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## [Labor Pushing Backbone Implant for Wavering Dems on Taxes, Social Security, Deficits](#)

The White House and Democrats have been sending [mixed signals](#) (at best) on whether they're willing to fight against extending tax cuts for the rich and, except for some House Democrats and [Speaker Nancy Pelosi](#), appear to be [blandly accepting](#) the [draconian principles](#) of Obama's deficit commission: lowered taxes for the rich, [more pain](#) for the middle-class.

So it's been up to labor to take a leadership role in fighting back. Everyone talks about Democrats caving in to the GOP and right-wing talking points, but not many advocacy groups are effectively and visibly pushing back against the right-wing assault. Some exceptions: Adam Green's Progressive Change Campaign Committee that's gathered over 100,000 online petitions asking President Obama [to fight, not cave](#), on tax cuts for the rich -- and key labor groups.

Unfortunately, it's not at all clear that Democrats will be willing to take tough stances. Thursday, in an ominous sign for other progressive goals for the lame-duck session, House Democrats failed in efforts to extend employment benefits for the two million jobless people who risk losing their benefits at the end of the month -- and now there's [no clear pathway to passage](#).

As the moderate liberal columnist [E. J. Dionne](#) points out in a column headlined, "Are Democrats both lame and spineless?": "Imagine a Congress still controlled by Democrats passing an extension of the Bush tax cuts for millionaires but leaving the unemployed out in the cold. If this happens, laugh out loud the next time a Democrat claims to be on the side of working people."

To fight against this very real nightmare scenario, few progressive leaders have been as active

as AFL-CIO [President Richard Trumka](#) . He has been seeking to fight the deficit commission's attack on middle-class benefits and brand the Bush tax cuts for the rich as [TARP Two](#) , another bailout for the wealthy.

"Instead of bailing out the banks, we're bailing out the people at the helm," Trumka has said. Labor's efforts on this latter front might be bearing some fruit: [Pelosi](#) said this week her caucus favors allowing tax cuts for those earning over \$250,000 to expire, although both the Senate leader Harry Reid and President Obama seem far more open to compromise with the GOP.

The [Huffington Post](#) reported this week:

The largest union federation in the country has been in talks with both Democrats in Congress and members of the administration to push them to hold a vote that would only extend the Bush tax cuts for the middle class and not those for the rich.

AFL-CIO President Richard Trumka said on Tuesday that his group has been "working diligently with lawmakers and the White House" about its legislative preference for the expiring tax rates. Though he wouldn't elaborate on the substance of those discussions, Trumka explained that "to date, no one that I'm aware of said that's not a good strategy, that's not good policy, and that's not good for the country."

In recent days, the union federation has led the charge to hold a solitary vote during the lame duck session of Congress, one that would extend the current tax rates for those making less than \$250,000-a-year while allowing the others to revert to pre-Bush levels.

Trumka also has harsh words for the deficit commission. Last week, for instance, he said, "The chairmen of the deficit commission just told working Americans to 'drop dead.' Especially in these tough economic times, it is unconscionable to be proposing cuts to the critical economic lifelines for working people, Social Security and Medicare."

On Wednesday, he joined with critics of the commission's Social Security plans to stand up against their proposals and unveil a new poll from the [Strengthen Social Security Coalition](#) showing that 80 percent of the public opposes cutting Social Security benefits in order to reduce the deficit.

"Proposals to cut Social Security benefits and give the wealthiest Americans over \$700 billion in wasteful tax breaks won't help the economy. Let's be clear. We have a jobs crisis, not a short term deficit crisis," he said.

In a conference call today, a few progressive leaders blasted the White House's timid response (via [Huffington Post](#)):

President Obama's cautious response to the fiscal commission co-chairs' proposal was "quite frankly, a disappointment," according to Terry O'Neill, president of the National Organization for Women. The draft report would slash Social Security benefits for millions of Americans, hurting poor people and minorities in particular.

"These proposals to cut social security really push hundreds of thousands of middle class women into poverty," said O'Neill on a conference call with reporters Thursday afternoon. "Women are far more likely than men to head into their retirement years without savings and why is that? Well, when you work a lifetime with unequal pay, you have a hard time sucking away money for your own retirement."

Indeed, a new report issued by the Government Accountability Office found that raising the retirement age for Social Security would have a disproportionate impact on low-income workers and minorities.

And, as Paul Krugman and others have noted, raising the Social Security age of retirement to 70 is a chimerical approach that may seem reasonable to well-off attorneys and politicians who can work until their 70s, but not to [janitors and factory workers](#) whose life expectancy hasn't increased measurably.

While mainstream media accounts, as in the *New York Times*, have accorded these and other deficit-slashing nostrums from Washington insiders such as Alice Rivlin a [worshipful response](#) for making "hard choices" (except for the rich, of course), they've largely ignored the work of of Illinois Rep. Jan Schakowsky. She's a member of the Bowles-Simpson deficit panel who put forward her [own common-sense plan](#) that raises taxes fairly for the rich, including raising the cap on Social Security taxes, and promotes economic recovery. As Richard Kirsch of the Roosevelt Institute summarized its highlights:

Unlike the recommendations of the commission's chairs, Alan Simpson and Erskine Bowles, which would hurt growth and long-term recovery by cutting supports to the middle class and increasing the wealth gap, the Schakowsky plan is aimed at spurring economic growth and closing our growing inequality chasm.

Schakowsky's plan has three components: cutting the deficit, investing in growth immediately, and closing the long-term funding gap in Social Security. Taken together, the plan would help short-term recovery, reduce long-term budget shortfalls while encouraging growth, and assure that Social Security is in good shape for the foreseeable future...

