

What's to like and what's not to like about the fiscal-cliff deal

By [Steve Thorngate](#)

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So reasonable left-leaning folks are disagreeing, even more than usual. Is this week's fiscal-cliff deal any good?

The deal, which the president signed into law Wednesday, includes the following ([among other things](#)):

1. Higher tax rates for people earning \$400k+
2. Higher taxes on estates worth \$5m+
3. A five-year extension of three tax credits aimed at low- and middle-income people
4. A one-year extension of unemployment insurance
5. Higher payroll taxes across the board
6. A two-month delay on the sequestered automatic spending cuts
7. No action on the debt ceiling

Items one through four are modestly positive moves toward economic fairness; the fourth in particular is also great economic stimulus. Five is regressive, a recovery killer, and a real shame. Six and seven are more can-kicking, setting up more ugly showdowns. And the deal did little to address either of our big-picture economic issues (unemployment in the short term and deficits in the long term).

So all in all, not exactly inspirational stuff. Still, I'm inclined to agree [with E. J. Dionne](#) and others that a deal in which Republicans agree to raise taxes on rich people without big spending cuts is a positive thing. There remains, of course, the question of the looming sequester and debt-ceiling fights, the source of much [liberal anxiety and frustration](#).

How's the deal for low-income people themselves? Greg Kaufmann [argues](#) that the tax credit extension, the unemployment extension, and the *lack* of food stamp cuts make it overall a good one. Algernon Austin, responding to Kaufmann, [has a different view](#):

We can't afford *any* of the Bush tax cuts. It makes sense to keep those for the non-super-rich until the economy fully recovers, but if we want to help the poor, they all have to be phased out. . . . When Republicans are again howling about deficits, will they be pushing for cutting programs for the poor or for raising taxes?

There is no way I would have agreed to this.

I wouldn't call for *all* the income tax brackets to return to Clinton-era levels. But Austin's right that much of what hurts about this deal is the fact that while the progressive components are mostly temporary, the Bush tax cuts are largely made permanent. Unable to get a deal that restored the higher rates only on the richest 2 percent, Democrats compromised and raised them on an even more elite group. Combine this with the payroll tax increase, and it turns out that [those earning \\$200k-500k got the best deal of all](#). That's not a progressive outcome.

And looking forward, Washington just basically defined "rich" as those earning \$400k+. [As I argued in the magazine this fall](#)—back when this threshold was still a mere quarter million—that's both a revenue problem and a cultural problem. We should be calling everyone making six figures—the top 20 percent—rich, and we should be restoring higher income tax rates for them, not making the lower ones permanent. (I also like Jamelle Bouie's proposal: there should be [more tax brackets](#).)

And then there's [this tacked-on, thoroughly crummy provision](#): a temporary farm bill that extends the status-quo agribusiness stuff but not funding (any of it!) for farmers markets, new farmers, minority famers, organics or several other sustainable-ag priorities. On the plus side: food stamps are a crucial part of the safety net, they're excellent economic stimulus, and they're one good thing this last-minute kicking-of-the-farm-bill-can didn't gut. So there's that.

Also, [wind power got another year of tax credit](#). There's plenty to like in this deal, plenty not to like, and plenty to start worrying about again all too soon. Perhaps the biggest takeaway: fabricating a big showdown, talking up a "grand bargain," and then cobbling together a much smaller one out of policy odds and ends is a lousy way to run a country.