

PEOPLE'S WORLD

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June 17, 2011

Gloomy about the economy? The solution is stimulating

By Sam Webb

It is easy to be in a gloomy mood about the economy. After a weak and lopsided recovery heavily favoring the capitalist class, the economy looks to be on the cusp of a new downturn. The much talked about double dip is knocking on the door.

The signs are everywhere.

The housing market is in the throes of another slide downward. Both housing prices and startups are down while foreclosures are up.

Consumer spending limps along too, as working people postpone purchases and pay down their debt.

Economic growth rates are paltry, failing to meet earlier very modest projections.

Credit remains tight as banks are reluctant to lend.

Investment lags as businesses, awash in trillions of dollars in investible funds and underutilized production capacity, are reluctant to sink money in new plant and equipment as long as demand for goods and services falters.

Export markets remain weak as well, despite the fall in the dollar's value on international currency markets. And there is little hope that this will improve as much of the world - and Europe in particular - is in a similar economic predicament.

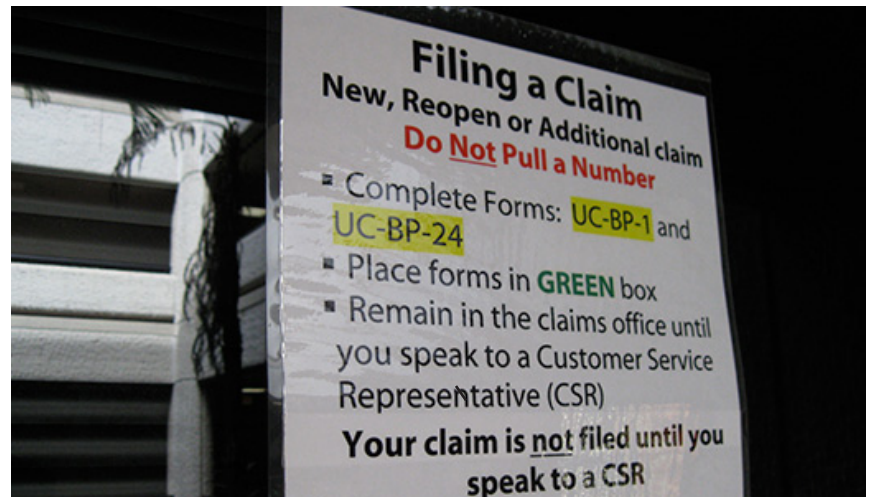
Real wages also are flat, continuing a nearly 40-year trend and aggravating the insufficiency of

consumer demand.

Worst of all, the jobless rate is 9.1 percent officially. And unofficially, unemployment is roughly 15 percent. All together 25 million are either unemployed or underemployed and people of color, women and young workers experience the highest rates.

If the prognosis for the short run is bad for everybody but U.S. transnational corporations and banks, whose profits are up, the outlook is no better for the longer run.

Many economists see no easy solution to the financial crisis and the Great Recession. In a re-



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cent column, the former top economic advisor for the Obama administration, Lawrence Summers, writes that we run the danger of a lost decade

There is only one answer to this question at this moment: the federal government.

much like Japan, if we don't stimulate the demand side of the economic equation - in other words, boost consumers' pocketbooks through jobs and steady incomes.

In these circumstances, the overarching question is: Where will the stimulus come from? What is required to throw the economy and job growth on an upward trajectory?

There is only one answer to this question at this moment: the federal government.

But the problem is that much of the nation's political and economic elite have no stomach for an expansion of public spending, such as a massive jobs and infrastructure bill.

Instead, calls for austerity fill the media and the political corridors of power. The most insistent voices come from right-wing Republicans who, if they had their way, would withdraw more than a trillion dollars from the economy. In their burial ground would be not only Medicare, Medicaid and Social Security, but also any hope of economic recovery for the foreseeable future.

To make matters worse, the austerity bug has bitten the Obama administration and many Democrats too. While their deficit reduction plans are

more modest than the Republicans' and contain proposals to increase taxes on wealthy corporations and families, the White House and many Democrats on Capitol Hill have put job creation and stimulus spending on the back burner in favor of trickle-down economics.

But cuts, modest or deep-going, are exactly the wrong medicine for a faltering economy. It's akin to pouring gasoline on a fire. Rather than withdraw money from the economy, additional money should be injected into it.

Our national debt in the longer term is a problem, but austerity at this moment will only exacerbate a deteriorating economy and postpone any sustainable solution to national indebtedness.

If we want evidence of the counterproductive character of austerity, we need only look to Europe, where countries that have attempted to solve their financial and economic crisis by way of austerity find themselves in economic quicksand.

