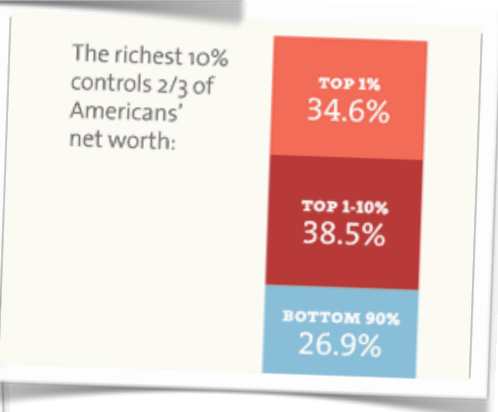
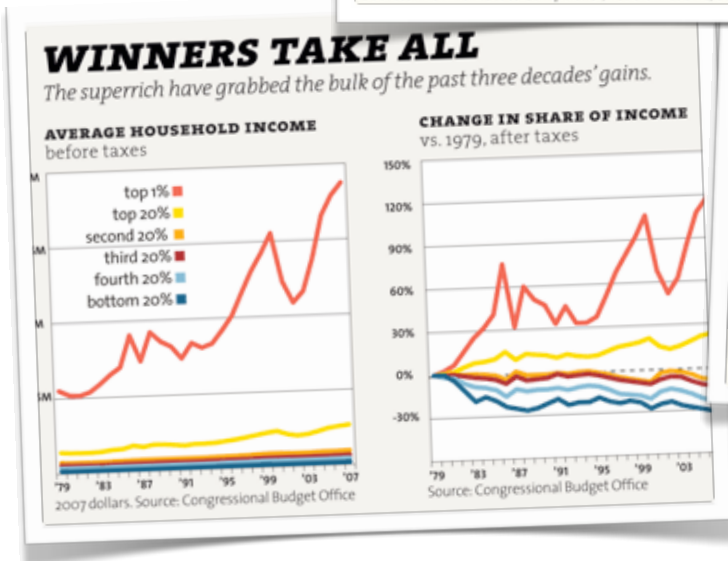
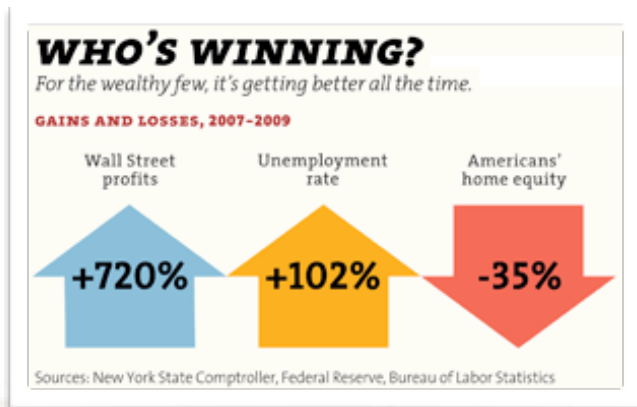


A "COMMON SENSE" GUIDE TO THE GREAT DEFICIT DEBATE & THE FUTURE OF OUR ECONOMY



[Charts via Mother Jones](#)

Compiled by Bruce Schmiechen - a "non-expert," resident in Oakland CA, who got ticked off by the proliferation of media hype on these issues and resolved to become better informed & engaged.

Contact: brucds@pacbell.net with brilliant suggestions, questions, complaints, etc.

3/11 - Please copy, email, etc.

“THE TEA PARTY IS WINNING!”

No matter how much liberals may poke fun at them, Tea Party partisans can claim victory in fundamentally altering the country's dialogue...Thanks to the Tea Party, we are now told that all our problems will be solved by cutting government programs...Does anyone really think that cutting such programs will create jobs or help Americans get ahead? But give the Tea Party guys credit: They have seized the political and media agenda...

E.J. Dionne Jr., Washington Post: 2-21-2011

In the wake of a deep financial crisis and continuing high unemployment, we are confronted with a contentious, often angry argument over our future as a nation: How best to expand economic productivity and resources, and to “grow” jobs? What programs and social policies do we value as citizens? What public goods will we invest in? How do we pay for government at a scale that we can agree we need? These vital concerns are increasingly reduced - problematically - to the sole issue of deficit spending.

For most people, economic issues boil down to the need for jobs at decent wages. Beyond that, we worry about affordable health care, good education for our children and security when we can no longer work.

A parade of analysts and business leaders offer their “expertise” - despite the fact that most professional experts and insiders were as shocked as the rest of us when the financial system collapsed in 2008. As a disastrous meltdown erased the presumed savings of millions of homeowners and investors nearly overnight, the crisis raised lingering questions of credibility on the part of economists in academia, business and government. It further called into question the motives and methods of powerfully positioned managerial elites who reap unprecedented wealth and political leverage from control of the nation’s central financial institutions. Now these are the circles where the focus is most often fixed on “the deficit.”

Whenever a politician or pundit raises the subject of government debt and deficits, numerous related issues follow almost immediately - the future of Social Security and Medicare (framed as “entitlements”); identifying various programs - often including safety nets and infrastructure - as “waste, pork and earmarks”; extending tax cuts...and perhaps a nod toward paring back some of our large military expenditures. Critical issues are heating up at the state level as well, where governments are facing decreased local revenues - primarily due to the economic downturn.

These are complex problems, but much of our confusion as citizens at ground level is rooted in the fact that the very terms of this debate as posed in the media are muddled. Half-truths are often allowed to pass as fact and “conventional wisdom” is colored by special interests and partisan ideology.

This “average citizen’s primer” is intended to promote informed dialogue among Americans concerned about their economy and seeking to shape the political debate driving key economic policy. It is an effort to help “the rest of us” become better equipped both to participate and to evaluate what we’re hearing in a critical debate that is certain to profoundly affect our future and that of generations to come.

DEBT AND DEFICITS – REAGAN’S FOLLY!

