

Buzzword “Fiscal Cliff” of Yesteryear Was Coined by Ben Bernanke, Really?*

Kai Lv, Zhiming Feng, Xi Li, Shimi Zheng

Department of Applied Foreign Languages, Urban Vocational College of Sichuan, Sichuan Province, PRC
310723480@qq.com, keylv@sina.com, 80248701@qq.com, 386684480@qq.com, 16934176@qq.com

Abstract - Financial buzzword “Fiscal Cliff”, a novel jargon to laymen, was selected by CollinsDictionary.com as one of 12 words of 2012 along with the catchy song *Gangnam Style*. It ranks number 1 among Top 10 Buzzwords in *Time*’s Top 10 Everything of 2012 List. Economically, it is of utmost significance for USA and the globe alike. Since February of last year, American Capitol Hill and worldwide media has lucubrated its definition, aftermath, essence and so on, nevertheless, there has been no definitive evidence for its earliest source so far, even though it has been misreported and misplaced by most media that Ben Bernoneke fabricated the term in February, 2012. It in factuality can be traced back to 120 years ago, even a great earlier to 400 years ago in *Paradise Lost* by John Milton.

Index Terms - fiscal cliff, buzzword, Bernanke, Ben Zimmer, *Time*, *Chicago Tribune*.

I. Introduction

Those who are imperceptive to political and economic affairs are to be all at sea about what is “fiscal cliff”! While “fiscal cliff” conciliation talks have reluctantly composed high drama for journalists and partisans as well as desperate precariousness from Main Street to Wall Street, they are an absolute gold mine for wordsmiths.

Ref.[1] CollinsDictionary.com selected 12 words, one for each month, which played their part in defining the past year and fiscal cliff is the word of December for 2012, with the catchy song *Gangnam Style* being the word of November. Ref. [2] December 4, 2012, *Time*’s website popped up top ten buzzwords, among which “fiscal cliff” ranked number 1. In the meantime, Ref.[3] it was selected by American Dialect Society as “Word of the Year” candidate and was listed as “MOST LIKELY TO SUCCEED” next year, despite the fact that “*hashtag*” was voted as the word of the year for 2012. Fiscal cliff is the most quoted and exposed 2012 neologism in the world media. Today, “fiscal cliff” is already a financial terminology that has received worldwide major financial media comprehensive and exhaustive coverage on the definition, essence, significance, and aftermath of. The media competes to articulate their similar but unauthoritative definitions of it. Unfortunately, its real origin has been found nowhere, barring Ben Bernanke, an akin, copied, evasive, invented answer to it.

Besides, “fiscal cliff” can be googled with some 560,000,000 results, and with approximately 100,00,000 if “财政悬崖(Chinese equivalence to fiscal cliff)”was googled too, and there are over 3,000 academic essays concerning it in

China National Knowledge Infrastructure(CNKI*) [*CNKI is a Chinese network platform founded by Tsinghua University in 1996. It provides Chinese academic literature, foreign literature, dissertations, newspapers, conference papers, yearbooks, books and other types of resources for readers at home and abroad and it supplies unified search, unified navigation, and reading, downloads service, etc.]. Since November 6 election of 2012 when Obama captured a second term, there have been over thirty editorials and column or feature articles about it on www.ftchinese.com (till March 1, 2013). In other media, say, TV programs, newspapers, magazines and journals, there are seas of articles about it. Ref.[4]*The United States to Trap into Challenge of fiscal cliff* by *Chinese Finance*, Ref.[5]*Japan grapples with its fiscal cliff* by FT.com, s Ref.[6]*As “fiscal cliff” clock ticks, Obama hits the road again* by CBS, etc.

II. Definition, Cliff or Whatever?

A. Definitions

“Fiscal cliff” is a buzzword used to describe the conundrum US faced at the end of 2012, when the terms of the Budget Control Act were scheduled to go into effect. Is there an entry of fiscal cliff in any dictionary or encyclopaedia when it has been swarming and surging in media? Is it likely to have the staying power to make the print edition now or in future? Some e-dictionaries and encyclopaedias have provided clues:

1) Ref.[7]CollinsDictionary.com writes, it is (*informal*) a situation in which sudden changes in government expenditure and taxation have a profound effect on a country’s economy.

