

Fiscal Cliff Negotiations May Go Past Jan. 1

By Dana Bash and Tom Cohen CNN

WASHINGTON -- Sometime in the next 10 days, a fiscal cliff agreement is likely.

It almost certainly won't be the grand bargain sought by President Barack Obama and House Speaker John Boehner that addresses the nation's chronic federal deficits and debt.

It may not happen before January 1, the trigger date for the automatic tax increases

Failure to avoid the fiscal cliff could bring a recession

on everyone and deep spending cuts of the fiscal cliff.

When it does occur, a deal will likely be similar to proposals rejected by Republicans during similar brinksmanship efforts of the past two years.

"It's all about scoring political points," GOP Rep. Ileana Ros-Lehtinen complained Wednesday on CNN, referring to both sides in the debate. "I know the American people are tired of all of us."

Obama is heading back to Washington on Wednesday night from his Hawaiian vacation, leaving behind the first family, to be ready if the Senate comes up with a plan when it returns Thursday from its own Christmas break.

Meanwhile, House leaders planned a conference call on Wednesday afternoon to discuss bringing members back to Washington this week, according to a House Republican leadership source. Members were told last week they would receive 48 hours' notice if they needed to return after Christmas.

The principal dispute continues to be over taxes, specifically the demand by Obama and Democrats to extend most of the tax cuts passed under President George W. Bush while allowing higher rates of the 1990s to return on top income brackets.

Obama campaigned for re-election on keeping the current lower tax rates on family income up to \$250,000, which he argues would protect 98 percent of Americans and 97 percent of small businesses from rates that increase on income above that level.

Republicans oppose any kind of increase in tax rates, and Boehner suffered the political indignity last week of offering a compromise -- a \$1 million threshold for the higher rates to kick in -- that his colleagues

refused to support because it raised taxes and had no chance of passing the Democrat-controlled Senate.

Rep. Nan Hayworth, R-New York, acknowledged Wednesday that a deal will have to include some form of higher rates on top income brackets, but she said her party would fight to make it as minimal as possible.

"If that's where people have to go, we'll make the threshold as high as we can," Hayworth said on CNN, arguing that higher taxes in any form burden economic growth. "Because the more relief we provide, the better off we'll be."

Hayworth also made clear that a limited agreement was the most to expect for now, saying: "I don't think we're going to get the big plan in the next six days."

Obama and Democrats have leverage, based on the president's re-election last month and Democratic gains in the House and Senate in the new Congress that will convene in January. In addition, polls consistently show majority support for Obama's position on taxes.

Economists warn that failure to avoid the fiscal cliff could bring a recession, and stocks have been down since the middle of last week, when apparent progress in the talks suddenly unraveled with Boehner proposing his own "Plan B" that was rejected by fellow House Republicans.

The Gallup daily tracking poll released Wednesday showed 54 percent of respondents support Obama's handling of the fiscal cliff negotiations, compared with 26 percent who approve of Boehner's performance.

Sen. Harry Reid, the Democratic majority leader in the Senate, had an approval rating of 34 percent for his role so far.

Reid is poised to assume a larger role as the focus of negotiations appears to be shifting to the Senate after last week's GOP disarray in the House stymied any progress before Christmas.

A senior Senate Democratic source told CNN on Wednesday that Reid has made clear in private conversations that he will need assurance any plan can pass both the Senate and the House before he will bring it up.

"It is to nobody's advantage to have a failed Senate vote at this point," the source said on condition of not being identified. "This will be the last train we will have, and there is no sense in it leaving the station before we have assurance it will get through."

Remaining questions include whether

enough Republicans will support a compromise acceptable to Democrats, and whether Senate GOP leader Mitch McConnell will allow a simple majority vote to take up and pass any proposal, or stick to the filibuster level of 60 percent.

At the same time, some Senate Democrats have discussed holding off on bringing up a proposal until the final days of 2012 to increase pressure on Republicans to support avoiding higher taxes on everyone due to the fiscal cliff.

While the focus now is on a possible agreement in coming days or weeks, anti-tax crusader Grover Norquist told CNN earlier this week that the nation should gird for long-range battle.

"It's four years of a fight. It's not one week of a fight," said Norquist, who has threatened to mount primary challenges against Republicans who violate a pledge they signed at his behest against ever voting for a tax increase.

While both sides say they want to avoid the fiscal cliff, signs are emerging that a deal would come after the new year to blunt the harshest impacts.

Under that scenario, the new Congress convening in early January would vote to lower taxes from the higher rates that will go into effect in January when the Bush cuts expire, with the new top rates staying intact.

American history, because of the impact it will have on almost every American."

However, Norquist called the situation part of a longer process, predicting "a regular fight" when Congress needs to authorize more government spending and raise the federal debt ceiling in coming months.

"There the Republicans have a lot of clout because they can say we'll let you run the government for the next month, but you've got to make these reforms," he explained.

Before heading to Hawaii last Friday, Obama called for Congress to come back after Christmas and work with him on a limited agreement to prevent tax hikes on the middle class, extend unemployment insurance and set a framework for future deficit reduction steps.