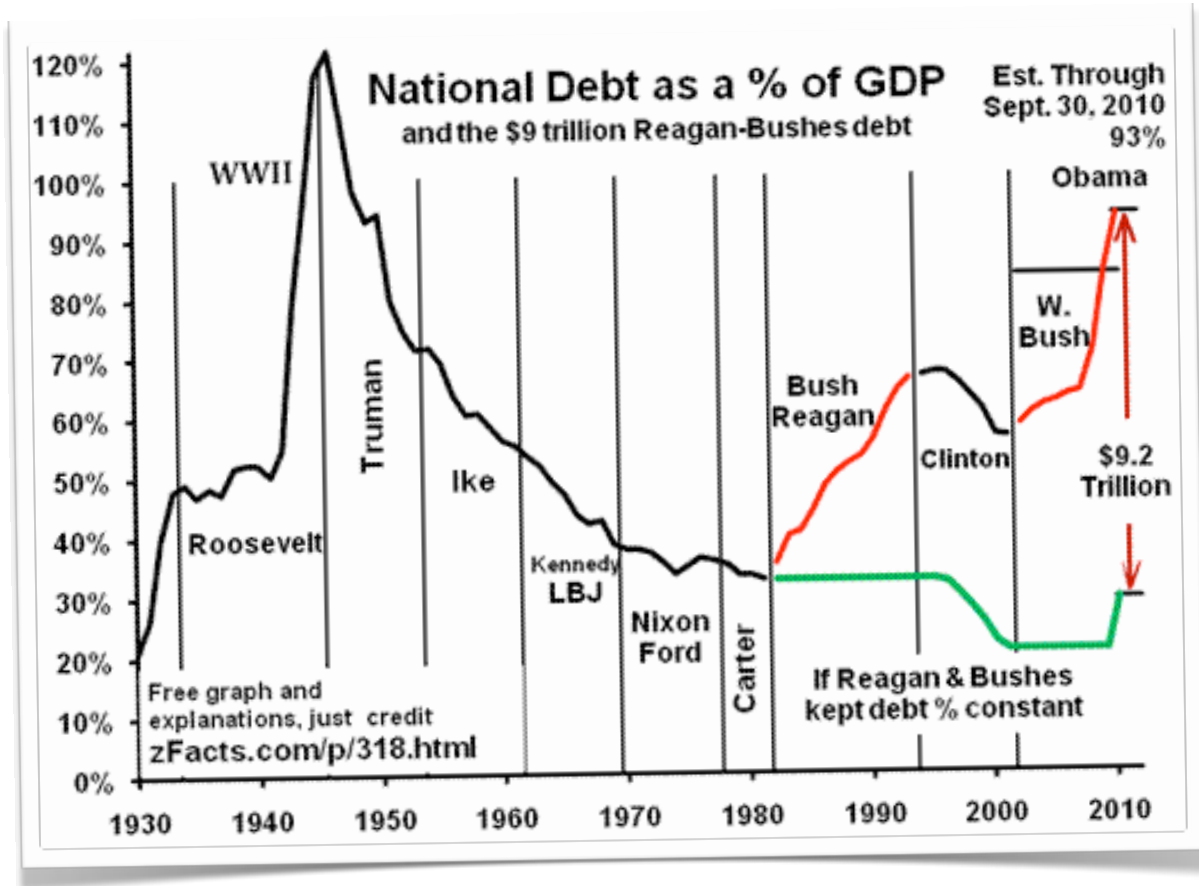
“Tea Partiers,” anti-government ideologues, economic elites and opportunistic media hucksters began organizing themselves around the perils of deficit spending shortly after the current Democratic President took office in January, 2009. What is behind this insistent focus on deficits by the organized Right and elite opinion triggered by Barack Obama’s election, after decades of growing debt under Republican Presidents?

The backdrop to this recent near-frenzy over deficits and national debt is that President Obama - governing for just two years - has, in the midst of inheriting the worst economic meltdown since 1929, essentially returned the country to a traditionally centrist, “Clinton-era” economic agenda. But he is being blamed for a fiscal predicament that was set in motion three decades ago by “conservative” adherence to simplistic, “feel-good” doctrines inspired by Ronald Reagan.

Any honest accounting of the nation’s fiscal history is beyond ironic. Contrary to a calculated “Blame Obama” noise machine, the root of government debt and deficits was revealed by the man who had served as President Reagan’s own budget director, David Stockman. In a New York Times commentary published in July, 2010, Stockman wrote: “This debt explosion has resulted not from big spending by the Democrats, but instead the Republican Party’s embrace, about three decades ago, of the insidious doctrine that deficits don’t matter if they result from tax cuts.”

In summary of over a half-century’s trajectory of federal deficits, the accumulated national debt had declined from over 100% of Gross Domestic Product (GDP) in the wake of the Great Depression and WWII to less than 33% throughout the succession of post-war administrations - prior to Reagan. Under Reagan and his successor, the first President Bush, government debt doubled to more than 66% of GDP. Then it turned around dramatically. In just a few years, with modest tax increases, it declined to 56% during Democrat Bill Clinton’s term. But again, during the second Bush presidency -

with a GOP Congress, more tax cuts, unfunded expansion of Medicare, wars that weren't funded and a disastrous financial collapse-national debt climbed to well over 80% of GDP.



In any deep recession, increased government spending is an important stimulus to keeping the economy from spiraling even further downward, nor is a recession the time to raise taxes on reluctant consumers. As part of a short-term attempt at jump-starting economic activity, the Obama administration actually lowered taxes on average taxpayers - hoping to increase consumer demand for goods and services. They also added tax incentives for small businesses, to encourage their hiring more jobseekers currently unemployed. In fact, combined average taxes under Obama are lower than at any time since 1950.