2) Ref.[8]*Encyclopaedia Britannica* mentions in the entry of the “President of the United States”: drop of GDP, Unemployment, deficit, etc. “All this unfolded as the country drew closer to the so-called fiscal cliff, the series of economic measures mandated by law to either expire or be enforced at the turn of the new year. They included the expiration of the Bush-era tax cuts, temporary payroll tax cuts initiated by the Obama administration, and some tax breaks for businesses, along with the automatic application of across-the-board spending cuts to the military and non-military programs required by the Budget Control Act of 2011. There was fear that, absent some compromise, those measures would result in another recession.”

3) Ref.[9]*Financial Times Lexicon* says it “refers to the simultaneous expiry of tax breaks and the introduction of tax increases and spending cuts that were due at the end of 2012,

* This work is supported by #CS11JGYB36, *Reflection and Reform of Business English in Higher Vocational College*, a project fund of SCUVC.

the accumulation of which were expected push the US back into recession”

4) Ref.[10]Wikipedia: In the United States, the fiscal cliff was a simultaneous increase in tax rates and decrease of government spending through sequestration that would have occurred January 2013 through a series of previously enacted laws. The Congressional Budget Office had estimated that the fiscal cliff would have likely led to a mild recession with higher unemployment in 2013, followed by strengthening in the labour market with increased economic growth.

5)Ref.[11]Investopedia displays “A combination of expiring tax cuts and across-the-board government spending cuts scheduled to become effective Dec. 31, 2012, if the federal government allowed these two events to proceed as planned, they would have a detrimental effect on an already shaky economy, perhaps sending it back into an official recession as it cut household incomes, increased unemployment rates and undermined consumer and investor confidence. At the same time, it was predicted that going over the fiscal cliff would significantly reduce the federal budget deficit.

In addition, *the New York Times*, CNBC, CNN and even Chinese media furnishes many definitions similar to that mentioned above.

B. Inquiry

Despite swelling probes into fiscal cliff, there is no lacking in questions to the similar but unauthoritative definitions. BBC News reported, there were many who think that Bernanke's metaphor was misplaced, since there isn't actually a "point of no return" leading to a calamitous fall. Such analysts as Derek Thompson of *The Atlantic* spared that “fiscal slope” or “fiscal hill” would have been a more appropriate analogy because while the accumulative economic aftermath would be substantial, it would not have been felt immediately but rather gradually as the weeks and months pass. *New York Times* and CNBC reported, policy and economic analysts who projected complicated and wide-ranging potential impact of fiscal cliff, said the term “fiscal hill” or “fiscal slope” might be more apt: the effect would be powerful but gradual, and in some cases, reversible. Ref.[12] “The slope would likely be relatively modest at first,” Chad Stone, the chief economist at the Centre on Budget and Policy Priorities, a research group based in Washington, wrote in a recent analysis. “A relatively brief implementation of the tax and spending changes required by current law should cause little short-term damage to the economy as a whole.” Economic Policy Institute, a progressive non-profit US think tank, issued a paper Ref.[13] “A *fiscal obstacle course*, not a cliff” said “ the ‘fiscal cliff’—the impact of tax cuts set to expire and spending cuts is due to take effect at the end of calendar year 2012. For various reasons, ‘fiscal cliff’ is a poor metaphor, most importantly, because there is no single cliff but rather a series of separable tax and spending provisions that can be extended or ended. We thus propose a different

metaphor—the fiscal obstacle course—with the obstacles in question standing in the way of rapid economic recovery and lower unemployment. After we identify the obstacles, we can examine which are particularly daunting to overcome and which are easy to surmount.” Others media, such as *Washington Post* reported that it was austerity crisis; BBC called it a fiscal fast. There are a row of other names, i.e. fiscal diet, fiscal austerity, austerity crisis...In short, each definition, some existing still, most short-lived, expresses its own viewpoints from a certain perspective with some discrepancies..

