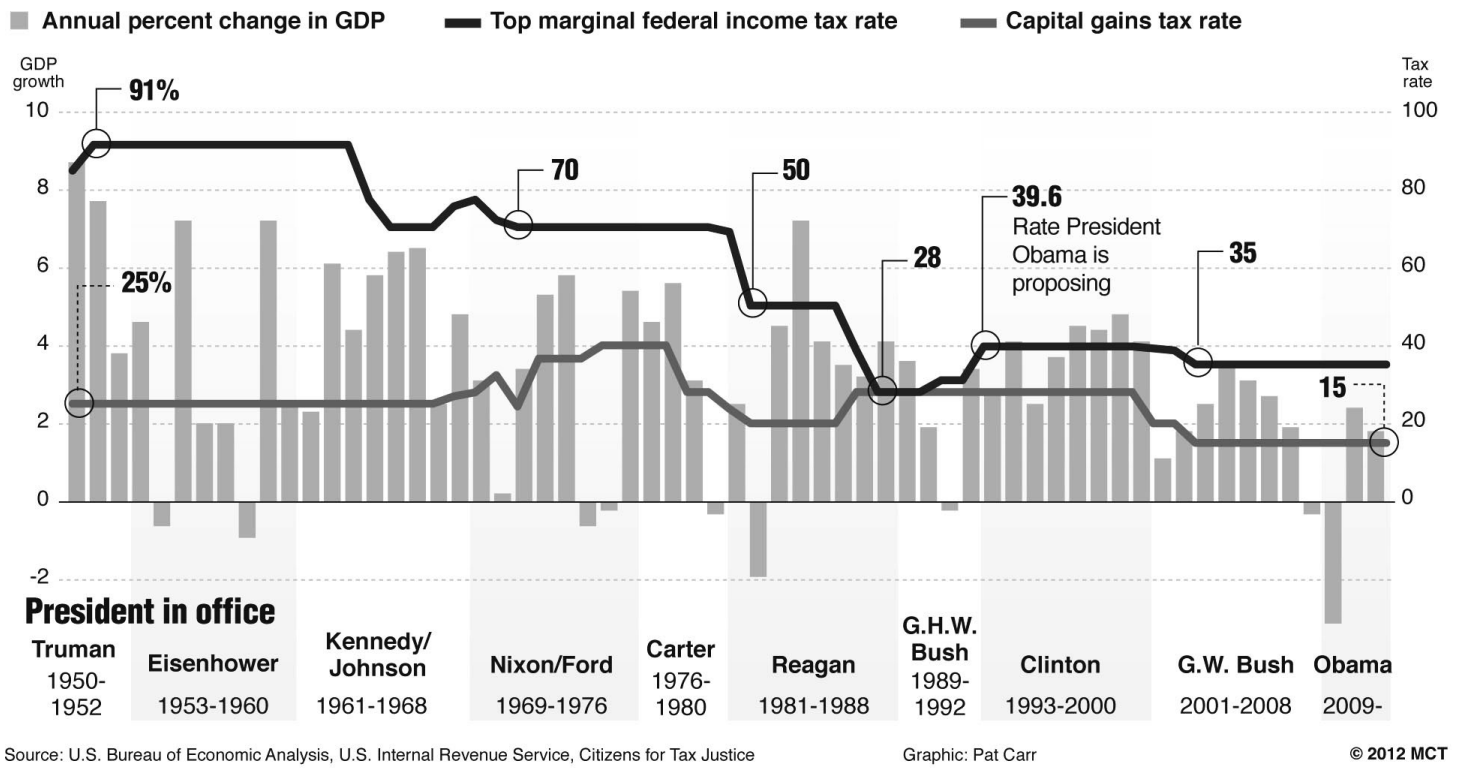




Taxes and growth

One claim that opponents of raising taxes on high-income earners make is that such an increase could stifle growth. But the U.S. enjoyed sustained periods of high growth when the top tax rates on the wealthy were two to nearly three times as high as they are now.



No Budging As Fiscal Cliff Talks Appear Stalled

BY ANDREW TAYLOR
Associated Press

WASHINGTON — Republicans aren't budging on tax rates, and Democrats are resisting steps like raising the eligibility age for Medicare. Negotiations on averting a year-end fiscal train wreck combining big automatic tax hikes and sweeping spending cuts again appear stalled.

There are less than three weeks before the government could careen off this "fiscal cliff," but the chief GOP negotiator, House Speaker John Boehner, R-Ohio, said Wednesday that "serious differences" remain between him and President Barack Obama after an exchange of offers and a pair of conversations this week.

