

## Why Do We Keep Jumping Over Fiscal Cliffs With Bungee Cords?

As I and many others predicted, we didn't plunge down the fiscal cliff at the end of 2012. But we'll be back at the edge again soon, for refusing to borrow the money required to pay bills Congress has already rung up, or for threatening some extraordinarily badly designed sequestration or across-the-board cut in discretionary spending. And while I didn't think last month that politicians would let tax rates skyrocket at the beginning of 2013, and I don't think now that they will refuse to pay foreign lenders, Social Security recipients, or doctors, I don't like jumping over cliffs with bungee cords attached. It's a notoriously bad use of time and energy. Plus, I don't trust the bungee cords.

Either way, people keep asking, why can't these guys and gals just get together and compromise?

The main answer, I believe, goes beyond silly pledges not to raise taxes or touch anyone's Social Security benefits. It's the failure of both political parties to come clean on either the math or its implications, and the accompanying failure to reframe the public debate after our contentious last election.

Consider the plethora of misleading political rhetoric that both parties use in playing the blame game and asserting how they are trying to protect the middle class from bearing any burden for anything, any time, and anywhere. Almost every statement by President Obama or Speaker Boehner emphasizes how much he wants to protect 98 or 99 or 99.5 percent of us from having to pay more in taxes. That a middle-class family might have to pay a couple of thousand dollars more (the Tax Policy Center [estimate](#) of the tax increase for the median-income family if we had gone over the cliff at the end of 2012) is put forward as horrendous and unfair to those who "play by the rules."

Wait a second! We are running deficits of about \$9,000 per household a year right now. Those bills don't disappear simply because we refuse to pay even \$2,000 of them currently. We merely shove those costs to the future, mainly onto the young, some of whom are too young to vote. Convincing people that they can't possibly afford to get by with \$2,000 less when they're running up credit card bills of \$9,000 a year is simply dishonest. If we aim to borrow \$2,000 less from foreigners by 2015 or 2016, for instance, it may mean that by then we also must consume \$2,000 less relative to what we produce as a society, even if we "play by the rules."

Let me be clear. Most economic analysis says that a country can't dampen consumption too quickly without threatening economic growth. Still, the basic bind that both parties placed on themselves comes from promising so much to the middle class in terms of both high benefits and low taxes. The public fight over the fiscal cliff centered mainly on taxing the rich. But spending, mainly in unsustainable growth in health and retirement programs, remains the dominant long-term issue. Confining tax increases to a very small share of the population doesn't exempt the middle class from dealing with those issues; to the contrary, it only increases the burden they must bear in spending cuts in lieu of the tax increases they avoided.

Neither party, however, can easily go to the middle class and say, "Look at how I protected you from paying more taxes so you can now get fewer benefits." Each side criticizes the other for not offering much on reform of large health and retirement programs, but they know the consequences for leading. If the Republican Party presents its proposal first, it knows that Democrats will immediately claim that Republicans favor cuts in, say, Medicare over yet-further tax increases on the wealthy. If the Democratic Party presents any adjustments to eligibility or benefit levels, it risks losing a large share of its constituency and abandoning the one issue on which it has won elections for so many years. It's not that the Democrats won't compromise, they just want to be able to blame Republicans for whatever happens to the middle class. Similarly, it's not that Republicans don't want entitlement reform, they just don't want to bear the brunt of the criticism by themselves.

To make matters even more complicated, almost all the bargaining centers only on ameliorating, not resolving, our long-term problem. This means the fight will continue for years, so each party wants to position itself for the next and then the next round of debates.

The broader issue needs to be reframed, somewhat like Erskine Bowles and Alan Simpson did, with a fuller, shared-party explanation to the public that we're all in this together. It was too late for that at the end of 2012, and will be too late again the next time we focus our attention primarily on avoiding some precipice. But without that broader type of effort, this fight is not going away for a very long time.

**The Government We Deserve** is a periodic column on public policy by Eugene Steuerle, an Institute fellow and the Richard B. Fisher Chair at the nonpartisan Urban Institute. Steuerle is also a former deputy assistant secretary of the Treasury. The opinions are those of the author and do not necessarily reflect those of the Urban Institute, its trustees, or its sponsors.

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