Boehner's spokesman said the speaker will be "ready to find a solution that can pass both houses of Congress" when he returns to Washington, expected to occur on Thursday.

The GOP opposition to any kind of tax rate increase has stalled deficit negotiations for two years and led to unusual political drama, such as McConnell recently filibustering a proposal he introduced and Thursday night's rebuff by House Republicans of the alternative tax plan pushed by Boehner, their leader.

Reid and other Senate Democrats say

Republicans reject Obama's \$250,000 threshold for tax cuts

According to a senior administration official, Obama continues to oppose a Republican call for extending the Bush-era tax cuts for everyone to buy time for working out a broader deficit reduction deal that would include overall tax reform.

However, a Senate Republican leadership aide told CNN that Republicans reject Obama's \$250,000 threshold for tax cut extensions.

"We're going to be here New Year's Eve," retiring Sen. Joe Lieberman said Sunday on CNN's "State of the Union," adding that it was likely the nation would go over the fiscal cliff.

Failing to meet the year-end deadline on striking a deal would amount to "the most colossal, consequential act of congressional irresponsibility in a long time," said Lieberman, an independent from Connecticut who caucuses with Democrats. "Maybe ever in

House Republicans must accept that agreement will require support from legislators in both parties, rather than a GOP majority in the House pushing through a measure on its own.

He insisted that a Senate-passed plan with Obama's \$250,000 threshold would pass the House if Boehner would allow a vote. However, the Senate proposal is held up on constitutional grounds, because legislation that increases revenue must originate in the House.

Boehner and Republicans complain the Senate has refused to take up any proposals they have passed in the past two years. Reid argues that the GOP measures amount to a conservative wish list of unacceptable spending cuts and reforms intended to shrink government and weaken entitlement programs vital to senior citizens, the poor and the disabled.

Critics Say App is Racist

By Sarah Edwards CNN

The maker of a Google app thinks it's fun to make yourself look Asian by changing the shape of your eyes and wearing a Fu Manchu mustache and rice paddy hat.

Or you could be a Native American with brown skin, war paint and a feather headband.

"This is just a fun app (that) lets you indulge you and your friends," says the description of the "Make Me Asian" app created by user KimberlyDeiss and available on Google Play.

"You can for a few seconds to make (yourself) a Chinese, Japanese, Korean or any other Asians," the description says.

Not amusing or cute, say Asian-American organizations that launched a petition to get Google to remove both apps.

The apps use dated and racist stereotypes of Asians and Native Americans, said the online campaign 18 Million Rising, named after the number of Asian-Americans in the United States.

"These racist and offensive portrayals of Asians and Native Americans perpetuate

damaging racial stereotypes and should not be distributed on the Google play store," said the campaign, which has an online petition to remove the apps.

Google, however, said the apps are not in violation of the company's policies that protect against hate speech.

"We don't comment on individual apps," Google said in a statement. "We remove apps from Google Play that violate our policies."

KimberlyDeiss makes other photo-altering apps including "Make Me Old" and "Make Me Fat." There's also "Make Me Russian" and "Make Me Irish," which play off stereotypes.

But the furor in the Asian-American community, sparked a few weeks ago, is growing. Blogs, including Angry Asian Man, have reinforced the call to remove the apps.

Washington pastor Peter Chin decided to mount an even larger protest on the website Change.org.

Chin said he understood Google's motto is "Don't be evil." That makes it hard to fathom why the company would support these apps, he said.

Obama is Time Magazine Person of The Year

CNN President Barack Obama is Time magazine's Person of the Year for 2012.

"We are in the midst of historic cultural and demographic changes, and Barack Obama is both the symbol and in some ways the architect of this new America," Time said in announcing its choice. "In 2012, he found and forged a new majority, turned weakness into opportunity and sought, amid great adversity, to create a more perfect union."

Democrat Obama won re-election to a second term in the Oval Office in November, beating Republican challenger Mitt Romney 51 percent to 47 percent in the popular vote and 302 votes

to 207 votes in the Electoral College.

In doing so, he overcame political challenges — "Obama is the first Democratic president since FDR to win more than 50 percent of the vote in consecutive elections and the first president since 1940 to win re-election with an unemployment rate north of 7.5 percent," Time points out — but also cultural ones, capitalizing on his popularity with "young people, minorities, Hispanics, and college-educated women" to show that "demographic change is here to stay," Time said.

The magazine's four runners-up for Person of the Year were:

— Malala Yousafzai, the

15-year-old girl who was shot in the head by a Taliban assassin for her outspoken support of education for girls in Pakistan.

— Tim Cook, Steve Job's handpicked successor as CEO of Apple.

— Mohamed Morsi, Egypt's first democratically elected president who then won international praise for helping broker a cease-fire in the November fighting between Hamas and Israel in Gaza.

— Fabiola Gianotti, who led a team of scientists at the European Organization for Nuclear Research (CERN) in capturing the Higgs boson particle, the so-called God particle which gives all other particles their mass.