Boehner spoke after a closed-door meeting with fellow GOP lawmakers in which he advised them not to make plans for the week after Christmas.

Neither side has given much ground, and his exchange of proposals with Obama seemed to generate hard feelings more than progress. The White House has slightly reduced its demands on taxes — from \$1.6 trillion over a decade to \$1.4 trillion — but isn't yielding on demands that rates rise for wealthier earners.

Boehner responded with an offer very much like one he gave the White House more than a week ago that offered \$800 billion in new revenue, half of Obama's demand. Boehner is also pressing for an increase in the Medicare eligibility age and a stinger cost-of-living adjustment for Social Security recipients.

Boehner spokesman Michael Steel said the two men did not have any follow-up talks Wednesday.

"There were some offers that were exchanged back and forth yesterday, and the president and I had a pretty frank conversation about just how far apart we are," Boehner said after his meeting with fellow Republican lawmakers. "He said it's looking like trench warfare," said Rep. John J. Duncan Jr., R-Tenn., referring to Boehner.

Federal Reserve Chairman Ben Bernanke weighed in as well. He said, "Clearly, the fiscal cliff is having effects on the economy," the uncertainty affecting consumer and business confidence and leading businesses to cut back on

investment.

There is increasing concern about a Dec. 31 deadline to stop the expiration of Bush-era tax cuts and the start of across-the-board spending cuts that are the result of Washington's failure to complete a deficit-reduction deal last year. Even if an agreement can be reached, the halting pace of negotiations is jeopardizing chances that it could be written into proper legislative form and passed through both House and Senate before the new Congress convenes on Jan. 3.

Both sides accuse the other of slow-walking the talks. Democrats say Boehner is unwilling to crack on the key issue of raising tax rates on family income over \$250,000 because he's afraid of a revolt on his right flank and from younger, ambitious members of his leadership team.

"I do have an increasing concern that the speaker ... is trying to string this out until January 3rd because that's when he would be re-elected as speaker," Rep. Chris Van Hollen of Maryland, ranking Democrat on the House Budget Committee, told The Associated Press. "And I think he's nervous that if he can't get a majority of his House Republican members to support a reasonable agreement that that could put his speakership election in jeopardy. And so that might cause him to try and string these talks."

Many conservatives say they would oppose a deficit-cutting package negotiated by Boehner that included higher tax rates.

"I'll say no, because the focus has got to be on economic growth," said Rep. Jim Jordan, R-Ohio. "The simple fact is raising taxes is not going to grow our economy."

Others wouldn't rule it out completely. "If there's real cuts in spending, if there's real reform of entitlement programs, I think all of us would have to reconsider our position," Rep. Raul Labrador, R-Idaho, said Wednesday. "But the problem is, I don't see real cuts, real cuts. I'm not saying yes and I'm not saying no."

Liberal Democrats are trying to pull Obama in the opposite direction on Medicare and Social Security. Eighteen months ago, Obama had all but agreed to an increase in the retirement age and a less generous inflation adjustment for calculating Social Security COLAs.

House Minority Leader Nancy Pelosi warned Republicans against insisting on raising the Medicare eligibility age as part of any deal.

"Don't go there," Pelosi said on "CBS This Morning." She said raising the retirement age wouldn't contribute much savings toward an agreement in the short term, adding, "Is it just a trophy that the Republicans want to take home?"

Raising the Medicare age from 65 to 67 could cut Medicare costs by \$162 billion over a decade, according to a Congressional Budget Office estimate last year. But by 2035, it would cut Medicare's projected budget by 7 percent.

That estimate, however, assumes the eligibility age would increase rather abruptly and hit people just about to retire. Republicans have instead in the past that their Medicare proposals won't affect now those 55 and above.

Democrats are also pushing back against a GOP plan to reduce Social Security cost-of-living adjustments, another step back from where Obama and Boehner were just 18 months ago.

"Quite frankly, Social Security is off the table," said Rep. Joe Crowley, D-N.Y.

The backtracking has Republicans fuming that Obama campaigned on a "balanced" fiscal solution but now is unwilling to pair tax increases with politically painful cuts to Medicare and other popular programs.

"The president and his allies have taken so many things off the table the only thing left is the varnish," said Senate Minority Leader Mitch McConnell, R-Ky.

But in an ABC interview Tuesday, Obama did not reject a Republican call to raise the age of Medicare eligibility from 65 to 67. The proposal is "something that's been floated," Obama said, not mentioning that he had tacitly agreed to it in the deficit-reduction talks with Boehner more than a year ago that ended in failure.