III. Origin

“Cliff” was derived from Middle English *clif*, from Old English; akin to Old High German *klep* cliff, Old Norse *klif*. Its first Known Use was before 12th century. "Cliff" associates with horror and cliffhangers, and lasting image of suicidal cliff-jumping. Henry Knight hangs over a cliff in Thomas Hardy's serial novel *A Pair of Blue Eyes* in 1873; The 1958 Disney documentary *White Wilderness* exposed hordes of lemmings jumping off a cliff in Alberta, Canada, helping to popularize the misconception that lemmings commit mass suicide when migrating. In *Mission Impossible* (II) the cliff climber, starring Tom Cruise, and other Hollywood cliff-hangers trigger gripping scenes and thrilling senses. Driving off the Cliff brings up the image of *Thelma and Louise* - thrilling scenes, and what about fiscal cliff, similar willies? In actuality, media and American two parties have answered vaguely.

A. Rumours?

Media has elaborated in concert on fiscal cliff and discussed the nature and impact of it, but they have misunderstood, misreported and disregarded its origin. In particular, most China's media has spread rumours almost unanimously that Ben Bernanke, Federal Reserve Chairman, "created", "first used", "first mentioned", and even “invented” its name. Use any Chinese search engine for "Bernanke coined, (invented) fiscal cliff ", and there will be millions of similar online results mentioned above.

However, most Chinese media tells a twice-told story. Ref.[14]An article in "*Macroeconomic Management*" , a heavyweight Chinese journal, said in the opening: "The term ' fiscal cliff ' was “first mentioned” by Ben Bernanke. Ref.[15]November 21, 2012, *Wary of the United States fiscal cliff*, a front-page headline of *People's Daily* (Overseas Edition) by a noted special commentator straight announced, "The United States is confronted with a 'fiscal cliff ', a concept “come up with by” Fed Chairman on February 7 this year ". Ref.[16]December 19, Chinese celebrated portals, such as sina.com, ChinaDaily.com, and people.com.cn reproduced a report from *International Finance* that twisted *Over the Cliff*, the print edition of *The Economist* four days ago: Fed Chairman Ben Bernanke is unarticulated, but the term "fiscal cliff" he fabricated has aroused people's inspiration." Ref.[17]*Studies of International Finance*: the earliest use of

the term 'fiscal cliff' was Ben Bernanke". *China's Customs* said the term "fiscal cliff" "was created by Bernanke. Ref.[18] CNBC reported, "The fiscal cliff - a term coined by Ben Bernanke..."etc.

Later on, some western media told slightly different stories. Ref.[19]CNBC and Reuters reported that in late February 2012, Ben Bernanke was the first to use 'fiscal cliff' that referred to the very crisis ". "First to use" in this case has had a context "the crisis". This is an important difference. Catherine Holland, *National Journal* journalist, said in her *Fiscal Cliff, or Fiscal Slope? Lots of Names for Year-End Event*, Ref.[20] "Ben Bernanke is credited with popularizing the term "fiscal cliff" earlier this year to describe the tax hikes and spending cuts the country faces at the start of 2013". "Popularizing" is a quite disparate term at odds with such verbs mentioned above as "invented", "created", "fabricated" and "use first".

Briefly, most reports including many translations and compilations have made some light or serious mention that the origin of the buzzword is nobody but Bernanke.

It is, or it is not? That is a question!

B. De-rumour

When most media ascribed the laurel of coining "fiscal cliff" to Bernanke, Investopedia wrote hesitantly and humbly: Ref.[11]"Who actually first uttered the words "fiscal cliff" is not clear. Some believe that it was first used by Goldman Sachs economist, Alec Phillips. Others credit Ben Bernanke for taking the phrase mainstream in his remarks in front of Congress. Others credit Safir Ahmed, a reporter for the *St. Louis Post-Dispatch*, who in 1989 wrote a story detailing the state's education funding and used the term "fiscal cliff."Thus, voice of doubt comes up.