(USA Today - 5/12/10)

“STARVE THE BEAST!” – A DELIBERATE STRATEGY TO BANKRUPT GOVERNMENT

Bruce Bartlett, a conservative economist and Forbes magazine columnist who worked in the Reagan-era Treasury Department, wrote in 2010:

(T)o a large extent our current budgetary problems stem from the widespread adoption of an idea by Republicans in the 1970s called “starve the beast.” It says that the best, perhaps only, way of reducing government spending is by reducing taxes...The impact has been perverse - raising spending and making deficits worse. (Bartlett - Forbes.com, 5.10.10)

The authentically conservative Bartlett’s critique parallels the view of the liberal, Nobel Prize-winning economist, Paul Krugman:

The starve-the-beast doctrine is now firmly within the conservative mainstream. George W. Bush himself seemed to endorse the doctrine as the budget surplus evaporated: in August 2001 he called the disappearing surplus "incredibly positive news" because it would put Congress in a "fiscal straitjacket." (Krugman, New York Times, 9.14.03)

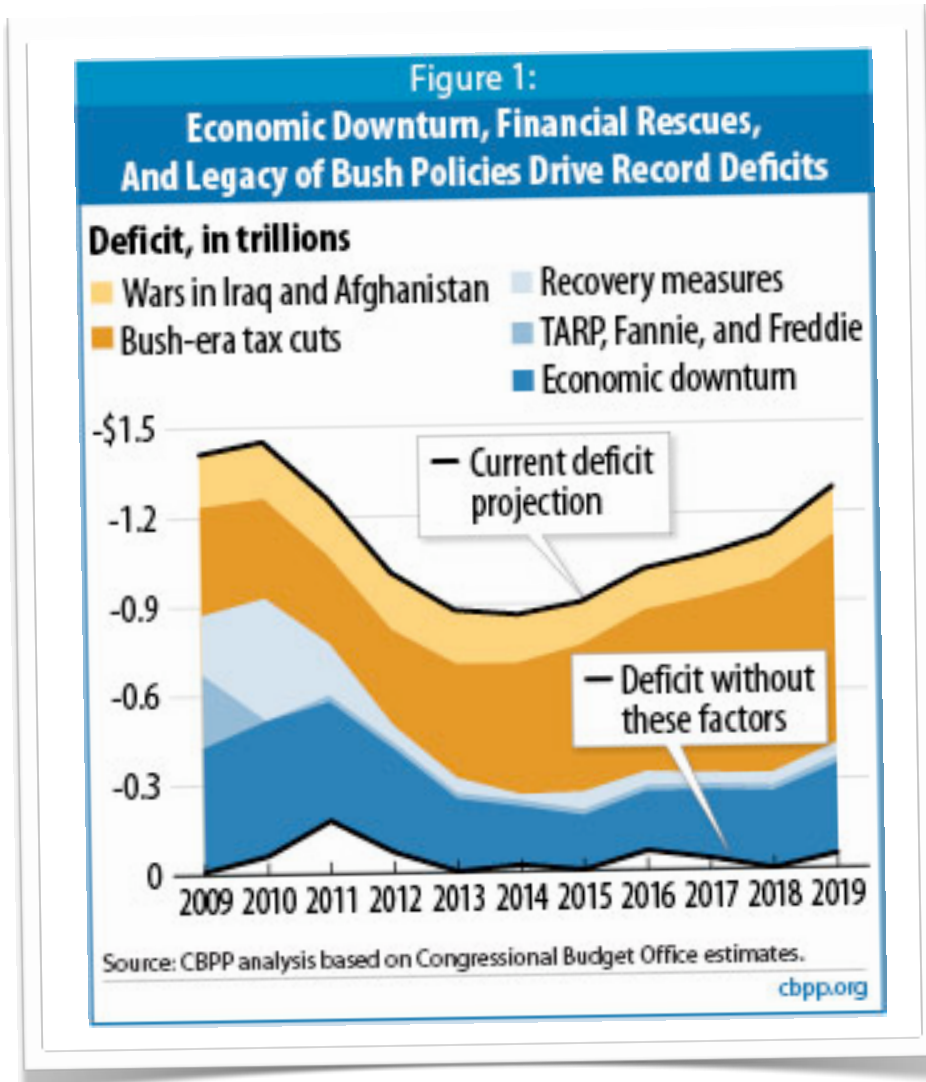
Bruce Bartlett further noted that former half-term governor and Tea Party icon Sarah Palin had recently “begged her followers in Boston to ‘please starve the beast’ by resisting tax increases, no matter how large the budget deficit.”

CURRENT DEBT PROJECTIONS – WHOSE DEFICITS?

According to the Center on Budget and Policy Priorities:

Just two policies dating from the Bush Administration — tax cuts and the wars in Iraq and Afghanistan — accounted for over \$500 billion of the deficit in 2009 and will account for almost \$7 trillion in deficits in 2009 through 2019, including the associated debt-service costs...Without the economic downturn and the fiscal policies of the previous Administration, the budget would be roughly in balance over the next decade.

Together with the economic downturn, the Bush tax cuts and the wars in Afghanistan and Iraq explain virtually the entire deficit over the next ten years (see Figure 1).



Including the interest costs, the Bush-era tax cuts account for over \$700 billion — or nearly 55 percent — of the deficit projected for 2019 under current policies...

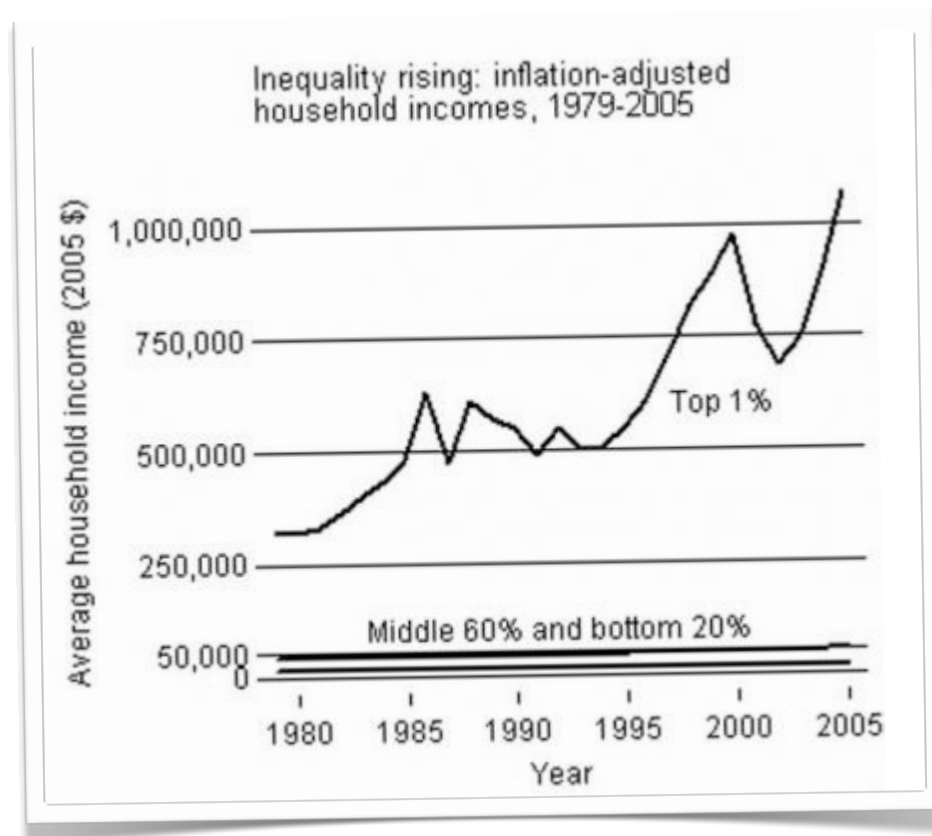
The Center has estimated that not extending the tax cuts — or fully paying for the cost of extending them — would reduce the projected budget shortfall through 2050 by two-fifths.