"When you look at the evidence, it's not clear that it actually saves a lot of money," Obama said. "But what I've said is, let's look at every avenue, because what is true is we need to strengthen Social Security, we need to strengthen Medicare for future generations, the current path is not sustainable because we've got an aging population and health care costs are shooting up so quickly."

U.N. Security Council Condemns N. Korea Rocket Launch

BY EDITH M. LEDERER
Associated Press

UNITED NATIONS — The U.N. Security Council condemned North Korea's successful rocket launch on Wednesday and said it will urgently consider "an appropriate response."

Whether that response includes new sanctions against the North, which the United States and its European allies are seeking, depends first and foremost on China, the North's closest ally which has not made its position clear.

Chinese Foreign Ministry spokesman Hong Lei cautioned Wednesday in Beijing that the council's response should be "prudent and moderate and conducive to maintaining stability and avoiding escalation of the situation."

The Security Council said in a brief statement after closed consultations that the launch violated council resolutions adopted after North Korea's nuclear tests in 2006 and 2009 and a ban on "any launch using ballistic missile technology."

The U.N.'s most powerful body recalled that after the North's failed launch in April it demanded that Pyongyang halt any further launches using ballistic missile technology and expressed its

determination to take action in the event of another launch.

"Members of the Security Council will continue consultation on an appropriate response ... given the urgency of the matter," the council statement said.

The successful rocket launch is widely seen as a test that takes North Korea one step closer to being capable of sending a nuclear-tipped warhead as far as California. North Korea officials say the rocket is meant to send a satellite into orbit to study crops and weather patterns, and Pyongyang maintains its right to develop a civilian space program.

U.S. Ambassador Susan Rice said that no matter how the North Koreans choose to describe the launch it violates two council resolutions and shows that the country "is determined to pursue its ballistic missile program without regard for its international obligations."

"The initial statement out of the council is one of the swiftest and

strongest — if not the swiftest and strongest — that this council has issued," she said. "Members of the council must now work in a concerted fashion to send a clear message that its violations of U.N. Security Council resolutions have consequences."

She told reporters that the United States will be working with the council, South Korea, Japan and other countries in the international community "to pursue appropriate action."

A council diplomat said China's U.N. Ambassador Li Baodong wanted several words and phrases dropped from the original U.S. draft: the word "rocket" to describe the launch, the phrase "ballistic missile technology," and a reference saying the launch "undermines regional security."

After negotiations among the five permanent council members — the U.S., China, Russia, Britain and France — the word "rocket" and the reference to regional

security were dropped but the phrase "ballistic missile technology" remained in the statement, the diplomat said, speaking on condition of anonymity because the consultations were private.

The Chinese ambassador also indicated that pressure and sanctions would not be conducive to preserving peace, the diplomat said.

The closed Security Council consultations were also attended by the five nations that will join the council on Jan. 1, including South Korea.

South Korea's U.N. Ambassador Kim Sook told reporters afterward that the launch was "a blatant violation" of council resolutions and "constitutes a very dangerous challenge to the security of the Republic of Korea and the security situation in Korean peninsula and northeast Asia."

Syria Fires Scud Missiles At Insurgents

KABUL, Afghanistan (AP) — Syrian government forces have fired Scud missiles at insurgents in recent days, escalating the 2-year-old conflict against rebels seeking to overthrow the regime, U.S. officials said Wednesday.

Speaking on condition of anonymity, two officials said forces of President Bashar Assad have fired the missiles from the Damascus area into northern Syria. These officials asked not to be named because they weren't authorized to discuss the matter publicly.

News of the missiles came on the same day that more than 100 countries, including the United States, recognized a new Syrian opposition coalition. That has further isolated Assad's regime and opened a way for greater humanitarian assistance to the forces battling to oust him.

One official said there was no indication that chemical weapons were aboard the missiles. Officials have said over the past week that they feared rebel advances were prompting Assad to consider using chemical weapons.

This official estimated that the number of Scuds fired was more than a half dozen, confirming details first reported by *The New York Times*.

Chavez May Not Return For Inauguration

CARACAS, Venezuela (AP) — Information Minister Ernesto Villegas warned Venezuelans on Wednesday that ailing President Hugo Chavez may not be well enough after his fourth cancer-related surgery in Cuba to be inaugurated on Jan. 10.

Moving to prepare the public for the possibility of more bad news, Vice President Nicolas Maduro looked grim earlier in the day when he acknowledged that Chavez faced a "complex and hard" process after his latest surgery.

At the same time, the officials strove to show a united front amid the growing worries about Chavez's health and the country's future.

In an apparent symbolic show of unity, Maduro was flanked by National Assembly President Diosdado Cabello and Oil Minister Rafael Ramirez during his television appearance.

