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## WHAT MATTERS TODAY

ON DEMOCRACY

### Corporate Gold on the Fiscal Cliff

January 11, 2013

by Bill Moyers and Michael Winship

In economist and *New York Times* columnist Paul Krugman's book, *End This Depression Now!*, there's a chapter titled "The Second Gilded Age" in which he describes the extraordinary rise in wealth and power of the very rich during this era of unregulated greed. Since Ronald Reagan's election in 1980, the top one percent of Americans have seen their incomes increase by 275 percent. After accounting for inflation, the typical hourly wage for a worker has increased just \$1.23.

Big Money, as Krugman writes in his book, buys Big Influence. And that's why the financiers of Wall Street never truly experience regime change — their cash brings both political parties to heel. So it is that the policies that got us where we are today — in this big ditch of chronic financial depression — have done little for most, but have been very good to a few at the top.

But they're not satisfied with having only most of it — they want it all. If Krugman were writing his book today, he could find plenty of evidence in the deal that supposedly kept us from going over the fiscal cliff. Behind closed doors, Congress larded it with corporate tax breaks worth tens of billions of dollars — everything from tax credits for NASCAR racing and the railroads to subsidies for Hollywood, rebates for the rum industry and loopholes for off-shore financing that could help giant multinationals like General Electric avoid billions of dollars in corporate income taxes.

"As the fiscal cliff fiasco was playing out over New Year's Eve, faster than the ball dropped in Times Square, a deal was struck that will extend the subsidies for Goldman's fancy new headquarters in lower Manhattan. In their 43 stories of glass and steel,

Writing in the conservative *Washington Examiner*, columnist Tim Carney says many of these expensive giveaways were "spawned by a web of lobbyists, donors and staffers surrounding Democratic Sen. Max Baucus of Montana," chairman of the Senate Finance Committee. As we know from the Obamacare fight, Baucus is a connoisseur of [revolving door corruption](#). "Pick any one of the special-interest tax breaks extended by the cliff deal," Carney wrote, "and you're likely to find a former Baucus aide who lobbied for it on behalf of a large corporation or industry organization." Even the pro-business *Wall Street Journal* was appalled. They called it a "[Crony Capitalist Blowout](#)."

And so it was — and more. It was payback time for all those

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and a footprint two city blocks long, Goldman Sachs reigns supreme – thanks to a system rigged by and for the powerful rich.”

campaign donations. CEOs and lobbyists were tripping over themselves as they traipsed up and down Pennsylvania Avenue between Congress and the White House. You’ve no doubt heard about [Fix the Debt](#), that group of business execs and retired politicians taking out TV ads and campaigning to slash the deficit. In *The New York Times*, Nick Confessore reported, “...close to half of the members of Fix the Debt’s board and steering committee have ties to companies that

have engaged in lobbying on taxes and spending, often to preserve tax breaks and other special treatment.”

Get it? They’re privately protecting their interests as they publicly urge austerity on everyone else.

Lloyd Blankfein, CEO and chair of the global investment giant Goldman Sachs, is on Fix the Debt’s Fiscal Leadership Council. Here’s [what he said](#) when asked by CBS News’ Scott Pelley about how he would reduce the federal deficit: “You’re going to have to undoubtedly do something to lower people’s expectations — the entitlements and what people think that they’re going to get, because it’s not going to — they’re not going to get it... Social Security wasn’t devised to be a system that supported you for a 30-year retirement after a 25-year career... in general, entitlements have to be slowed down and contained.”

Yes, but Blankfein and Goldman Sachs make sure their entitlements aren’t touched! Here’s the story: After 9/11, Congress created tax-exempt Liberty Zone bonds to help small businesses rebuild near Ground Zero. Turns out Goldman’s friends in high places consider it a small business, too, although it made \$5.6 billion in profits last year. As the fiscal cliff fiasco was playing out over New Year’s Eve, faster than the ball dropped in Times Square, a deal was struck that will extend the subsidies for Goldman’s fancy new headquarters in lower Manhattan. In their 43 stories of glass and steel, and a footprint two city blocks long, Goldman Sachs reigns supreme – thanks to a system rigged by and for the powerful rich.

And then, according to *The Wall Street Journal*, just before the fiscal cliff deal’s higher individual tax rates kicked in, Goldman handed “Lloyd Blankfein and his top lieutenants a total of \$65 million in restricted stock” — bonuses awarded a month earlier than usual so they could all beat the coming tax hike from which they have been spared for more than ten lucrative years.

The headquarters building of Goldman Sachs. (AP Photo/Richard Drew)

It won’t surprise you to learn that, “Corporations announced more special dividends last month than in any other December since at least 1955.” Doing everything they can to avoid helping pay off the debt their CEOs have been urging Congress to cut.

As for working people — tough luck. Because the fiscal cliff deal ends the cut in payroll taxes, the average worker this year will take home about a thousand dollars less.



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