Ref - CBPP - Kathy Ruffing and James R. Honey, 6/28/10) - <http://www.cbpp.org/cms/index.cfm?fa=view&id=3036>

Republicans have been the source of most of the national debt problems - pandering to the public with tax cuts while apparently believing that, in the words of former Vice-President Dick Cheney, **“Reagan taught us deficits don’t matter.”**

ECONOMIC GROWTH OVER THREE DECADES – WHO HAS BENEFITED?

For the first thirty years after World War II, as the economy grew the benefits were widely distributed across the spectrum - real wages for lower and middle income people rose and income inequality declined. Around 1980, the picture changed. From 1980 to 2005, more than 80 percent of total increase in Americans' income went to the wealthiest 1 percent. (Timothy Noah, Slate, Sept. 14, 2010)



(REF - <http://lanekenworthy.net/2008/03/09/the-best-inequality-graph/>)

Further, according to “Think Progress”:

Currently, the top one percent of households make nearly 25 percent of the total income in the country, after they made less than 10 percent in the 1970's. According to the latest data, “the gaps in after-tax income between the richest 1 percent of Americans and the middle and poorest fifths of the country more than tripled between 1979 and 2007.” ... And there’s even a stark divide within that one percent. “The share of the nation’s income flowing to the top one-tenth of 1 percent of households increased from 7.3 percent of the total income in the nation in 2002 to 12.3 percent in 2007,”

the Center on Budget and Policy Priorities noted. Ref: [Income Inequality In The U.S. Is Worse Than In Egypt](#), "Think Progress," Pat [Garofalo](#),1/31/11.

Federal Reserve Chairman Ben Bernanke - a Bush appointee who was kept on the job by President Obama - has characterized this vastly increased wealth gap as "a very bad development. It's creating two societies."

And as income inequality has grown, self-styled "conservatives" - i.e. hard-core right-wing ideologues - have focused their "Starve the Beast" agenda on undermining precisely those programs that provide the most tangible benefits to middle class and lower income people when they can no longer work - Social Security and Medicare.

ATTACKING SOCIAL SECURITY

We constantly hear in the media that Social Security is "in crisis," but as Princeton University economist and N.Y. Times columnist Paul Krugman notes:

Social Security has been running surpluses for the last quarter-century, banking those surpluses in a special account, the so-called trust fund. The program won't have to turn to Congress for help or cut benefits until or unless the trust fund is exhausted, which the program's actuaries don't expect to happen until 2037 — and there's a significant chance, according to their estimates, that that day will never come.

Meanwhile, an aging population will eventually (over the course of the next 20 years) cause the cost of paying Social Security benefits to rise from its current 4.8 percent of G.D.P. to about 6 percent of G.D.P. To give you some perspective, that's a significantly smaller increase than the rise in defense spending since 2001, which Washington certainly didn't consider a crisis, or even a reason to rethink some of the Bush tax cuts. Ref - Attacking Social Security By Paul Krugman, NY Times-<http://www.nytimes.com/2010/08/16/opinion/16krugman.html>.

The truth is that Social Security is better funded into the future than any other federal program ever in our history. According to the most recent projections of the Congressional Budget Office, Social Security will be able to pay full benefits through the year 2044 with no changes whatsoever. And any shortfalls that might possibly occur decades from now are a small part of the overall deficit problems. (Ref:<http://www.cbo.gov/doc.cfm?index=10457>)

To bring the picture of assault on the middle class full circle, former Labor Secretary Robert Reich has traced any actual prospect of future shortfalls in Social Security funding directly back to the growth in income inequality: “Back in 1983, the ceiling was set (in a deal forged by President Reagan and a Democratic Congress) so the Social Security payroll tax would hit 90% of all wages covered by Social Security... Today, though, the Social Security payroll tax hits only about 84% of total income...because a larger and larger portion of total income has gone to the top. In 1983, the richest 1% of Americans got 11.6% of total income. Today, the top 1% takes in more than 20%.” (Ref.<http://robertreich.org/post/3331762717>)

