

Congressman Ellison warns against cutting programs in debt negotiations

Written by Harry Colbert, Jr.
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With the so called “fiscal cliff” looming a few Democratic Congressmen are voicing concerns that President Obama may give in too much to House Republicans in his debt negotiations.

If the president and Congress cannot reach a deal by Jan. 1 – a prospect that seems to be the case – automatic tax hikes and cuts to so called entitlement programs such as Social Security, Medicaid, veterans’ benefits and unemployment benefits will occur automatically. The automatic trigger has been deemed the fiscal cliff, as most economists say the country will fall into a mild recession.

But with the prospect of the cliff looming, a few Congressmen are warning the president not to compromise to get a deal if it means devastating cuts in entitlement spending.

“I’m not going to support benefit reduction for the most vulnerable to pay for millionaires to keep their tax cuts,” said US Rep. Keith Ellison (D-MN). “We don’t have to cut services for the most vulnerable to resolve the deficit.”

Ellison spoke out after reports that Republicans want to cut Social Security by changing the way inflation is calculated.

“This change would be devastating to beneficiaries, especially widowed women, more than a third of whom rely on the program for 90 percent of their income and use every single dollar of the Social Security checks they’ve earned,” said Ellison. “This would require the most vulnerable Americans to dig further into their savings to fill the hole left by unnecessary and irresponsible cuts to Social Security. I have to go back to North Minneapolis and Richfield and Columbia Heights and I can’t tell them that your benefits are getting cut, but defense spending has doubled since 2001. But your nephew who’s a soldier, his pay didn’t double – his benefits didn’t double.”

As for US Rep. Bobby Scott (D-VA), though he is not suggesting doing nothing, he is strictly opposed to cutting benefits and said if Congress and the president agree on taxes, it will have to come with a reduction in entitlements in order to balance the budget. According to Scott, even President Obama’s initial proposal of raising income taxes on anyone making over \$250,000 a year and keeping rates the same for everyone else would result in a deficit. Scott said upwards of \$3 trillion will be needed to eliminate the country’s deficit. Most recently, the president has amended his proposal to now not raise taxes on anyone making \$400,000 or less in a year.

“You can’t get \$3 trillion out of nondiscretionary and defense spending,” said Scott. “You would have to cut Social Security, Medicare and Medicaid. Some people think that tax cuts are so important that they are willing to get it by cutting Social Security and Medicare. If you vote to extend tax cuts, you’re required to cut Social Security and Medicare.”

In the president’s 2013 budget is approved, Social Security, Medicare and Medicaid will account for 42 percent of the budget collectively with Social Security accounting for 21 percent, Medicare at 14 percent and Medicaid at 7 percent.

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Scott made his comments during a web seminar conducted by the Insight Center for Community Economic Development. According to the center, African-American workers, families, and seniors stand to be unduly affected if Congress and the president do not reach a deal before the end of the year. Additionally, the potential expiration of extended jobless benefits and cuts in education will have devastating and long lasting consequences for African-Americans who have suffered disproportionately from the effects of the recent recession.

Scott is calling for a return to the President Bill Clinton-era rates on estate taxes and other means of producing revenue, including raising the capital gains tax, limiting deductibility of corporate interest, having a so called surcharge on millionaires and proposing a Wall Street Trading and Speculators Tax.

“My fear is that we (Congress) will pass a bipartisan bill that will cut \$3 trillion in revenue and we’re going to slap ourselves on the back, then come back and try and figure out how to pay for it,” said.