In respective interview with CNN and the BBC, Ben Zimmer, an American linguist, lexicographer, and language commentator, executive producer of Vocabulary.com and Visual Thesaurus, language columnist for *The Boston Globe* and former On Language columnist for *The New York Times*, told audience his research, Ref.[21]"fiscal cliff" is not Bernanke's coinage. Annalyn Kurtz, a CNN reporter, modified the aforesaid widely spread rumour in her *Who started the latest 'fiscal cliff' buzz?"* at 11:58 AM ET, November 9, 2012, "Federal Reserve Chairman Ben Bernanke is widely credited with coining "fiscal cliff," the ominous term. But the bearded man is the creator of neither the original term, nor its current usage. "Fiscal cliff" is an expression that has been thrown around for decades with a variety of meanings." 1:58 PM ET the same day, in her report *'Fiscal cliff' for Word of the Year*, she expatiated Ben Zimmer's answer: Ref.[21] "The 1957 *New York Times* article is the earliest appearance I've found in the newspaper databases, though it's a bit different since it's talking about homeowners rather than budget-makers being pushed off the fiscal cliff. It's not until the early 1980s that "fiscal cliff" began to become popular as a metaphor for the precarious condition of city,

state, and federal budgets. Here are some examples going back to 1975".

Just as Investopedia writes, Before Bernanke's "coinage", <http://www.zerohedge.com> posted an article Ref.[22] *Goldman Sees An "Unusually Uncertain" Future And Another Debt Ceiling Hike Just In Time For The Presidential Election* that has two subtitle: *The Super Committee and the Fiscal Cliff* and *Peering over the Edge of the Fiscal Cliff* without any elaboration on the word origins. Later, before Bernanke "first used" the term fifteen days ago, some Reuters articles had already used it with the same definition, to wit, an news story of February 14, 2012 "*Geithner: year-end fiscal cliff to hit U.S. growth*".

More than that, in a reply by Ben Zimmer to Annalyn Kurtz, he revealed he had been assiduously tracking the phrase's origin Ref.[21]: "I've been keeping tabs on "fiscal cliff" in my capacity as Chair of the New Words Committee of the American Dialect Society...I find The 1957 *New York Times* article is the earliest appearance I've found in the newspaper databases, though it's a bit different since it's talking about homeowners rather than budget-makers being pushed off the fiscal cliff. It's not until the early 1980s that "fiscal cliff" began to become popular as a metaphor for the precarious condition of city, state, and federal budgets. Here are some examples going back to 1975". This demonstrates that the phrase was popular 30 years ago. Seemingly, there are many more evidences refuting hypothesis or the invented story of Bernanke inventing the buzzword.

For example, " Ref.[21] *The nation's biggest, richest city is about to go over the fiscal cliff if the state and federal governments don't lend a helping hand.*"

-- Mike Kingston op/ed, *Dallas Morning News*, June 16, 1975

"Analysis has schools heading off fiscal cliff again."

-- headline, *Cleveland Plain Dealer*, Jan. 6, 1981

"Should the economy worsen or Congress approve all the new budget cuts proposed for the next year, a number of states are sure to go over the fiscal cliff."

-- masthead editorial, *Chicago Tribune*, Aug. 1, 1982

Remember the state was supposedly going over a fiscal cliff because of Proposition 13 and the recession?"

-- masthead editorial, *San Diego Union*, Oct. 3, 1983".

The letter cited a lot of other instances to evidence that the origin of "fiscal cliff" was not Bernanke who was not former President George W. Bush who was good at making mutant neologisms.

Likewise, Zimmer managed to dig up instances of the phrase *fiscal precipice* going all the way back to September 9, 1893, a key date when an unsigned editorial of *Chicago Tribune* writes "*The free silver shriekers are striving to tumble the United States over the same fiscal precipice.*" -- unsigned editorial, *Chicago Tribune*, Sep. 9, 1893. This is by far the earliest source with slight difference in that "cliff" is different from "precipice" in subtle nuance of meaning.