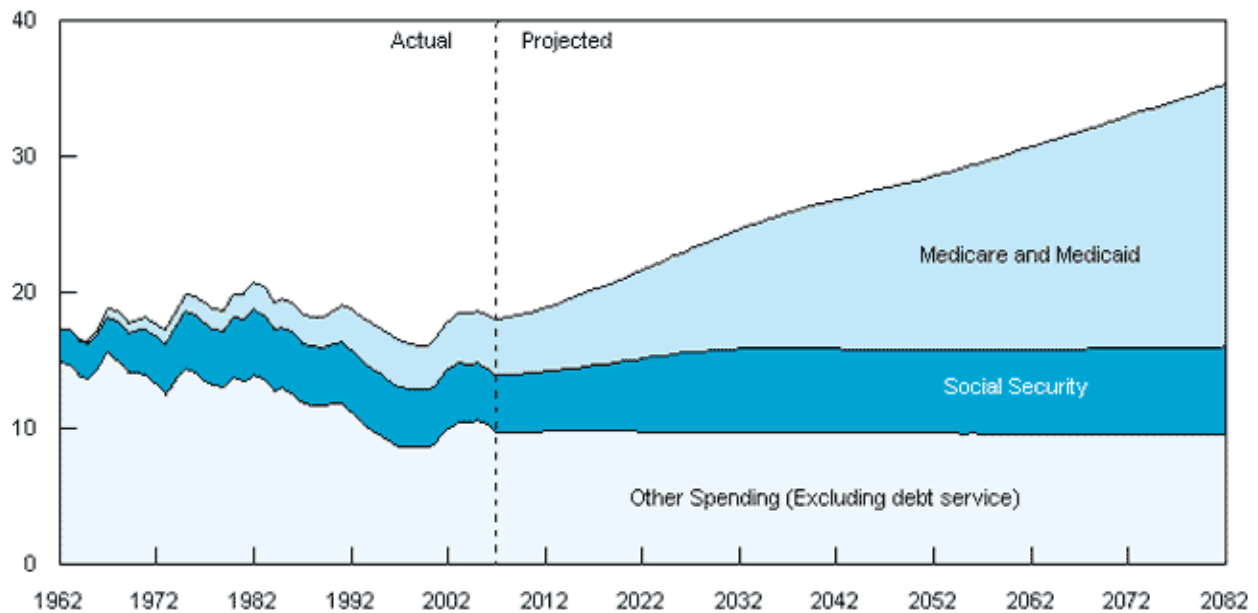
The simplest way to resolve any future concerns about paying full social security benefits would be to tax all incomes equally - social security taxes are capped at \$106,800. Which means that someone earning a million dollars per year pays the same amount of social security tax as someone earning \$106,800. That’s a tax rate for millionaires of a just a bit over 10% of the Social Security tax rate paid by anyone making \$106,800 or below.

Lift the cap on taxable Social Security income, equalize the rates across the spectrum - “working poor” to middle class to wealthy - and the Social Security “crisis” (mostly a hype by those who want to privatize or greatly diminish the program) would either disappear or become easily manageable. Statistics about increasing average life-expectancy mask the reality that people engaged in strenuous occupations where working to 70 is not a reasonable option are among those most reliant on Social Security to provide sole income in their old age. Nor do these folks’ life expectancies track the “average” - they are shorter.

WHAT ABOUT MEDICARE? IS HEALTH CARE UNAFFORDABLE?

The worst news regarding long-term deficits is overwhelmingly in projections of growing health care costs that radically outpace any other area of potential inflation. According to the Center for Economic and Policy Research:

Through Medicare and Medicaid, the government pays for approximately half of the country's health care, almost all of which is actually provided by the private sector. Thus, the bulk of our projected rising budget deficits are due to skyrocketing health care costs... If our per person health care costs were the same as for any other wealthy country, then the U.S. would face huge surpluses in the long-run rather than deficits. Ref, including Graph below : Center for Economic and Budget Priorities - Federal Spending as Percentage of Gross Domestic Product - Source: Congressional Budget Office <http://www.cbo.gov/ftpdocs/88xx/doc8877/Frontmatter.1.3.shtml>.



The above chart shows past federal spending and projected increases in federal spending as a percentage of Gross Domestic Product over the decades. Rising health care costs - which are even less restrained in the realm of private market insurers than they are in government-administered insurance programs - are the greatest threat to our nation's future prosperity. The Affordable Care Act was an important step toward extending coverage and gaining consumer control over our health care system, but it is critical that we not only defend Affordable Care's reforms, but improve upon them substantially. It can be done. Models in other countries that provide high-quality universal coverage exist. This issue, not some generic hysteria about deficits, is critical and must continue to be addressed. Meanwhile, repeal of the Affordable Care Act would - according the non-partisan Congressional Budget Office - actually increase deficits significantly.

INFLATION & THE DOLLAR

We also hear a lot about threats of inflation because of government spending, but core inflation - which is the primary measure of monetary inflation, rather than external factors, such as fluctuations in oil or grain prices on the world market - has never been lower since World War II and has been dropping for four years. The central problem now is to increase employment and grow the economy. At this point inflation is simply not at issue. If anything, given the huge growth in public and private debt over recent decades, a modest inflation rate would actually lessen the extreme pressure that's been building up on borrowers - first and foremost, taxpayers and folks whose

mortgages are greater than the value of their homes in the wake of a “burst” housing bubble.

Another concern is that the dollar itself is somehow being undermined. But the US dollar remains sound - using global markets for Treasury instruments as the best measure, the dollar is still seen as one of the safest, and most likely THE safest, of investment havens in the global financial marketplace.

Ironically, recent increases in the money supply initiated by Federal Reserve Chairman Ben Bernanke closely adhere to the monetary philosophy of conservative icon and Nobel Prize-winning economist Milton Friedman - who believed that one of the factors prolonging the Great Depression was a government monetary policy that was too restrictive. But informed analysis too often is erased in the midst of noisy, opportunistic attacks on the Obama team, even when they abide by traditionally conservative economic theories. (Ref. - <http://delong.typepad.com/sdj/2010/11/milton-friedman-supports-ben-bernanke-on-qe.html>)

A STRUGGLE FOR POWER

Ezra Klein, who writes extensively on economic policy and politics for the Washington Post and who provided some of the most substantial ongoing commentary on the Congressional struggles over health insurance reform, wrote an extraordinarily prescient column recently that unravels the fundamental issue underlying the “deficit controversy”:

You’ve probably heard politicians fret that state governments - or worse, the federal government - will default on their debts...that means everyone from banks to hedge funds to China will go nuts. They’ll stop lending us money, or at least start charging us more when they do... So America’s various governmental entities are looking for ways to avoid defaulting on their debt - or at least defaulting on their debt to the powerful. That addendum is important, because one of their strategies that’s emerging is to default on debt to the less powerful, the people who don’t have the power to wreck our economy...Rather than stiff the banks...stiff the teachers...This is a crucial fact about the economy: power matters.”

Ref: <http://www.washingtonpost.com/wp-dyn/content/article/2011/02/21/AR2011022104415.html>.

