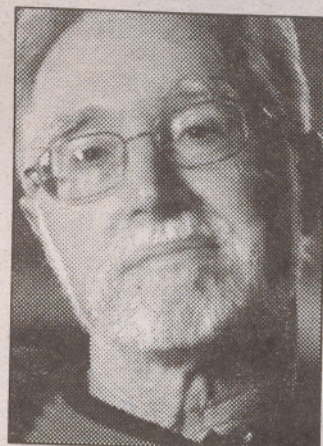


Fiscal cliff debate is about political priorities, not economics

The empowered elite are framing the financial discussion and preventing a socially responsible recovery



Robin Hahnel

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BY ROBIN HAHNEL
CONTRIBUTING COLUMNIST

We just had an election which repudiated the Republican economic agenda for America. So what begins the morning after? The only economic subject talked about is “the fiscal cliff” – the Republican economic agenda!

The fiscal cliff is the latest version of the same trap the wealthy, the military industrial complex, and the Republican Party have been setting over and over again since Ronald Reagan was elected in 1980. The interesting question is why anyone still falls for it.

If the federal government cuts taxes for the wealthy, and if the federal government insists on growing a military industrial complex even after the cold war has ended, then, eventually, there is no alternative in the long run but to either cut federal spending on domestic programs that actually help people and make the economy more productive or to increase taxes on the middle class or to let the national debt continue to grow. That is simple arithmetic.

But to claim that in an economy that is two times more productive than it was in 1980, that we can no longer afford to give our children as good a public education as we had; that we can no longer afford to pay social security retirees as much as we promised them we would; that we cannot afford to launch a Green New Deal to put people back to work and prevent cataclysmic climate change, etc., etc., is pure poppycock! Any economy that is twice as productive as it used to be can afford twice as much as it used to be able to afford. That is more important simple arithmetic.

Because that simple arithmetic means the “fiscal cliff” is entirely about priorities: Will the economic priorities of the one percent and the military industrial complex continue to be served? Or will the priorities of the rest of us get more attention? There is no reason we must embrace austerity for the 99 percent – raise taxes on the middle class and cut socially useful spending – because we face a fiscal cliff that is imposed by some nonexistent “iron law” of economics. The only reason we face a fiscal cliff is that the one percent and the military industrial complex insist that their priorities continue to be paramount. In other words, there is no economic cliff, there is only a political cliff of competing priorities.

Moreover, this is not the time to prioritize putting the federal government’s fiscal house back in order. We do need to re-order our priorities. We need to stop

pandering to the wealthy hoping to gather crumbs we are forever promised will fall from their feasting tables. We need to stop feeding the unlimited appetite of the military industrial complex. Instead, we need to fix our broken health and education systems and provide public goods of great value to the vast majority.

Yes, eventually we should strive to balance the federal budget over the long term – which means running deficits when the economy is in recession, and surpluses when it is not. But now is the worst possible time to prioritize reducing deficits since this will kill any economic recovery – unless, of course, you are part of the one percent and you are searching for a new excuse to convince the 99 percent that we have no choice but to tighten our belts even further.

Why hasn’t the media pointed out that their beloved bond markets see no fiscal cliff? As of Nov. 15 the “all knowing” bond markets were willing to let the U.S. government borrow at 2.72 percent (30-year treasury bonds), 1.58 percent (10-year treasury bonds), or 0.17 percent (one-year treasury bonds). That is an incredible bargain! The bond markets are telling us that the U.S. government could finance a much needed fiscal stimulus cheaper than ever before – if only we would stop obsessing over some mythical fiscal cliff. Thank you global bond markets. We should stop looking this gift horse in the mouth and take it instead of embracing recovery killing austerity.

Instead, the media tells us that the politicians who “rise above partisan interest” to support a “grand fiscal compromise” – which the country neglects at its peril – are the “true statesmen and women.” But their grand fiscal compromise is nothing more than a huge giveaway of the remaining parts of our social safety net in exchange for miniscule concessions from the rich and the military. And make no mistake about it, that is what President Obama is now attempting to orchestrate.

What the 99 percent need right now is the exact opposite of fiscal austerity. What the 99 percent need is a strong fiscal stimulus to prevent a relapse into recession and further increases in unemployment. What the 99 percent need are politicians who steadfastly refuse to be stampeded by the major media into marching to the beat of the Republican agenda. Politicians who recognize the fiscal cliff as nothing more than the latest attempt by the socially

irresponsible one percent to prey on the sense of responsibility of the 99 percent, and who “just say no” to more futile concessions at our expense, are the true statesmen and women.

Any who want to further debate the economic subject the one percent want us to discuss; any who want to ignore the real economic problems we face and continue only to consider how to respond to an artificial fiscal cliff, can be my guest. But I, for one, will not further enable this campaign of diversion the one percent has launched after an election they just lost, with help from a media they literally own, enabled by a newly re-elected president who once again chooses to champion the interests of those who tried their mightiest to defeat him and betray those who, against great odds, have put him in office twice.

Instead, in future columns I will focus on our real problems and real solutions. I will focus on intolerable unemployment that persists five years after the financial crisis with no end in sight. I will focus on financial reform, without which further financial crises will occur. I will focus on our housing, education and health care crises. And I will focus on the greatest ecological crisis humanity has ever faced – which went entirely unmentioned by either candidate for president despite the billions each spent to tell us why we should vote for him.

None of these real problems will be solved by trying to do something about an artificial fiscal cliff. As a matter of fact, all these real problems will all be aggravated by needless and futile attempts to do so.

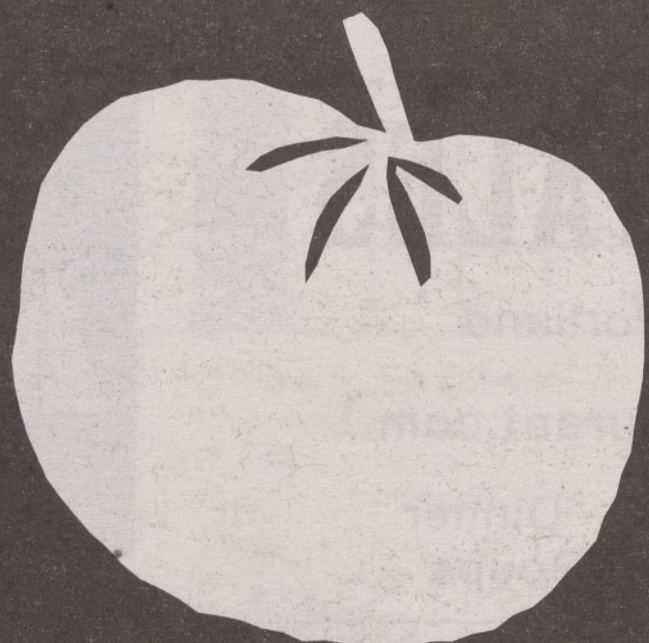
I will also focus on the need for a new kind of economy that does not create false traps. I will talk about why an economy of equitable cooperation can be far superior to an economy where a greedy minority and a fearful majority are driven by ruthless competition. I will write about how an economy of equitable cooperation can continue to grow our productive potentials but allow us to use them to meet the basic needs of all, increase our leisure, protect the environment, and distribute consumption rights over non-necessities based on sacrifices people make.

I will write about how it is possible for workers, consumers, and citizens to run our own economy ourselves, without abdicating power to any self-serving economic elite, and without the destructive forces of market competition. I will write about why only an economy of and by the people will forever be an economy for the people.

Robin Hahnel is the author of “Of the People, By the People: The Case for a Participatory Economy.”

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