On the revenue side, she goes after corporate tax subsidies and wealthy individuals. Her biggest proposals would discourage corporations' over-reliance on highly leveraged financing and tax capital gains and dividends as ordinary income. She also includes raising revenues from cap and trade, with protections to help low-income consumers, which helps to reach another major policy goal: [tackling](#) climate change.

On Social Security, she firmly rejects proposals to cut benefits and instead proposes changes that would not only put the program on a firm financial footing for decades, but allow some benefits to be improved. She does this by raising the amount of income that is applied to Social Security and introducing a legacy tax on earnings above the cap, which would make the tax system a lot more progressive...

Trumka along with other progressives have signaled their support of the principles of her approach, and there will be more formal alternatives to the deficit commission's ideas emerging

from progressive groups shortly.

Yet they need to act fast, because a consensus is building in Washington for short-term extension of tax cuts for the wealthy and moves to drastically rein in deficits at the expense of the jobless. The Tea Party-infused GOP is shaping congressional action and even mainstream media coverage. The new deficit reduction plan from [Senator Pete Domenici and centrist budget guru Alice Rivlin](#) (D&R task force) is a more moderate version that still slashes benefits, doesn't promote jobs and doesn't go far enough to raise taxes on corporations and the rich, [critics say](#). Yet the discussion on deficits has shifted so far to the right that even *Mother Jones's* blogger Kevin Drum gave the D&R plan a modest nod of approval, saying that it is a "much better starting point."

Trumka, though, has held firm on what's wrong with these approaches. In a statement released Wednesday, he said:

Both the Domenici-Rivlin plan released today and the Simpson-Bowles plan released last week would threaten the economic recovery and destroy American jobs by calling for job-killing fiscal austerity before our jobs deficit is closed.

Incredibly, both the Domenici-Rivlin plan and the Simpson-Bowles plan would reduce the top marginal income tax rate for the wealthiest Americans and reduce the corporate income tax rate, unnecessarily inflating the deficit. In fact, last week's Simpson-Bowles plan would actually put an arbitrary cap on how much we can reduce the deficit with tax revenues.

Any plan that claims to address our country's deficit problems but does not let President Bush's tax cuts for the wealthy expire on schedule is hypocritical and should not be taken seriously.

Neither of these plans is even minimally credible. At every juncture, they duck any fiscal measures that might impact the super-wealthy, choosing instead to stick working people with the bill for Wall Street's party. And by cutting Social Security and Medicare benefits, both

plans threaten the retirement security of millions of Americans. Both plans fail to solve our real long-term budget problem, which is the outrageously wasteful and expensive way health care is delivered in this country...

In contrast, he points to the merits of the Schakowsky plan:

Representative Schakowsky has shown a better way forward with the plan she released yesterday. Stabilizing the national debt over the long term does not require us to choke off job-creating public investment, or cut Social Security benefits, or shift more health care costs onto the backs of workers. And if we are serious about cutting the deficit, we need to let Bush's tax cuts for the wealthy expire on schedule, and we should not be cutting corporate tax rates or marginal income tax rates for the wealthiest Americans. The last thing our country needs right now is a plan to redistribute wealth upwards from working people to the wealthy under the pretense of deficit reduction.

Neither the AFL-CIO nor any other labor movement institutions were represented on the Domenici-Rivlin task force.

Indeed, Trumka and the labor movement have to push extra hard in the last several weeks of this Congress to make sure that unions -- and the working families they represent -- have a voice in this seemingly shell-shocked Congress and White House. But Democrats, to borrow President Obama's metaphor, still seem all too willing to hand over the keys to the GOP drivers of the car, and their corporate backers, who drove us into the economic ditch in the first place -- even before they take power in the House in January.

**UPDATE:** The most thorough skewering of the misleading media coverage and rush to judgment in favor of slashing middle-class benefits and tax bailouts for the rich comes in R. J. Eskow's [take-down](#) at the Huffington Post. Some excerpts:

The number of like-minded reports released this month is greater than we expected, the ad buys are larger, and the range of ideas is narrower. And more journalists are carrying water for this campaign than we expected. All of this is being done to serve an anti-government, anti-Social Security, anti-tax agenda whose ideas are both unpopular and impractical. Nevertheless, the media's greeted then with a tidal wave of nearly-unanimous praise (some of

of which can even be found on the editorial page.)

As expected, proposals like Rep. Jan Schakowsky's that reflect most people's opinions (including those of most Republicans) are either ignored or berated by the media. Schakowsky's proposal got the brush-off even though she's a member of the presidential deficit commission. The few journalists who bothered to report on it were typically like Lori Montgomery of the *Washington Post*, who dismissed her as "one of the most liberal members of Congress" and emphasized that "she described (her proposal) as hers alone."

"Theirs alone." That statement's also true of the proposal from Erskine Bowles and Alan Simpson, who acted as individuals in releasing a proposal that was too conservative to be passed by their Commission. That's important: Their proposal did not come from the Commission any more than Schakowsky's did. Bear that in mind as you read the following headlines:

"Panel Seeks Social Security Cuts and Higher Taxes," *New York Times*

"Debt commission puts out preliminary proposals," CNN Money...

There's plenty more where that came from. Note the difference: One proposal, from two individuals known to hold very conservative views about Social Security and taxation, was given massive publicity and was frequently mischaracterized as a "panel" or "commission" effort. But poor Jan Schakowsky, supported only by the overwhelming support of most Americans, got the shaft.

After pointing to polls showing overwhelming public revulsion against Social Security cuts, Eskow notes, "Even after an enormous campaign, that's a big "no sale" from the American people. That doesn't mean difficult decisions won't need to be made. They will. But that requires a dialog with the public, not this attempt to bum-rush the voters with a heavy-handed sales campaign and a lame duck *fait accompli*."

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This article originally appeared in *The Working In These Times* [blog](#).