We ignore their experience at our peril. Tens of millions need to say, "Stimulate, stimulate."



Sam Webb is chair of the Communist Party USA.

Fairness in taxation: Do it now!

By PW Editorial Board

Ten years ago President Bush signed into law unprecedented tax cuts for millionaires and billionaires. The rich partied hearty that night, celebrating a windfall they hadn't seen since the 1920s.

When Bush signed the massive giveaway he claimed that by June 2011, it would result in a \$5.6 trillion budget surplus and tens of millions of new jobs that businesses would actually have a hard time filling. All of us, he predicted, would be a hell of a lot richer than we were back then.

Those rosy predictions have fallen flat.

There is no budget surplus. Instead, there is a record deficit, created in part by those very tax cuts for the rich, along with the wars Bush started in Afghanistan and Iraq. The Economic Policy Institute notes that the tax cuts and the wars accounted for over \$500 billion of the deficit in 2009 and will account for \$7 trillion in deficits in 2009 through 2019.

As for everyone getting richer: Sixty-five percent of all income growth since the Bush giveaways has been pocketed by the top 1 percent of earners. The top 1 percent got two-thirds of the

pie, leaving 99 percent of the population the remaining third. And no jobs were created.

They want the rest of us to pay for that by cuts in education, crumbling infrastructure, cuts in health care and retirement security, and withholding money from science and innovation. The Republican tax policy means setting up an economy that offers boondoggles for the rich and nothing in the way of jobs and a decent life for the people.

The immediate thing to do now is to pass Rep. Jan Schakowsky's Fairness in Taxation Act.

Just for starters, the Fairness in Taxation Act would immediately end all the tax cuts Bush gave to the billionaires and millionaires and it would close many of the loopholes big corporations now take advantage of.

It would allow working people a few of the breaks they have been denied for far too long.

Passage of the Fairness in Taxation Act would be an excellent way to observe the 10th anniversary of the disastrous Bush tax cuts. Let your representatives in Congress know.

The immediate thing to do now is to pass Rep. Jan Schakowsky's Fairness in Taxation Act.

Ending wars, creating jobs, top mayors' agenda

By Tim Wheeler

The U.S. Conference of Mayors (USCM) opens its 79th annual meeting here June 17 with more than a dozen mayors sponsoring a resolution calling for an end to the wars in Afghanistan and Iraq. The resolution urges using the hundreds of billions of dollars in savings to pay for job-creating domestic programs in the nation's cities.

The Baltimore City Council unanimously approved the draft USCM resolution May 16 calling on President Obama and Congress to end the decade-long wars and "redirect military spending to domestic priorities." Baltimore Mayor Stephanie Rawlings Blake promptly signed the measure and is expected to urge the mayors to approve it during a scheduled plenary USCM debate Monday, June 20.

The American people "are collectively paying approximately \$126 billion dollars to wage war in Iraq and Afghanistan," the resolution says, adding, "6,024 members of the U.S. armed forces have died in these wars and at least 120,000 civilians have been killed in Iraq and Afghanistan since the coalition attacks began."

Baltimore City Councilmember James B. Kraft introduced the resolution at the request of a broad movement of peace and justice organizations including the Fund Our Communities Coalition.

The peace and justice movement in the Mid-Atlantic region has scheduled a teach-in at Baltimore's Inner Harbor from 6:30 to 8:30 p.m. on June 17, opening day of the USCM meeting. Grass-roots leaders will speak out on the crisis of unemployment and the savage cutbacks in safety net programs for jobless workers and poor people.

The meeting agenda of the nonpartisan U.S. Conference of Mayors reflects the deep economic and social crisis in the nation's cities and towns. "Job creation, transportation, homeland security,



immigration and energy efficiency top this year's agenda," declares a USCM press statement. It says, "On the final day of the meeting, the mayors will debate and vote on resolutions including one to speed up the end of the Afghanistan war and redirect war dollars to key domestic needs."

The mayors' group decried investments such as the millions spent on the "bridge to nowhere" in Alaska. And 80 percent of the mayors place a "low priority" on highway expansion. But repairing crumbling and dangerous bridges, or building new ones, and pumping more funds into green mass transit should be a high priority, Reed said.

The mayors' report focuses on measure like the BUILD Act. It would appropriate \$10 billion in federal funds to leverage more than \$100 billion in private sector funds for a National Infrastructure Bank. States the survey, "75 percent of mayors say a national infrastructure bank or expanded availability of federal financing tools such as Transportation Infrastructure and Innovation Act or Build America Bonds would accelerate or increase the number of transportation projects that could be implemented."