Similarly on the national level, we often hear that the decades of surplus payroll taxes held as Treasury bills in the Social Security Trust Fund “don’t exist.” But no one claims that the same Treasury securities held by China or Saudi Arabia - used to offset cuts in

other taxes - “don’t exist.” (For more on this, see “[About the Social Security Trust Fund](#)” - Krugman, NYT, 3/28/08 .)

Referring to the major battle over Wisconsin’s “budget bill” that strips workers of basic rights at the state level, Klein notes that the Governor’s plan “called for sharp cuts in corporate taxes, including ‘eliminating corporate taxes for the first two years of operation.’ ” Further, “His budget repair bill proposes to allow the state to sell energy plants ‘with or without solicitation of bids...’ ”

Regarding this latter and largely over-looked provision of what has been disingenuously sold as a “budget bill” by the GOP, it is worth noting that Koch Industries - whose owners have lavishly funded the Tea Party movement - is one of the major corporate entities that have been buying up energy plants nationwide and (coincidentally?) are “one of the biggest contributors to the election campaign of Gov. Scott [Walker](#) of Wisconsin...” (NYT-2/23/11)

What we’re currently seeing in Wisconsin, Ohio and other fronts in the targeting of public employees as the root of state deficits is an aggressive right-wing political strategy. Eric Alterman has written on this: “The political power of public unions, not their pensions, is the point. Speaking at the recent Conservative Political Action Committee convention, Scott Hagerstrom of Americans for Prosperity (funded by the Koch family) explained, ‘We fight these battles on taxes and regulation, but really what we would like to see is to take the unions out at the knees so they don’t have the resources to fight these battles.’ ”

In a state-level reprise of the perversities of GOP “Starve the Beast” ideology, Ezra Klein further notes that, **“What you are seeing...isn’t necessarily a world where deficits are lower. Rather it’s a world where power is distributed very differently.”**

WHERE DO WE GO FROM HERE?

According to current national polling on jobs and the economy done for Democracy Corps and Campaign for America’s Future:

The media punditry and Washington conventional wisdom says deficit reduction and cutting government spending are the top priorities for the nation, and the Republican Congress is starting with voting to repeal health care and putting Social Security cuts on the table for the first time. They could not have it more wrong.

Elected officials have no mandate to cut Social Security: 56 percent of those polled oppose the recommendation by the two chairmen of the much-touted Simpson-Bowles deficit commission to raise the retirement age to 69 by 2075... A sizeable majority, 52 to 43 percent, oppose the planned \$100 billion dollars in budget cuts House Republicans have proposed for this year that would cut spending on education, student loans, energy and the environment. Also, by a two-to-one margin, voters disapprove of Republican positions that add to the deficit (such as the repeal of health care reform and making tax cuts for the wealthy permanent.) Ref: Democracy Corps and Campaign for America's Future - 1/18/2011 - <http://www.ourfuture.org/report/2011010318/democracy-corpscaf-poll-jobs-and-economy>.

Further, according to additional recent polling data by the Pew Research Center, the public consensus overwhelmingly favors continuing or increasing current levels of public investment in every one of 18 areas suggested - including education, veterans benefits, Medicare, health care, Social Security, energy, infrastructure, environmental protection and scientific research. And in 15 of the 18 policy areas, the number who favored increases in spending was greater than those who favored cuts. (Ref. Pew Center for People and the Press: <http://people-press.org/report/?pageid=1901>)

A REPUBLICAN “ROAD MAP”?

We hear a lot from Beltway pundits about Republican Congressman Paul Ryan’s “Roadmap” to reduce deficits. Ryan starts down this road with zero credibility as a “deficit hawk” - he has supported every deficit-inducing Bush tax cut and tax cut extension, voted for the unfunded prescription drug expansion of Medicare and supported military ventures in Iraq and Afghanistan that weren’t paid for - military expenditures which under George W. Bush weren’t even counted in the deficits, but were papered over with “off-budget” accounting gimmicks (even as military families paid the ultimate sacrifice for two wars.)

Further, Ryan’s much-touted “Road Map” reduces government revenues by nearly \$4 trillion over the next decade, cutting taxes on the richest 1% of the population in half - while raising taxes on 95% of the population. (Ref. Tax Policy Center, cited by Paul Krugman, <http://www.nytimes.com/2010/08/06/opinion/06krugman.html>)

Ryan attempts to achieve balance by slashing programs that benefit the middle class, most notably by dismantling Medicare in favor of a minimal voucher program that would send seniors into the private insurance market with no guarantee of securing adequate benefits.

Summing up the Tax Policy Center's extensive analysis of Congressman Ryan's "Roadmap," economist/columnist Paul Krugman concluded, "The Ryan plan is a fraud that makes no useful contribution to the debate over America's fiscal future."

ALTERNATIVES - PROTECTING THE MIDDLE CLASS & LOWER-INCOME FAMILIES

Although you don't hear nearly as much about them as you hear about the phony "Ryan Roadmap" or unilateral proposals like "Simpson/Bowles" from the two chairmen of the President's deficit commission, there are paths to long-term fiscal balance being proposed that don't rip apart the social fabric and aren't predicated on the right-wing policy elite's "Starve the Beast" strategy to undermine inter-generational commitments like Social Security and Medicare or to slash investments in infrastructure, research, education and economic growth.

According to recent findings by the polling firm Greenberg Quinlan Rosner, the public clearly supports a variety of progressive measures:

- Ending federal oil subsidies: The public rightly sees these handouts as wasteful spending that should be ended. Voters easily rated this proposal as their top choice among 10 options for deficit reduction, in a survey we conducted for Democracy Corps.
- Allowing Medicare to negotiate cheaper drug prices: Kaiser and the Harvard School of Public Health found 71 percent in favor of allowing Medicare to negotiate lower drug prices.
- Enacting a Wall Street Deficit Reduction Fee: In 2010, Democrats lost voters who blamed economic problems on Wall Street. This has to change. Democrats should consider a "deficit reduction fee" on excessive Wall Street profits to help repay the taxpayers for their assistance during the financial crisis. Bloomberg recently found a 70 percent majority in favor of a "tax on Wall Street profits."
Ref: Michael Bocian & Andrew Baumann, Greenberg Quinlan Rosner - <http://www.gqrr.com/index.php?ID=2558>)

