

## Fiscal Cliff?

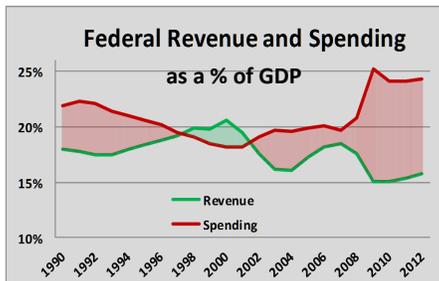
Will America fall off the edge of the **Fiscal Cliff** into an economic abyss? Or will there be a slow decent to financial stability? **Neither!** Reality falls between extremes, but the extremes make headlines.

The confluence of dramatic tax increases and spending cuts, beginning when the Ball Drops in Times Square, have been dubbed by the media as the **Fiscal Cliff**. The dramatic tax increases are really the expiration of the *temporary* Bush tax cuts which should have expired two years ago, but were extended by Congress until this New Year's Eve. During Congress's 2011 disgraceful debate over raising the debt ceiling to avoid a deadlock, they established a self-imposed deadline of prohibitive spending cuts to force resolution of their partisan conflicts. The debauched debate, not only exposed our broken political system and shattered our confidence in our elected officials, but also resulted in the first ever downgrade of the Almighty Dollar, throwing shock waves through the financial markets around the world.

Congress gave themselves well over a year and nothing has been accomplished. Even with these self-inflicted prohibitive spending cuts, dubbed the "meat ax" by both of the parties, staring them in the face, Congress has pushed the American people to the precipice of the **Fiscal Cliff**. Gridlock still grips the capital!

Congress has lost the art of bipartisan compromise even in the face of populace pressure and economic calamity. Political gamesmanship is the only game in town.

Our political parties have two starkly opposing philosophies on the role of government. Financial pressures from the Great Recession, which expanded our deficits through plummeting revenue and skyrocketing stimulus spending, drove the wedge between our political parties even deeper.



Source: Office of Management and Budget

Washington's ability to reach meaningful solutions. All we can anticipate is stop gap legislation to delay the hard decisions.

Media's penchant for the melodramatic painted visuals of Democrats and Republicans, bears and bulls, and the American people and their hard-earned dollars hurling over a precipice to a chasm so deep that the bottom is not visible. They explain how the one-two punch of the tax increases and spending cuts will push us over the **Fiscal Cliff** into the abyss of an economic free fall. The media uses dramatic, sensational prose describing this concocted cataclysmic event that drives us to the edge of lucid, rational thought.

The media ignores reality by portraying the extremist views exploiting us by preying on our fears. They call in the zealous prognosticators seeking the media's attention adding veracity to their calamitous predictions. The endless political bantering lends just enough comedic relief to their storyline to keep us from going over the deep end.

**Now Reality:** Even though Congress is polarized, they will engineer another stop gap measure just enough to kick the can down the road ducking the major, systemic issues until the next crisis. With plenty of backslapping adding to the comedic subplot, our elected officials will extol how in furious last-minute dramatic fashion through bipartisan compromise, they saved us from falling off the **Fiscal Cliff**.

The jubilation will be short lived when Americans realize that the major issues will resurface in March when the country runs out of money again! Treasury Secretary

Geithner wanted some press of his own, so the day after Christmas he told Congress that we would exceed the debt ceiling on New Year's Eve, but through some creative accounting tricks, he could put off action for a couple of months. In comedy timing is everything, especially holiday timing, but Geithner's magic of making money through creative accounting may be the show stopper.

After the applause dies down for the last-minute decisive action on the **Fiscal Cliff** and the magic accounting trickery, the implausible dream sequence builds a bridge spanning the ideological chasm between our political parties as they construct a bipartisan fiscal policy. Then we're awakened by the bickering and wrangling of our elected officials in March as they again face their self-imposed deadline of prohibitive spending cuts.

Stay tuned as the unresolved debt crisis will rear its ugly head this March like an old Godzilla rerun.