



REGION 5 NBA REPORT



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National Business Agent's Report

NALC Region 5

The so-called *Fiscal Cliff* has been averted for now...or has it? Frankly, the deal which recently came out of Congress, and signed into law by President Obama, isn't much better than a Band-Aid. The truth is we will all be feeling the effects of this knee-jerk and short sighted legislation in short order. Notwithstanding claims to the contrary we will all see our payroll taxes increase by over 3% because of an increase in FICA withholdings alone and that won't really fix anything. This really shouldn't be a surprise though, we all know we have a contribution to make to address our National Debt and as working men and women with good paying middle-class jobs we need to willingly make that contribution. But, what about everyone else?

The deal makes tax cuts for the rich permanent (extending the Bush tax cuts for incomes up to \$400,000 if filing singly and \$450,000 if jointly) while extending refundable tax credits for the poor (child tax credit, enlarged EITC, and tuition tax credit) for only five years. There's absolutely no justification for this inequity. It doesn't get nearly enough revenue from the wealthiest 2 percent—only \$600 billion over the next decade, which is half of what the president called for, and a small fraction of the White House's goal of more than \$4 trillion in deficit reduction. That means more of the burden of tax hikes and spending cuts in future years will fall on the middle class and the poor. It continues to exempt the first \$5 million of inherited wealth from the estate tax (the exemption used to be \$1 million). This is a huge gift to the heirs of the wealthy, perpetuating family dynasties of the idle rich.

Did you know Puerto Rican Rum got a Tax subsidy from the *Fiscal Cliff* deal? How about NASCAR track owners getting a higher rate of depreciation on their facilities which no one else got, or Hollywood films getting as much as \$15 Million in deductions from domestic film production, or Financial Services companies like GE who participate in "active financial" investments in Overseas financial endeavors get between \$4-5 Billion tax breaks to develop jobs there. These were part of the *Fiscal Cliff* legislation. Why?

That said in the *Fiscal Cliff* deal, no one has really conceded anything on the debt ceiling, so over the next two months—as the Treasury runs out of tricks to avoid a default—many in Congress are likely to do exactly what they did before, which is to hold their votes on raising the ceiling hostage to major cuts in programs for the poor and in Medicare and Social Security and no cuts at all in the Defense budget. I'm a combat veteran but the unbridled spending to fight our foreign incursions is crazy. The biggest failure in the cliff negotiations was not getting agreement to raise the debt ceiling. The last time the debt ceiling had to be raised, in 2011, the majority in the House demanded major cuts in programs for the poor as well as Medicare and Social Security. They got some concessions

from the White House but didn't get what they wanted -- which led us to the fiscal cliff. So now we've come full circle.

Don't be fooled. This war was never over the federal budget deficit. In fact, federal deficits are dropping as a percent of the total economy. For the fiscal year ending in September 2009, the deficit was 10.1 percent of the gross domestic product, the value of all goods and services produced in America. In 2010, it was 9 percent. In 2011, 8.7 percent. In the 2012 fiscal year, it was down to 7 percent. Yes, the deal finally gets the Anti-Taxers to accept a tax increase on the wealthy, but this is an inside-the-Beltway symbolic victory. If anyone believes this will make the Anti-Taxers more amenable to future tax increases, they don't know how rabid these extremists have become.¹ Fixing our National Debt will take shared sacrifice from EVERYONE and I mean everyone.

Look none of us want to pay higher taxes. None of us want to see wasteful spending. None of us want to see our Nation continued to be weighed down by crushing debt. But, at the same time, none of us want to be the only ones pulling the cart. Let us hope, NO, let us ACT to communicate and persuade this new Congress to pull up their collective big girl and big boy pants and make the hard choices which will move us forward—pulling equally together with equal sacrifice to fix our National economic problems. Thanks for letting me rant but this stuff makes me MAD!

On to more pleasant matters; I'd like to take this opportunity to congratulate some of our newest elected branch officers in the Region; Stephanie Steward—President of Des Moines Branch 352, Larrissa Parde—President of Lincoln Branch 8, Bill Hezel—President Ballwin Branch 5050, Tony Gesell—President of Waterloo Branch 512 and John Holben—President of Council Bluffs Branch 314. I know there are probably additional new officers I don't know about yet and I apologize for not mentioning you too. To all the newly elected and currently serving Branch officers in Region 5—a hearty congratulations and Thank You for all the hard work you are doing and about to do for the membership. Without motivated leaders and the support of the membership in this Region behind us we will not and cannot be effective. So again, Congratulations and saddle up there's work to do.

Hopefully, our National Interest Arbitration team will have been successful and we have a new Contract by the time this article is published. If so, be prepared to have a lot of intensive training at the Rap Session—March 2 & 3—to cover the new details of our National Agreement. If your branch has not made housing arraignments you may be too late. Our special room rate is filling up fast and don't forget to reserve space at the NBA Reception on Saturday evening tickets for this event are also flying out the door. If you need more information, call the Regional office. In the meantime; *Stay Calm and Carry On.*

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¹ Robert Reich--Economist