Bill Clinton: Extend Bush tax cuts

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In an appearance on CNBC Tuesday, former president Bill Clinton said that Congress should temporarily extend the Bush tax cuts due to expire at the end of the year. Clinton's comments appeared to conflict with the Obama administration's public position on the tax cuts for the wealthy implemented under George W. Bush in 2001-2003.

In light of the "recession," Clinton stated, "What I think we need to do is find some way to avoid the fiscal cliff, to avoid doing anything that would contract the economy now, and then deal with what's necessary in the long-term debt-reduction plans as soon as they can, which presumably would be after the election."

A Clinton spokesman sought to clarify the former president's comments on Wednesday. "In the [CNBC] interview," Matt McKenna said, Clinton "simply said that he doubted that a long-term agreement on spending cuts and revenues would be reached until after the election." McKenna also said that Clinton wasn't suggesting that the US is still in a recession, rather that the country is still living with the effects of the past recession.

As he campaigns for reelection, Barack Obama has maintained that he wants to see the Bush tax cuts extended only for middle-class taxpayers. He has stated he wants to end the tax windfall for individuals making more than $200,000 a year and for couples making $250,000 and up.

House Democratic leader Nancy Pelosi recently proposed a much watered-down version of that plan, calling for ending the tax cuts only for those who have an annual income of more than $1 million.

As the comments of Clinton and others make clear, however, there is a growing consensus in Democratic Party circles that the tax cuts for the rich should be extended, at least temporarily. This view is in line with bipartisan agreement that there is to be no relief for the vast majority of Americans who are suffering under the weight of long-term unemployment, wage-cutting and growing social inequality.

The "fiscal cliff" spoken of by Clinton in his CNBC remarks refers to the potential effect of the expiration at the end of the year of the Bush tax cuts and the payroll tax cut extension, combined with the implementation of more than $1 trillion in spending cuts beginning in 2013, as part of the bipartisan agreement last August to raise the debt ceiling.

The Congressional Budget Office predicted Tuesday that allowing the tax cuts to expire and the spending cuts to proceed threatened to plunge the economy into a new recession.

The *Politico.com* web site reported Thursday that a bipartisan group of a dozen senators has begun discussions on the outlines of an agreement to forestall a year-end fiscal crisis, one that would include the extension of all the Bush tax cuts, including those for the wealthiest Americans, for at least an initial period.

This view was echoed by Lawrence Summers, former White House economic adviser under Obama, who stated on the heels of Clinton's comments that Congress should avoid any sudden moves to raise taxes on the wealthy. "We've got to make sure we don't take gasoline out of the tank at the end of this year," he said. "That's got to be the top priority."

This view coincides with the Obama administration rejection of any government jobs program and its insistence that private enterprise is the sole engine of economic growth and prosperity. In reality, US corporations are presently sitting on a cash hoard topping $2 trillion, as job gains continue to lag behind population growth and long-term unemployment in May reached 5.4 million, the highest level since February.

In an appearance Thursday before the congressional Joint Economic Committee, Federal Reserve Board Chairman Ben Bernanke also warned of the danger of the nation falling off the “fiscal cliff” if the tax cuts for the wealthy are allowed to expire December 31.

The Fed chief stated, “The potential expiration of the so-called Bush tax cuts—the 2001-2003 tax cuts—is the single biggest item in the fiscal cliff and would have, if everything else held constant … an adverse effect on spending and growth in the economy that would be significant.”

The Bush-era tax cuts were set to “sunset” after 10 years in 2010, but the Obama administration came to an agreement with Congressional Republicans to extend them for another two years. The comments by Clinton and Summers are an indication that another extension could be in the cards in the name of spurring economic growth.

While maintaining his public opposition to extending the tax cuts for those individuals with incomes over $200,000, Obama has also cynically postured for adoption of his proposed “Buffett Rule”—whereby households with annual incomes above $1 million would pay a minimum tax rate of 30 percent—with full knowledge that the measure stands no chance of passage in Congress.

Obama’s claim that he wants big business to pay its “fair share” is exposed by his proposal to overhaul the US corporate tax code. His plan would lower the tax rate for companies from the current 35 percent to 28 percent, and down to as low as 25 percent for US manufacturers.

As the two big-business parties and economic experts debate the advisability of allowing the tax cuts for the wealthy to expire, this month another 70,000 US workers will be cut off extended unemployment benefits. The cutoff comes weeks earlier than would have been the case had Obama and Congress not reduced the duration of jobless pay. Nearly half a million people have been stripped of their unemployment benefits so far as a result of this bipartisan assault.

The *New York Times*, which generally reflects the thinking of the Obama White House, has hinted that any program of extended jobless benefits may be wound up by the end of the year, writing late last month, “After the most recent compromise [on extended benefits] reached in February, another renewal seems unlikely.” This threatens millions of workers who have exhausted their benefits with outright destitution.