



Written by [Bob Adelman](#) on December 4, 2012

## Fiscal Cliff: Ron Paul Decries Bipartisan Efforts; Predicts Compromise

Texas Republican Representative Ron Paul has, based on his decades of experience watching Washington negotiate and dither, [predicted a last-minute compromise](#) that will increase government spending and put off hard decisions into the future. On his website Paul noted, “America faces yet another congressionally-manufactured crisis which will likely end in yet another 11th hour compromise, resulting in more government growth.”



He’s seen it all before:

The hysteria surrounding the January 1 deadline for the Budget Control Act’s spending cuts and expiration of the Bush tax cuts seems all too familiar. Even the language is predictably hysterical: if government reduces planned spending increases by even a tiny amount, the economy will go over a “fiscal cliff.” This is nonsense.

But it’s being treated as serious business indeed by the power brokers in the House of Representatives and the White House. On December 3, House Speaker John Boehner (R-Ohio) sent a [letter to the president](#) outlining the Republicans’ plan to avoid the fiscal cliff while criticizing the president’s plan offered last week as containing “very little” that was constructive in reaching a compromise. Regrettably, said Boehner,

that proposal calls for \$1.6 trillion in new tax revenues [over 10 years], twice the amount you supported during the campaign. [Your] proposal also includes four times as much tax revenue as spending cuts, in stark contrast to the “balanced approach” on which you campaigned....

What’s worse, the modest spending cuts in [your] offer are cancelled out by the additional “stimulus” measures [you] are requesting.

Boehner then countered with his plan to avoid the fiscal cliff, including some changes to Medicare and Medicaid, which he says would save \$800 billion a year, and “hundreds of billions in savings in other mandatory spending,” including reforms to federal employee compensation and the Supplemental Nutrition Assistance Program (SNAP) — formerly known as the food stamp program.

In addition, he offered “new revenues,” which would come, not from higher taxes on the wealthy as demanded by the president, but instead from revising the tax code and closing “special interest-loopholes and deductions” while lowering tax rates.

Boehner acknowledged that his plan was just a counter-offer:

This is by no means an adequate long-term solution, as resolving our long-term fiscal crisis will require fundamental entitlement reform [but it is a] fair middle ground that allows us to avert the fiscal cliff without hurting our economy and destroying jobs.

In other words, the Bush tax cuts would stay, Medicare and Medicaid programs would be modified



Written by [Bob Adelman](#) on December 4, 2012

---

slightly, and some loopholes would be closed, which would allow the Congressional Budget Office to score the Republican plan higher because of its alleged benefit to the economy.

The White House response was nearly immediate. [Said White House Communications Director Dan Pfeiffer](#):

The Republican letter [received] today does not meet the test of balance. Their plan includes nothing new and provides no details on which deductions they would eliminate, which loopholes they will close, or which Medicare savings they would achieve.

[He added](#):

While the president is willing to compromise to get a significant balanced deal and believes that compromise is readily available to Congress, he is not willing to compromise on the principles of fairness and balance that include asking the wealthiest to pay higher rates....

Until the Republicans in Congress are willing to get serious about asking the wealthiest to pay slightly higher tax rates, we won't be able to achieve a significant balanced approach to reduce our deficit [that] our nation needs.

What this maneuvering has exposed, however, is the first break in the Republicans' commitment to hold against any increased taxes. The president, still enjoying the euphoria over his reelection and feeling that he can stand firm against a weaker Republican majority in the House, continues to employ the [Hegelian Dialectic](#) of letting the Republicans come to his table to negotiate instead of the other way around.

This is a popular tactic, which was used by Erskine Bowles, a member of the [deficit-reduction super-committee created in 2010](#) when he offered a compromise that was "the midpoint of the public offers put forward during the negotiations to demonstrate where I thought a deal could be reached at that time."

[The Wall Street Journal sees the compromise taking shape](#): a two-step plan whereby a small deficit-reduction package is signed into law — a "down payment" — by the end of the year, and letting the new Congress deal with the rest of it in its next session. That down payment would be just enough, according to a GOP aide, to allow the "sequester" of military and discretionary government spending cuts to be postponed or eliminated altogether.

Texas Representative Paul is firm:

Look for a "bipartisan" compromise in late December, with Republicans giving in to tax increases and settling for phony spending cuts that actually grow government, and Democrats caving [in] on defense cuts in exchange for tax increases.

This is how the government has always grown: both sides will sacrifice their pro-liberty, small government stances ... in order to grow the government.

*A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American and blogs frequently at [www.LightFromTheRight.com](http://www.LightFromTheRight.com), primarily on economics and politics. He can be reached at [badelman@thenewamerican.com](mailto:badelman@thenewamerican.com).*



## Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



### What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

[Subscribe](#)