The Campaign for America's Future "Citizens' Commission" has issued a comprehensive "Report on Jobs, Deficits and America's Future" founded on "three key principles that any plan for growth and deficit reduction must follow: 1. Grow the economy. Don't kill growth and jobs in the name of deficit reduction. 2. Target what truly drives deficits. Don't fix what isn't broken. 3. Invest in future sustainable growth while balancing our national accounts." Their summary and the complete report are available online at: <http://www.ourfuture.org/report/citizenscommission>

Illinois Congressperson Jan Schakowsky, a member of the "Simpson-Bowles" Deficit Commission appointed by President Obama, has put forward a comprehensive

proposal that reduces the deficit by \$441 billion in 2015, surpassing President Obama's \$250 billion target. Her strategy includes investments to spur economic growth, targeted spending cuts in discretionary allotments (including major savings in the military budget), measures to save over \$31 billion in health care expenditures, revenue increases targeted at tax loopholes - including those for companies that ship jobs overseas, reforming the estate tax and eliminating the Bush tax cuts for the top 2 high-income brackets. A summary of Schakowsky's plan is available online, along with a PDF copy of her detailed proposals, at: http://schakowsky.house.gov/index.php?option=com_content&view=article&id=2777

Regarding targeted tax increases, Michael Linden - the budget expert at Center for American Progress - has written, "The next time you hear someone railing against the size of the deficit and saying that all we need to do is cut government spending, that means he is either in favor of massive cuts to Social Security, Medicare, and everything else, or else he is just posturing. Being sincerely in favor of balancing the budget necessitates being in favor of raising more revenue." (Ref: http://www.americanprogress.org/issues/2010/01/deficit_peacock.html)

Above all else, it's worth repeating that controlling health care costs is the key to controlling deficits. In order to control not just deficits but increase the share of our future national wealth available for investments, private or public, reform of the health care system - to make it more comprehensive and more affordable - must continue. This CAN be done. Pragmatic examples of how to achieve reform exist in a variety of approaches across Canada and Europe, where health care costs are roughly half per capita of what the US spends - and typically with better health outcomes and more universal coverage. The 2010 Affordable Care Act was a very important step forward - but it was just the first step toward controlling health care costs that are eating a disproportionately growing share of our national income, no matter who is footing the bill.

HIJACKING THE FOUNDING FATHERS - "WWTJD?"

Unfortunately it's impossible these days to avoid a lot of "anti-tax" noise being generated by folks shouting, waving signs denouncing the "Socialist" - or worse - President and fervently claiming to be channeling the men who wrote the US Constitution. FOX News' contribution to this inflamed discourse on the "proper role of government" includes daily doses of Glenn Beck, a self-described "rodeo clown" - ranting before a chalkboard covered with incoherent scribbling and conspiracy theories - who claims the "Common Sense" mantle of American revolutionary Thomas Paine.

But, like so much of what we hear today in the public square, this “What would Thomas Jefferson do?” tactic is a total fraud. While it’s simplistic and somewhat foolish to try to apply to problems of the 21st Century the perspective of men from the 18th - who lived in a pre-industrial, agrarian era that relied on slavery for much of their economic productivity, and restricted voting to white men of property - it can at least be useful to debunk the notion that progressive taxation was anathema to our nation’s founders.

Regarding progressive taxation, the quintessential founder, Thomas Jefferson, suggested that a “means of silently lessening the inequality of property is to exempt all from taxation below a certain point, and to tax the higher portions of property in geometrical progression as they rise.” (Jefferson in a letter to James Madison, 1785)

Even more ironic, given right-wing claims that the 2010 Affordable Care Act’s health insurance mandates are attacks on the Constitution, in 1798 a US Congress that literally embodied “Constitutional founders” passed a bill - with Thomas Jefferson presiding over the Senate and signed into law by President John Adams - that levied a tax on wages for mandatory health insurance and public hospitals to cover all men working in the maritime industry, an enterprise which was central to commerce in the young republic. (Ref: <http://blogs.forbes.com/rickungar/2011/01/17/congress-passes-socialized-medicine-and-mandates-health-insurance-in-1798/>)

DO SOMETHING!

Too often - in the immortal words of the poet W.B. Yeats - during critical, contentious times when “things fall apart (and) the center cannot hold...the best lack all conviction, while the worst are full of passionate intensity.” The problem Yeats posed is borne out by the prevalence of “populist Tea Party” outbursts (funded and often directly organized by the economic elite), wild-eyed FOX News personalities, and opportunistic GOP politicians - in thrall of crank notions, vast oversimplifications, and even conspiracy theories - dominating so much of the response to tough economic times.

Theirs is, more than anything, an agenda aimed at weakening the President politically at the expense of the American people. Republican Senate leader Mitch McConnell made this clear in proclaiming that, more than jobs or education or health care, **“The single most important thing we want to achieve is for President Obama to be a one-term president.”**

In the “Tea Party” column quoted at the beginning of this discussion, political commentator E.J. Dionne further described the primary danger and dilemma of our current politics:

In his State [of the Union address](#), President Obama made a good case that budget cutting is too small an agenda and that this is also a time for more government - yes, more government - in areas that would expand opportunities and strengthen the economy. That argument has been entirely drowned out. If politics is reduced to a crabbed and crabby accountants' war, Obama loses. The country will, too. Ref. Washington Post: 2-21-2011

But “nothing is written” - it is up to each of us to help shape our nation’s future. Success in pushing back against attacks on responsible governance and forward-looking social policy depends on political will - meaning which voices are committed to being heard, who is best organized and, ultimately, who is most persuasive in defending the shared interests of the majority of Americans.

Something you can start to do from home is compose and send letters or emails to the editors of local newspapers and electronic or online media. Contact congressional representatives and talk with their staffers. Let the White House know what you’re concerned about or supporting.

Organize! Hand wringing and complaining doesn’t get the job done. You can join fellow concerned citizens through Organizing for America, Democracy for America and local grassroots Democratic Clubs. You can work within civic associations, unions and campus activist groups. And when you do join up, remember that it’s up to you to suggest activities and shape campaigns to reach out to the broader citizenry more effectively. Bring your energy and creative ideas to the table.

