

THIRD CAVE'S A CHARM

Kudos to Ezra for admitting he was dead wrong last year when imagining the Republicans might allow a deal that would let Bush tax cuts lapse.

A year ago, I was less concerned about the Bush tax cuts. I assumed, as did many in Washington, that the Republicans' antipathy to taxes was a negotiating stance. Eventually, we would strike a "grand bargain" that would reduce spending and raise revenue substantially. The past few months have proved me wrong.

But having recognized that the Republicans will not let those tax cuts expire, Ezra then imagines (apparently in an effort to spin this debt deal as less than catastrophic) that they will let the tax cuts expire in December 2012.

Democrats will have their turn. On Dec. 31, 2012, three weeks before the end of President Barack Obama's current term in office, the Bush tax cuts expire. Income tax rates will return to their Clinton-era levels. That amounts to a \$3.6 trillion tax increase over 10 years, three or four times the \$800 billion to \$1.2 trillion in revenue increases that Obama and Speaker John Boehner were kicking around. And all Democrats need to do to secure that deal is...nothing.

This scenario is the inverse of the current debt-ceiling debate, in which inaction will lead to an outcome – a government default – that Democrats can't stomach and Republicans think they can. There is only one thing that could stand in the way of Democrats passing significant new revenues on the last day of 2012: the Obama administration.

Of course, the entire premise assumes that the

tax cuts won't already have been extended by then.

In a couple of months, after all, we're going to see the next hostage crisis as Congress debates a continuing resolution to fund the government. There'll be another one in 2012. And I'm sure the GOP will find another several opportunities to stage a hostage crisis.

And why not? Obama has proven, over and over, that he will not take on the hostage-takers. Instead, with every hostage-taking, he just hands over one more thing for the Republicans to take hostage. The Republicans are perfecting a strategy that gives them complete control of a government while controlling just one of two houses of Congress. And each time they stage a hostage taking, Democrats allow outcomes that make the economy worse, all in the name of saving the economy.

But even without another hostage-taking, Ezra's take assumes that Obama would let the tax cuts expire, even while he admits that the Administration doesn't want that to happen.

The White House's strategy in the debt-ceiling negotiations has reflected its ambivalence, with Obama trying to extract either as much revenue as Republicans would allow or as little as Democrats would accept. Obama even offered Boehner a deal in which the Bush tax cuts would be extended right now, so Republicans wouldn't have to fear a subsequent negotiation in which they lacked leverage. Boehner rejected that deal and, in doing, might have saved the safety net.

But the Obama administration doesn't want to take its second chance. They argue that the economy will still be recovering in 2013, and so it's not an ideal time for a large tax increase. True. But what happens in 2012 is not simply setting tax policy for 2013. It's

setting tax policy for decades to come.

Frankly, I agree with Ezra, that if these tax cuts don't expire—if we don't start making the rich pay their share to support this country—our country is sunk. I agree that we need to pressure the White House to get serious about revenue.

But think about how the Obama Administration is using this tax cut. He talked about it during the election, he has talked about it repeatedly since then. Yet every single time Obama has an opportunity to do something about it, he manages to cave.

It is serving the same function as abortion does for the Republicans: the promised policy used to get people to vote, even while delivering on that promise always remains in the future.

The problem is, as important as abortion is, having or not having choice won't collapse the country. Obama's refusal to do anything to tax the rich will.