Now, it seems that on September 9, 2013, "fiscal cliff" is 120 years old. It is not Bernanke's who invented "fiscal cliff" neither semantically nor contextually. But it was the media who invented the story of Bernanke's invention. As a Chinese aphorism goes, "people's clamour can melt metals, while accumulated defamation wears the bones." Rumour tends to turn into "truth" when more people tell you.

IV. Previous, Present and Future

At 8:54 AM ET, November 7, 2012 the *Financial Post*, an English Canadian business newspaper, issued an article Ref.[23] *There are actually 9 'Cliffs' investors should be freaking out about* listed Federal Deposit Insurance Cliff by *BofA Merrill Lynch*, Treasury Security Supply Cliff by *Societe Generale*, Corporate Earnings Cliff by *Barry Ritholtz*, Regulatory Cliff by *Barron's*, Drug Patent Cliff by *Wall Street Journal*, Global Economic Cliff by *Doug Kass*, and Monetary Policy Cliff by *Goldman Sachs*.

Years ago, there were some cliffs with different modifiers to be a metaphor for economic distress, Ref. [24] such as financial cliff (1912), economic cliff (1934), social and economic precipice(1912)", financial precipice (1889) and financial precipice (1866). The metaphor of a cliff, with all of its peril, is well known to literature, as is its solution. Let's consider some examples. Ref.[24] The writer Catherine George Ward Mason, in her 1823 novel, *The Cottage on the Cliff*, described the cottage in words that might apply to our current bipartisan budget mess. The cliff for Ward Mason is a metaphor for life. As a metaphor, there is John Milton's use in *Paradise Lost* some 400 years ago."He described the eagles and storks, who "On Cliffs and Cedar tops thir Eyries build."

In future, fiscal Cliff or cliff possibly will appear as a dictionary entry, including compounds, phrases, and prefixes. As is mentioned above, CollinsDictionary.com has included it as an informal headword.

V. Conclusion

On January 1, 2013, a last-minute compromise was made but March 1, 2013 arrived without an agreement having been reached between Democrats and Republicans on an alternative approach to deficit reduction. United States temporarily and narrowly come off the "fiscal cliff". The squabble appears to be subsiding, but whether or not Bernanke coined the term is to be open polemics still by public for some time or for long time. After all, in spite the fact that no decisive evidence for its earliest and once-for-all source has been tracked down so far, even though it has been misreported by most media that Ben Bernoneke fabricated the phrase in February, 2012. It can be dated back to at least 120 years ago, even to 400 years ago in *Paradise Lost* by John Milton (1608 –1674).

References

[1] Flood, Alison. Gangnam style and Romneyshambles among Collins dictionary's words of 2012. [EB/OL]. (2012-12-21) [2013-05-18].

<http://www.guardian.co.uk/books/2012/dec/21/gangnam-style-legbomb-collins-words-2012>

[2] Steinmetz, Katy.fiscal cliff. [EB/OL]. (2012-12-04) [2012-12-18]. <http://newsfeed.time.com/2012/12/04/top-10-news-lists/slide/fiscal-cliff/>

[3] ADS. "Hashtag" is the 2012 Word of the Year. [EB/OL] · (2013-01-04) 2013-01-13].

[4] J. Zhou. "The United States to Trap into Challenge of fiscal cliff", *Chinese Finance*, vol. 15, p.17, August 2012.

