



The Thelma And Louise Democrats

Despite Evidence That It Would Throw The Economy Into Recession, A Growing Chorus Of Democrats Are Supporting Going Off The Fiscal Cliff

“Call Them The Cliff Jumpers. A Growing Bloc Of Emboldened Liberals Say They’re Not Afraid To Watch Defense Spending Get Gouged And Taxes Go Up On Every American If A Budget Deal Doesn’t Satisfy Their Priorities.” (Seung Min Kim, “Fiscal Cliff: Will They Jump?,” [Politico](#), 11/25/12)

A GROWING NUMBER OF DEMOCRATS CALLING FOR GOING OFF THE FISCAL CLIFF

The Washington Post Headline: “Democrats Threaten To Go Over ‘Fiscal Cliff’ If GOP Fails To Raise Taxes.” (Lori Montgomery, “Democrats Threaten To Go Over ‘Fiscal Cliff’ If GOP Fails To Raise Taxes,” [The Washington Post](#), 7/15/12)

- **Democrats Are Even Trying To Modify The Term “Fiscal Cliff” To Tame Its Connotations, Despite The Fact That Going Off Would Mean An Instant Recession.** “If some Democrats had their way, the country wouldn’t be facing the ‘fiscal cliff’ — but a ‘fiscal slope,’ ‘fiscal curve’ or even an ‘austerity crisis.’” (Darren Samuelsohn, “Fiscal ‘Cliff’? Democrats Say ‘Slope,’” [Politico](#), 11/26/12)

Sen. Patty Murray (D-WA), Indicated That She Is Willing To Go Off The Fiscal Cliff Unless A Final Deal Includes Raising Taxes. “In the latest turn of events, Sen. Patty Murray, a leading Senate Democrat, said Monday that no deal will be cut until Republicans agree to raise taxes on high-income households. ‘If we can’t get a good deal, a balanced deal that calls on the wealthy to pay their fair share, then I will absolutely continue this debate into 2013 rather than lock in a long-term deal this year that throws middle class families under the bus,’ Murray said in prepared remarks at the Brookings Institution.” (Jeanne Sahadi, “Fiscal Cliff Fight Is On, And Economy Suffers,” [CNN](#), 7/16/12)

- **Sen. Harry Reid (D-NV) Endorsed Sen. Murray’s Negotiation Tactic On The Fiscal Cliff.** “Top negotiators won’t explicitly endorse the tip-off-the-cliff method. The White House has repeatedly said an agreement must be reached, though it has drawn its own hard line: Obama will veto any bill that keeps the Bush-era tax rates for the highest earners. When asked about Murray’s tactic in July, Senate Majority Leader Harry Reid (D-Nev.) told reporters: ‘Patty Murray knows what she’s talking about.’” (Seung Min Kim, “Fiscal Cliff: Will They Jump?,” [Politico](#), 11/25/12)

Rep. Peter DeFazio (D-OR) Says That If A Deal Doesn’t Raise Taxes Enough, “Then We’re Better Off Going Over The Cliff.” “If the Republicans can’t see their way to significant additional revenues targeted toward the people who are best off and targeted toward passive income and other things like that, then

we're better off going over the cliff and readdressing this with a better Congress in January,' Rep. Peter DeFazio (D-Ore.) said. 'And we would have plenty of time to fix it.'" (Seung Min Kim, "Fiscal Cliff: Will They Jump?," [Politico](#), 11/25/12)

Rep. Peter Welch (D-VT) Says "If It's Necessary To Wait To Get A Good Deal, Let's Do That." "This is very, very important that we hang in there to essentially get the revenue component,' said Rep. Peter Welch (D-Vt.). 'I favor an agreement before Jan. 1, but I'm skeptical that our leadership may be able to reach one. If it's necessary to wait to get a good deal, let's do that.'" (Seung Min Kim, "Fiscal Cliff: Will They Jump?," [Politico](#), 11/25/12)

Rep. Raul Grijalva (D-AZ) Said Of The Fiscal Cliff That The "Last Option Is Something That Democrats Need To Prepare For." "But rank-and-file Democrats calling for a so-called balanced deal are getting ready for that alternative. 'If there's a better opportunity to deal with that in January,' said Arizona Rep. Raul Grijalva (D-Ariz.), 'then that last option is something that Democrats need to prepare for.'" (Seung Min Kim, "Fiscal Cliff: Will They Jump?," [Politico](#), 11/25/12)

Former DNC Chairman Howard Dean Has Said "I Think We Ought To Go Over The Fiscal Cliff." HOWARD DEAN: "No, I think we ought to go over the fiscal cliff. It's not a great alternative but the Congress is incapable of anything else. We ought to do it." (MSNBC's "Morning Joe," 8/3/12)

DEMOCRATS PREFER IDEOLOGICAL OBSTINACY DESPITE REPEATED WARNINGS THAT GOING OFF THE CLIFF WOULD BE CATASTROPHIC

The Congressional Budget Office Has Warned Of A Recession In 2013 If The Nation Goes Off The Fiscal Cliff, With The Unemployment Rate Rising As High As 9 Percent. "Such fiscal tightening will lead to economic conditions in 2013 that will probably be considered a recession, with real GDP declining by 0.5 percent between the fourth quarter of 2012 and the fourth quarter of 2013 and the unemployment rate rising to about 9 percent in the second half of calendar year 2013 (see Summary Table 2)." ("An Update To The Budget And Economic Outlook: Fiscal Years 2012 To 2022," [Congressional Budget Office](#), 8/22/12)

