

COMMENTARY
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Tax cuts! Tax cuts! And even more tax cuts! That's America's policy mantra.

Whenever there's a problem, whether it's fighting terrorism, expanding health care, rebuilding New Orleans, resolving the energy crunch, you name it, Washington turns to tax cuts as the panacea. So what if experience tells us this approach really doesn't work. Who cares? It's part of our political narrative!

The economy's slipping into recession; personal debt is at an all-time high at \$3.5 trillion; real estate values are plummeting, bankruptcies and foreclosures are reaching unprecedented levels; unemployment continues to climb; the dollar is going down the tubes so fast some New York City merchants want Euros rather than dollars; oil is topping a hundred dollars a barrel; a gallon of gas at the pump is poised to hit the four dollar mark; and economists are warning us about stagflation.

So how do Washington's policymakers respond?

They want to cut taxes so we can go shopping!

Now my initials are B.S. so I know b.s. when I see it. Right now I'm seeing a lot of it.

First, the fistful of dollars most of us will receive isn't going to those who need it the most. Rather than extending unemployment benefits and increasing food stamps, the stimulus package gives more to those with higher incomes than with the lowest. Consequently, according to at least one poll, the package will have a minimal impact on the country's economy. The poll found that that 28% will save their rebate. No immediate new wealth generated here. Another 46% will pay off existing debts; nothing new generated here either. Some 26% will spend on consumer goods: clothes – made in China, iPods – made in China, computers – made in China.

Who are the real benefactors of this stimulus scam? Foreign countries?

Global corporations? Try of the above?

Second, we need to get the facts about the stimulus package straight.

Although policymakers are touting it as a tax cut, it isn't. It's an advance on next year's rebate. Think about the scenario this creates: This means that I get a rebate from Uncle Sam now, spend it on consumer goods, and next year I either have less to spend or have to pay the money back – in more taxes.

What a crock!

Our economy doesn't need another quick fix. It needs good jobs. Henry Ford said it all decades ago when he justified the five dollar day - an outrageously high pay in those days - so workers too could buy Ford cars.

Policymakers like their ersatz "Tax cut" solution because the problems they're trying to solve grew out of specific corporate and governmental policies in the first place. Corporations, after all, spent tens of millions of dollars corporations over the years to break unions and lower labor costs. They didn't do it alone. Their partners in Washington waged war on labor too, breaking unions and making it more difficult for labor to organize. But even that was not enough. Government enacted policies encouraging foreign

investment and the abandonment of productive facilities at home in the States.

It worked. Wages went down!

In a recent New York Times Op Ed piece, Bob Herbert cites a book by David Cay Johnson containing data showing that between 1980 and 2000 the national economy more than doubled, but the average income for most Americans declined. Johnson concludes: “The rich are getting fabulously richer, the vast majority is somewhat worse off, and the bottom half – for all practical purposes, the poor – are being savaged by our current economic policies.”

So there it is. We have a government that helps its corporate cronies lower wages; attaining this, it then throws money around, mostly to those who don't need it, for a shopping trip. In the meantime good jobs continue to disappear - some 3.4 million since 2000 - a weakened labor movement is, at best, holding its own, and our transportation and education infrastructures are falling apart.

Perhaps it's time to revisit the thoughtful words of Franklin Delano Roosevelt who said:

“We have always known that heedless self-interest was bad morals; we know now that it is bad economics.”

SOURCES

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