

 **THERE'S A WAY TO
"APPROACH" THE FISCAL
CLIFF – AND WIN!
Even if it's vetoed by
Obama! – It must be done!
Then **SHOUT THE TRUTH**
from every rooftop
and from every corner!**



Stephen L. Bakke  December 6, 2012

We can do no more than offer common sense!

I can't believe how backward the Republican machine has become. Same old suits, same old methods, same old communication methods. Obama makes his absurd proposal, then "hits the campaign trail"! He picks his venues carefully and proceeds with the comforting knowledge that his BS will be broadcast hither and yon. What do the Republicans do? They go to the room behind their chambers to say Obama is unserious and they will wait for him to get serious. **HE IS SERIOUS FOLKS! AND HE IS WINNING!** Dignified? "Schmignified!" Obama is **GOOD** at this charade! **Republicans, take your traditional ideological dignity and stuff it! Do something that works!**

Obama is Perfectly Delighted to Go Over the Fiscal Cliff! I'll tell you why!

Obama is in the "catbird seat." Realize that and accept it! Don't buy the argument that we should stand our present ground and let the worst happen, just "because then the American people will see the truth about Obama once and for all!" **WRONG!** When the 2011 negotiation for the debt limit was completed, it really wasn't complete. The fiscal policy was incomplete and therefore if a solution was not found in 2012, on January 1, 2013 "sequestration" would kick in – this is the fiscal cliff we hear so much about! **We must now acknowledge how Obama's fondest dreams are met if we "go over the cliff"!** I offer the following for consideration:

- **Obama offered a plan that shows he didn't want it to be accepted**, nor could it possibly be useful to start negotiations – \$1.6 T in tax increases on the rich over 10 years; entitlements to be left untouched until some indefinite future date; a mention of \$400B in cost cutting except that it merely refers to saving dollars from Medicare cuts; and it provides for tens of billions **MORE** in stimulus spending! Remember! The debt is \$16 T, for gosh sakes!!!
- **Obama is insisting on sole and permanent discretion over setting the debt ceiling.** Wow! What a coup that would be! **He knows that has no chance.**

So Obama didn't advance the ball by his solution to the problem. **He wants no solution!** Consider:

- If we go over the cliff he gets more taxes on all Americans! **He gets the revenue he wants** on the wealthy as well as other taxpayers. This will take the pressure off spending cuts.
- He will **loudly blame the tax increases on the Republicans** and then come riding in heroically on a white horse to introduce (partial?) tax reductions on all below the top 2%.

- He **avoids the much needed tax reform** – he’s delighted! **He still has the manipulative taxation tools** of deductions and special treatment. He **wants to have that control** so he can pick winners and losers, and continue to “influence” votes with favorable treatment.
- Discretionary spending cuts are only mentioned, but much of it reflects **cuts in the defense budget. He likes that because it pleases his most liberal base!**
- **Entitlement spending stands pat without reform.** No real debt reduction and budget balancing can occur without that. **He loves it!** Once again it pleases his liberal base.

I hold the very strong opinion that Obama wants to “go over the cliff” and Republicans will be the big losers – even bigger than Obama and the Democrats!

(Note from the “C-Span warrior – i.e. yours truly: notwithstanding the aforesaid, I don’t believe there is any way the American people could benefit from “going over the fiscal cliff” – just to be perfectly clear.)

Here’s What Republicans Should Do! Call His Bluff, but With a Twist!

The least we can do is make Obama uncomfortable! There’s a way to do that! But first we must acknowledge we are standing at the “hind (bleep)” futilely waiting for something that just won’t come. Many say there is no common ground, given the positions both sides have taken. If there is to be an advantage, in reaching an agreement, then **why not change the debate slightly, and create common ground**, if not with Obama then at least with many Democrats.



To put this in context, I am a firm believer in the benefits of comprehensive tax reform. Not all conservatives and Republicans agree with me. Given my priorities, I think there is a way to “approach the cliff” that is sensible and makes very few real concessions. Consider:

- **Pass legislation in the Republican dominated House of Representatives** that stipulates **tax reform as a basic part** of the new fiscal legislation. For obvious reasons, CBO would have to be tuned in and involved actively right away to get prompt “scoring” of proposals.
- The bill would **stipulate the elimination/severe limitation on deductions** available to taxpayers.
- The bill would stipulate **a new, probably flatter and more moderate, rate structure.**
- The bill would stipulate that **tax reforms would NOT reduce revenue overall** and would **permit increased revenue only for certain taxpayers.**
- The bill would **stipulate that that a minimum of (say) \$800 B in new revenue** would be raised from the wealthiest taxpayers, over ten years, **or the proposal would have to be adjusted to achieve that goal.**
- The bill would provide for a procedure to **raise rates on the wealthiest taxpayers by a small amount** in order to achieve \$1 T in revenue enhancement over the ten year period.
- **Taxes on investment income would be left unchanged** i.e. dividends and capital gains.
- The bill would **extend the payroll tax reductions** for an additional year.
- The bill would **leave estate tax rates permanently unchanged**, but would require increasing the tax exempt level.

- **Propose specific intentions for Social Security reform** that could include some combination of: resuming former, higher payroll tax rates; slowly and gradually extend the age of full benefits beyond the current age of 65 (e.g. to 69 – partial benefits would still be available earlier); introduce needs testing to limit increases to the wealthy. And so on.
- A Republican **“framework” for Medicare and Medicaid reform** could be formulated which would be adequate to move the conversations to the debate level in 2013.
- After the bill is passed, **submit it to the Senate** for debate and a vote.

I believe this would have a decent chance of passing both houses and:

- It has a **focus on revenues**, but in a way most Republicans have been pushing for. It **concedes at least the possibility of some minor rate increases** on the most wealthy, yet it is **largely based on the concept of eliminating deductions and moderating overall rates through tax reform**. It’s not just perpetuating the status quo.
- Both sides have something to gloat about here. **If the “reform approach” is inadequate relative to agreed revenue levels, small rate increases will complete the job.**
- It **gets the ball rolling on the all important process of entitlement reform.**

This is a great approach! It would appear fair to most Republicans and many Democrats! I believe it would sell well to the public! It’s “fair and balanced,” as I understand that phrase.

And Then, Campaign Like Never Before!

While debates proceed in the Senate, **go on a campaign just like Obama did this month. Use the eloquent conservatives who will be the Republican leaders of the future.** I refer to Ryan, Jindal, Rubio, Porter, Daniels, Walker and so on – you get the idea.

Time is short so get started NOW. They would spend a week or more canvassing the country with their well thought out, well documented, well organized, and expertly presented presentation.

Obama Veto?

If the Senate passed the legislation, Obama wouldn’t dare veto it!

If the Senate were to defeat the bill, and if that was the end of it, I must contend that we have done the best we could do and at least the American population would be more aware of our goals, objectives, and sincerity than they are now. **The effort would have been worth it because the Republican/Conservative ball WOULD have been advanced measurably.**

I would feel OK at that point because we wouldn’t have left any effort or possibility on the table; and at least that table would be set for the future – far better than it is now! We have no choice but to play the cards we are dealt!

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