Analysts say Maduro could eventually face challenges in trying to hold together the president's diverse "Chavismo" movement, which includes groups from radical leftists to moderates, as well as military factions.

Ore. Mall Shooter Identified As 22-Year-Old

PORTLAND, Ore. (AP) — Gunfire rang out in the mall food court, instantly transforming a casual afternoon of holiday shopping into a nightmare. The shooter, armed with a rifle, was dressed in dark clothing and wore a hockey-style face mask.

As panicked shoppers fled for cover, workers ushered some into hiding places within stores, or helped them to the exits. The first officers to arrive formed groups and rushed into the chaos, rather than waiting for the more heavily armed SWAT team.

"If we would have run out, we would have ran right into it," said Kaelynn Keelin, who saw a window get shot out and, along with other Made In Oregon co-workers, pulled customers into the store for shelter.

The quick mobilization of mall workers and police reflects the reality that, while mass shootings are rare, they have forced authorities to rehearse for such outbreaks of violence as if they are the norm.

"This could have been much, much worse," Clackamas County Sheriff Craig Roberts said.

McAfee Released From Guatemala To U.S.

GUATEMALA CITY (AP) — Anti-virus software founder John McAfee was released from a detention center Wednesday and was escorted by immigration officials and police trucks to the Guatemala City airport, where he was put on a commercial flight bound for Miami.

McAfee sat in a coach-class seat on the flight, which took off at midafternoon.

The escort to the airport, accompanied by a throng of journalists and two police trucks with sirens blaring, marked the last chapter for McAfee's strange, monthlong odyssey to avoid police questioning about the killing of an American expatriate in neighboring Belize.

"McAfee entered the country illegally," immigration service spokesman Fernando Lucero said. "Guatemala is expelling him. Since his country of origin is the United States, Guatemala is expelling him to the United States."

In one of the most highly publicized flights from police questioning since O.J. Simpson led police on televised low-speed car chase, McAfee constantly blogged and spoke with reporters about his life on the lam.

AM 1450

MORNING COFFEE

WEEKDAYS MONDAY-FRIDAY

Thursday, December 13

7:40 am Yankton Chamber (Carmen Schramm)

8:20 am Yankton Conv/Vis Bureau (Lisa Scheve)

Friday, December 14

7:40 am SD Magazine (Bernie Hunhoff)

8:20 am YHS World of Work (Ryan Hage)

ROCKHOUSE SPECIALS!

THURSDAY

All-U-Can Eat Spaghetti

ONLY \$7.00

Served with homemade bread. Salad \$1.00 extra.

THURSDAY NIGHT

Papa Ray's Karaoke 8PM - \$1.00 Drink Specials

FRIDAY & SATURDAY Mouthwatering PRIME RIB

SUNDAY — Kids Eat Free!

OPEN AT NOON (one free kids meal for every entree purchased)

605.689.2002

HOURS: 5-10pm

31120 Quarry Dr., Yankton

ROCK HOUSE

STEAKHOUSE & LOUNGE

Is Your Home This Dry?

•Dry Nose?
•Scratchy throat?
•Static Electricity?

Humidifiers

available at...

Larry's

Heating & Cooling

920 Broadway • 665-9461

Open tonight till 7pm

for your Downtown Holiday Shopping convenience!

Also join us at the Riverfront Events Center from 7-8:30 tonight for our Downtown Yule Tide Yankton celebration.

Everyone can register for great prizes

\$250, \$100 and more!

Monica's

209 West 3rd • Yule Tide Downtown Yankton • 668-0622

Send an on-line sympathy card at

www.wintzrayfuneralhome.com

WINTZ & RAY

FUNERAL HOME

and Cremation Service, Inc.

605-665-3644

WINTZ

FUNERAL HOME INC.

Hartington, Coleridge, Crofton

402-254-6547

Christmas Deadlines

The Yankton Daily Press & Dakotan will be closing at noon on Monday, December 24.

The following deadlines will apply:

Wednesday, December 26 newspaper – Thursday, December 20, 5 p.m.

Thursday, December 27 newspaper – Friday, December 21, 5 p.m.

Friday, December 28 newspaper – Monday, December 24, noon

Wednesday, January 2 newspaper – Thursday, December 27, 5 p.m.

Thursday, January 3 newspaper – Friday, December 28, 5 p.m.

Friday, January 4 newspaper – Monday, December 31, noon

Out On The Town will run Monday, Dec. 24 & Thursday, Dec. 27 – Deadline Wednesday, December 19, 5 p.m.

There will be no newspaper on Tuesday, December 25, 2012.

PRESS&DAKOTAN

YOUR NEWS! THE PRESS & DAKOTAN