Federal Reserve Chairman Ben Bernanke Has Said That "A Fiscal Shock Of That Size Would Send The Economy Toppling Back Into Recession." FEDERAL RESERVE CHAIRMAN BEN BERNANKE: "First, the Congress and the Administration will need to protect the economy from the full brunt of the severe fiscal tightening at the beginning of next year that is built into current law--the so-called fiscal cliff. The realization of all of the automatic tax increases and spending cuts that make up the fiscal cliff, absent offsetting changes, would pose a substantial threat to the recovery--indeed, by the reckoning of the Congressional Budget Office (CBO) and that of many outside observers, a fiscal shock of that size would send the economy toppling back into recession." (Chairman Ben S. Bernanke, [Remarks At The New York Economic Club](#), New York, NY, 11/20/12)

An Ernst & Young Report On The Looming Fiscal Cliff Found That The Expiration Of Tax Cuts Would "Result In A Smaller Economy, Fewer Jobs, Less Investment And Lower Wages." "The confluence of fiscal policy changes scheduled to occur at the end of 2012 – sometimes referred to as the 'fiscal cliff' – poses serious challenges for policy makers. One area of disagreement is the increase in tax rates for high-income taxpayers resulting in part due to the sunset of elements of the 2001 and 2003 tax cuts. ...This report finds that these higher marginal tax rates result in a smaller economy, fewer jobs, less investment, and lower wages. Specifically, this report finds that the higher tax rates will have significant adverse economic effects in the long-run: lowering output, employment, investment, the capital stock, and real after-tax wages when the resulting revenue is used to finance additional government spending." (Drs. Robert Carroll and Gerald Prante, "Long-Run Macroeconomic Impact Of Increasing Tax Rates On High-Income Taxpayers In 2013," [Ernst & Young LLP](#), 7/12)

- **“Employment In The Long-Run Would Fall By 0.5% Or, Roughly 710,000 Fewer Jobs, In Today’s Economy.”** “Employment in the long-run would fall by 0.5% or, roughly 710,000 fewer jobs, in today’s economy.” (Drs. Robert Carroll and Gerald Prante, “Long-Run Macroeconomic Impact Of Increasing Tax Rates On High-Income Taxpayers In 2013,” [Ernst & Young LLP](#), 7/12)
- **The Joint Committee On Taxation Found President Obama’s Tax Hike Would Raise Taxes On Nearly One Million Households And Small Businesses.** “According to JCT, next year 940,000 households within the top 2 percent will report net positive business income and will face marginal tax rates that would be 36 percent or 39.6 percent under Obama’s plan, up from 33 percent and 35 percent now. That represents 3.5 percent of taxpayers who have business income and 53 percent of net positive business income, the analysis said.” (Richard Rubin, “Obama Plan Means Higher Taxes On Business Profits: Study,” [Bloomberg](#), 6/19/12)

The Tax Increases And Government Spending Cuts That Are Anticipated To Come At The Fiscal Cliff “Have Already Begun To Cause Companies To Hold Back On Hiring And Investments.” “With the economy having slowed in recent weeks, business leaders and policy makers are growing concerned that the tax increases and government spending cuts set to take effect at year’s end have already begun to cause companies to hold back on hiring and investments.” (Rebecca Berg, “Fear Of Year-End Fiscal Stalemate May Be Having Effect Now,” [The New York Times](#), 7/11/12)

WHILE THE ECONOMY IS PARALYZED BY UNCERTAINTY, WILL THE WHITE HOUSE SIT ON ITS HANDS?

“It’s Up To Obama To Navigate The Course Toward An Agreement.” “Although Obama’s GOP rivals have talked of revenue in terms other than higher tax rates, Democrats face pressure from liberal interest groups to avoid cutting big benefit programs like Medicare and food stamps. It’s up to Obama to navigate the course toward an agreement.” (“Barack Obama Warns Congress: Fiscal Cliff Is ‘Urgent Business,’” [The Associated Press](#), 11/16/12)

- **Bob Woodward Has Said That “In The Case Of Obama And The First Term, And The Economic Issues, He Didn’t Fix Them. And He Didn’t Find A Way To Work His Will.”** BOB WOODWARD: “One theme is the president, no matter who is president, is the chief strategist. They set the tone. They say this is how we’re going to do things and fix things. In the case of Obama and the first term, and the economic issues, he didn’t fix them. And he didn’t find a way to work his will.” (CBS’s “Face The Nation,” 11/25/12)

White House Press Secretary Jay Carney: “Well, I Don’t Know What Fiscal Cliff Diving Specifically Means –” REPORTER: “So is fiscal cliff diving irresponsible?” WHITE HOUSE PRESS SECRETARY JAY CARNEY: “Well, I don’t know what fiscal cliff diving specifically means –” (Jay Carney, [White House Press Briefing](#), Washington, D.C., 11/26/12)