Affiliate with online communities promoting activism and outreach such as MoveOn.Org. Google can help you find national organizations and online communities, as well as local activist groups in your state or town. If you can’t find what you’re looking for locally, start something! Be bold. The more colorful and creative you are, the more likely you are to get attention from media and politicians. One idea, borrowed from the early anti-Vietnam war movement, is to organize a “teach-in”, coordinating with students and sympathetic faculty at local colleges and universities.

If folks who care about the country’s future aren’t engaged - with conviction and passionate intensity - in informed outreach and action, all we can expect from the future is more of the same and the country will continue in a downward spiral. We owe it to ourselves and to our children to keep that from happening

Organizational efforts you can join:

Organizing For America – the grassroots successor to the 2008 Obama Campaign: <http://my.barackobama.com/page/s/OFAVolunteerSignUp>

Democracy For America – grassroots Democratic activists: <http://www.democracyforamerica.com/>

MoveOn.Org – progressive online action: <http://front.moveon.org/>

Progressive Change Campaign Committee - <http://boldprogressives.org>

Learn More - Additional background Resources on the issues:

The Center for American Progress has a series of resources on deficits/debt & advancing cost-effective health care reforms:

<http://thinkprogress.org/2010/12/06/progressive-deficit-reduction/> <http://thinkprogress.org/2011/02/15/five-progressive-deficit-ideas/>

http://www.americanprogress.org/issues/2009/09/deficits_debt_101.html

Achieving Accountable and Affordable Care: http://www.americanprogress.org/issues/2010/12/aco_report.html http://www.americanprogress.org/issues/2010/09/state_health_costs.html

Incisive PBS “Frontline” documentary, examining what the US can learn from health care systems around the world to extend quality care and control costs: <http://www.pbs.org/wgbh/pages/frontline/sickaroundtheworld/>

New York Times Budget Calculator - "You Fix the Budget" - interactive feature allows you to calculate the impact of your budget/revenue choices on future deficits. “Fun!”: <http://www.nytimes.com/interactive/2010/11/13/weekinreview/deficits-graphic.html>

A “Must Read!” - Kevin Drum @ Mother Jones - Plutocracy Now: What Wisconsin Is Really About - essential analysis of politics of income inequality. Great charts!: <http://motherjones.com/print/98546>

Basic primer on debt and deficits: Our Fiscal Security: The Deficit and the Debt, What You Need to Know - <http://www.ourfiscalsecurity.org/deficit-101>

Essential ongoing commentary/blogs on economics & politics of the “deficit debate”:

Princeton Univ. economist Paul Krugman’s commentary & columns @ New York Times <http://krugman.blogs.nytimes.com/>

Former Labor Secretary Robert Reich’s blog @ robertreich.org - and his important new book : Aftershock: The Next Economy and America’s Future <http://www.amazon.com/Aftershock-Next-Economy-Americas-Future/dp/0307592812>

Ezra Klein’s “Wonkbook” @ The Washington Post <http://voices.washingtonpost.com/ezra-klein/>

Steve Benen’s “Political Animal” @ Washington Monthly <http://www.washingtonmonthly.com/>

Josh Marshall’s “Talking Points Memo” <http://www.talkingpointsmemo.com/>

Very useful & accessible economists' blogs (in addition to Paul Krugman @ NYT):

Brad DeLong / UC Berkeley Econ. Dept. - <http://delong.typepad.com/>

Mark Thoma / Univ. of Oregon Econ. Dept. - <http://economistsview.typepad.com/>

Dean Baker/CEPR - <http://www.cepr.net/index.php/beat-the-press/>

Essential analysis & background on local fiscal issues:

Center on Budget & Policy Priorities - Misunderstandings Regarding State Debt, Pensions, and Retiree Health Costs - <http://www.cbpp.org/cms/index.cfm?fa=view&id=3372>

Dean Baker of CEPR on the roots of state government fiscal crises - <http://www.truth-out.org/greenspans-incompetence-badgers-wisconsins-workers67917>

Dig Deeper – Important books on roots & politics of the financial crisis and reform:

Winner-Take-All Politics: How Washington Made the Rich Richer - And Turned Its Back on the Middle Class - Jacob Hacker & Paul Pierson dissect the thirty-year trajectory of a power-grab by the economic elite: <http://www.amazon.com/Winner-Take-All-Politics-Washington-Richer---Turned/dp/1416588701/>

Griftopia: Bubble Machines, Vampire Squids, and the Long Con That Is Breaking America – Matt Taibbi's blisteringly irreverent take: <http://www.amazon.com/Griftopia-Machines-Vampire-Breaking-America/dp/0385529953/>

Freefall: America, Free Markets, and the Sinking of the World Economy – former World Bank economist Joseph Stiglitz' comprehensive analysis: <http://www.amazon.com/Freefall-America-Markets-Sinking-Economy/dp/0393338959/>

The Wrecking Crew: How Conservatives Ruined Government, Enriched Themselves, and Beggared the Nation - Thomas Frank's "electrifying, well-researched analysis of 'conservatism-as-profiteering.'" (Booklist) <http://www.amazon.com/Wrecking-Crew-Conservatives-Government-Themselves/dp/0805090908/>

Kabuki Democracy: The System vs. Barack Obama - Eric Alterman's take on the structural impediments to real change that circumvent and sabotage our democracy - <http://www.amazon.com/Kabuki-Democracy-System-Barack-Obama/dp/1568586590/>

Aftershock: The Next Economy and America's Future - Former Labor Secretary Robert Reich warns of long-term high unemployment without structural reforms - <http://www.amazon.com/Aftershock-Economy-Americas-Future-Vintage/dp/0307476332/>

The Return of Depression Economics and the Crisis of 2008 - Nobel Prize-winning economist & NY Times columnist Paul Krugman's in-depth look at the recent history of global financial crises, and his views of how to best move forward - <http://www.amazon.com/Return-Depression-Economics-Crisis-2008/dp/0393337804/>

All the Devils Are Here: The Hidden History of the Financial Crisis – Bethany McLean & Joe Nocera deliver exactly what the title promises - <http://www.amazon.com/All-Devils-Are-Here-Financial/dp/1591843634/>

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