



## Note to Fix the Debt: Your Class Interest's Showing

by [ELIAS ISQUITH](#) on NOVEMBER 27, 2012

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I guess [the Fix the Debt folks](#) are worried that their decades-long quest to roll back the New Deal and lower their own taxes is in peril, because [they're responding](#) now to a Matt Yglesias post which argued they mainly care about rolling back the New Deal and lowering their own taxes. Here's [their non-sequitur-tastic parry](#) to Yglesias's thrust:

Both [Paul Krugman](#) at the New York Times and [Matt Yglesias](#) at Slate have made the claim that those who advocate for debt reduction should love the cliff. After all, it does significantly reduce the debt, sending it below [60 percent of GDP by 2022](#).

We've [challenged](#) this myth in the past, as the sudden and blunt nature of deficit reduction in the fiscal cliff would have a devastating [impact on the economy](#). It also ignores tax and entitlement reform that could minimize harm and address the future drivers of debt. For these reasons, the fiscal cliff is the second worst option, only behind kicking the can further down the road and not addressing our rising debt.

And here's Yglesias's [apt response](#):

So it's not a group dedicated to avoiding premature austerity at all costs and it's not a group dedicated to deficit reduction at all costs either. But it [does include among its "core principles"](#) that we need to reduce entitlement spending and enact "comprehensive and pro-growth tax reform" that, among other things, "lowers rates." That sounds a lot like the agenda of a group that's dedicated to rate-cutting tax reform and entitlement spending cuts, rather than to any particular view about the appropriate timing of deficit reduction.

We're not quite at the point when it's wise to say the Fix the Debt folks are flailing, but the prospects of their suffering a near-total defeat are looking better than I could've imagined, say, nine months ago. Obama's been reelected on a fuzzy but pro-soak the rich mandate, and with the cliff fast-approaching it's looking increasingly likely that we'll tumble over it (which [wouldn't immediately be that bad](#)) and find ourselves living in the dystopian Hellscape that was the majority of the Bill Clinton 90s. At that point, Obama can sit back and wait for Republicans to reinstate the current tax rates for the 98 percent and, should he so desire, leave it at that. Worry is, what if Obama's unwilling to leave it at that? It's long been something of his White Whale, the Grand

Bargain, and there's reason to think the president is no less committed than before on trading cuts to Social Security, Medicare, and Medicaid for higher revenues from the wealthy. I happen to think [David Plouffe's recent comments](#) at the University of Delaware were intended not so much to make news as to completely troll my Facebook feed; and that Plouffe didn't say anything we haven't heard before anyway. But 2011's debt ceiling-inspired Grand Bargain justifiably casts an ominous shadow into the eyes of any lefty who tries to divine what Obama might do.

My biggest concern isn't that Obama's secretly a foe of universal social insurance, but that, like Kevin Drum, he might be thinking you've got to bleed the patient in order to save it. That's the gist of this Drum post, [Why Social Security Reform Would Be Good For Liberals](#):

If we extended the solvency of Social Security for the next century, it's true that the Cato Institute would be back the next day complaining that this wasn't enough.... But the Washington Post wouldn't. The Pete Peterson folks wouldn't. The truth is that all the earnest, centrist, Very Serious People who want to reform Social Security don't want to starve your granny. They don't have a problem with the concept of a guaranteed retirement program. They just want it to be properly funded. So a deal would shut them up.

As you'd guess, I'm extremely skeptical of this proposition. It seems to me that the idea of the welfare state as simply unaffordable and even passé — best exemplified by Walter Russell Mead's "[blue social model](#)" campaign — has become pretty influential among the Very Serious People. *We'll just microfinance our way to*

*social and economic justice, or something! What about Kickstarter? Do they do disability aid?* And as Digby has pointed out on multiple occasions, this kind of “get it off the table” logic brought us welfare reform. And that’s [not a precedent](#) to look on with a smile.