

AFL-CIO President Richard Trumka has already put out a call to working people to organize and “fight like hell” to prevent any cuts to Social Security, Medicare and Medicaid.

Labor and community groups must immediately stop celebrating Obama’s election victory and quickly start mobilizing their members against his anti-worker agenda, lest they spend the next four years crying about the coming “historic betrayal.”

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http://www.nytimes.com/2012/04/01/magazine/obama-vs-boehner-who-killed-the-debt-deal.html?pagewanted=all&_r=0

http://www.nytimes.com/2012/11/09/us/politics/congress-sees-rising-urgency-on-fiscal-deal.html?hp&_r=1&

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