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Texas AFL-CIO meet was bright spot in dark sky

By Jim Lane

Union leaders from all over the state gathered here at the Sheraton Hotel, one of the few union-organized hotels, for their biannual convention June 9-11. Considering the dark days for Texas workers, and for most workers as the Republican dominated legislature is in session, the convention was amazingly upbeat.

One of the highest of several high points came with the presentation of Stephanie Bloomingdale, secretary treasurer of the Wisconsin State AFL-CIO. Bloomingdale recounted labor's fight against right-wingers led by Governor Scott Walker, and she reported on many successes.

Bloomingdale credited stalwarts in the Texas Legislature of 2003 who fled the state to try to stop Republican redistricting.

Liz Shuler, secretary-treasurer of the national AFL-CIO, indicated strengths of American labor's overall strategy in a speech. On the final day, the most exciting speaker was Texas State Senator Wendy Davis who was already extremely popular among labor even before the final day of the legislature's regular session when she successfully filibustered to stop giant cuts in Texas' education. The governor here immediately called a special session, but Davis indicated that popular pressure might result in only about half as many budget cuts.

The convention took place against a background of dark clouds and lightning. The Texas Legislature was still in its special session, and anti-worker officeholders were declaring that they had the votes to pass almost any legislation. Although the minority Democrats and volunteer worker lobbyists were fighting as hard as possible, the most they could hope for was to ameliorate some of the worst attacks against jobs, wages, government services, and democracy itself.

Desempleo juvenil a niveles históricos

Por Pepe Lozano

Marco Elizondo, de 20 años, creció y aun vive en el barrio de mayoría mexiconorteamericana de Little Village (La Villita) en el lado sureste de Chicago. Estudia en un colegio comunitario y le encanta jugar a básquet y pasar el rato con sus amigos. Algún día de estos espera ser periodista deportivo.

Con los fines del año escolar y la próxima llegada del verano, quisiera tener un trabajo ya arreglado, pero dice que simplemente no hay.

"He metido solicitudes por doquier: en los supermercados, en las farmacias Walgreens y CVS, en Subway, Panda Express, hasta en las tiendas familiares en el centro comercial de mi barrio," dijo Elizondo.

"Tener un trabajo, eso le ayuda al joven a madurarse y le enseña la responsabilidad," dice. "También le ayuda a los chavos alejarse de las malas costumbres, como ir con las pandillas o usar drogas. Mantiene a los jóvenes fuera de los problemas y les crea un sentido de haber logrado algo en esta vida."

Vive Elizondo con su abuelita. Ella lucha para pagar los gastos y él quisiera trabajar para ayudarla a cumplir. "Además, no va estar conmigo para siempre," dice. "Me encanta jugar básquet y pasar el rato con mis amigos, pero en realidad más me gustaría estar trabajando." Pero, lamenta que "Es tan difícil encontrar un trabajo,"

Según las últimas figuras gubernamentales, la tasa nacional actual de desempleo es de 9,1 por ciento. Pero dice el Departamento Federal de Trabajo que la tasa oficial de desempleo para los jóvenes de 16 a 19 años de edad anda arriba del 24 por ciento.

Un reporte reciente del Centro por Estudios del Mercado Laboral de la Universidad Northwestern en Boston, Massachusetts, nota que se proyecta que va caer la tasa nacional de ocupación juvenil en 2011 a una baja histórica. El reporte, "El declive abrupto en los empleos de verano para jóvenes en EEUU 2000-2010 y la perspectiva negra para el mercado laboral juvenil durante el verano de 2011," muestra una caída en el curso de la década pasada de de casi 19 puntos de porcentaje, es decir, del 46 por ciento en 2000 a poco menos del 27 por ciento en 2010, un declive de un 40 por ciento.

En 2009 la tasa global de desempleo juvenil para los de 16 a 19 años de edad fue del 70 por ciento, y para los jóvenes afronorteamericanos, un 79,4 por ciento. Los jóvenes hispanos sufrieron una tasa de desempleo de 73,5 por ciento. Para los jóvenes anglosajones, la tasa fue del 65,7 por ciento.

En el estado de Illinois, los jóvenes afronorteamericanos tuvieron la peor tasa de desempleo con un 86,7 por ciento, los hispanos estaban al 73,3 por ciento, y los anglosajones al 64,5 por ciento.

Para la gran zona metropolitana de Chicago y la ciudad de Chicago se marcaban resultados similares con tasas de desempleo de 83,6 y 89,1 por ciento respectivamente para los jóvenes afronorteamericanos. Los Hispanos estaban al 72,1 y 83,8 por ciento respectivamente, y los anglosajones al 64,3 y 71,5 por ciento respectivamente.

Con la pérdida de dólares de estímulo federales se proyecta que otros 18.000 jóvenes de Illinois van estar en la calle este verano.

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