[5] McLannahan, Ben. Japan Grapples with Its FISCAL CLIFF. [EB/OL] · (2012-10-25) [2012-11-15]. <http://www.ft.com/cms/s/0/f8a7f35c-1e6c-11e2-be82-00144feabd0.html#ixzz2C87D0WJU>

[6] Caldwell, Leigh Ann. As "FISCAL CLIFF" clock ticks, Obama hits the road again [EB/OL] · (2012-12-10) [2012-12-11]. http://www.cbsnews.com/8301-250_162-57558124/as-fiscal-cliff-clock-ticks-obama-hits-the-road-again/

[7] <http://www.collinsdictionary.com/dictionary/english/fiscal-cliff?showCookiePolicy=true>

[8] Ed of Britannica.The American Presidency[EB/OL] · (2013-01-04) [2013-01-04].<http://www.britannica.com/presidents/article-280002>

[9] FT. fiscal cliff. (2013-01-03) [2013-01-03].

[10] Wikipedia. United States Fiscal Cliff [EB/OL] · (2013-01-11) [2013-01-11]. http://en.wikipedia.org/wiki/United_States_fiscal_cliff

[11] Investopedia, fiscal cliff, [EB/OL]. (2013-01-13) [2013-01-13]. <http://www.investopedia.com/terms/f/fiscalcliff.asp>

[12] Lowrey, Annie. Fiscal Cliff May Be Felt Gradually, Analysts Say [EB/OL] · (2012-10-10) [2012-11-01]. <http://www.nytimes.com/2012/10/10/us/fiscal-cliff-may-be-felt-gradually-analysts-say.html> and <http://www.cnbc.com/id/49354362>

[13] Bivens, Josh and Fieldhouse, Andrew . A fiscal obstacle course, not a cliff. (2012-09-18) [2012-12-05]

[14] H. An. "Fiscal Cliff" , *Macroeconomic Management*, vol. 12, P. 77, August 2012,

[15] S. Tang. *Wary of the United States fiscal cliff* [EB/OL] · (2012-11-21) [2012-12-05]. http://paper.people.com.cn/rmrbhwb/html/2012-11/21/content_1147426.htm

[16] Cox, Jeff. ' Fiscal Cliff ' May Make Europe Look Like a Dip [EB/OL]. (2012-06-21) [2012-11-10]. <http://finance.yahoo.com/news/fiscal-cliff-may-europe-look-154128079.html>

[17] Y. Gao, W. Bian. "Analysis of Development Mode of 'Fiscal cliff' and Their Impact". *Studies of International Finance* · vol.12, P. 58, December 2012

[18] Z. Liao, "Bipartisan Wrestling against "fiscal cliff", *Chinese Customs*, vol.1, P. 81, January 2013,

[19] Washington newsroom. Highlights: Bernanke's Q&A testimony to House panel [EB/OL] · (2012-02-29) [2012-11-15] <http://www.reuters.com/article/2012/02/29/us-usa-fed-bernanke-idUSTRE81S1DO20120229>

[20] Hollander, Catherine. Fiscal Cliff, or Fiscal Slope? Lots of Names for Year-End Event [EB/OL]. (2012-12-13) [2013-01-05]. <http://nationaljournal.com/economy/fiscal-cliff-or-fiscal-slope-lots-of-names-for-year-end-event-20121213?mrefid=flyout>

[21] Kurtz, Annalyn.Who started the latest 'FISCAL CLIFF' buzz? (2012-11-09) [2013-01-05]

[22] Durden, Tyler . Goldman Sees An "Unusually Uncertain" Future And Another Debt Ceiling Hike Just In Time For The Presidential Election [EB/OL]. (2011-10-22) [2012-11-15]. <http://www.zerohedge.com/news/goldman-sees-unusually-uncertain-future-and-another-debt-ceiling-hike-just-time-presidential-el>

[23] Business insider. There are actually 9 'Cliffs' investors should be freaking out about. [EB/OL] · (2012-11-07) [2012-11-10]. <http://business.financialpost.com/2012/11/07/there-are-actually-9-cliffs-investors-should-be-freaking-out-about/>

[24] CARTER, STEPHEN L. Commentary: The fiscal cliff was discovered a long time ago. [EB/OL] · (2012-11-07) [2015-18] http://www.masslive.com/businessnews/index.ssf/2012/12/commentary_the_fiscal_cliff_was_discover.html