

The seven biggest economic lies

By **ROBERT REICH**

President Obama's jobs bill doesn't have a chance in Congress — and the Occupiers on Wall Street and elsewhere can't become a national movement for a more equitable society — unless more Americans know the truth about the economy.

Here's a short effort to rebut the seven biggest whoppers now being told by those who want to take America backwards. The major points:

1. Tax cuts for the rich trickle down to everyone else. Baloney. Ronald Reagan and George W. Bush both sliced taxes on the rich, and what happened? Most Americans' wages (measured by the real median wage) began flattening under Reagan and have dropped since George W. Bush. Trickle-down economics is a cruel joke.

2. Higher taxes on the rich would hurt the economy and slow job growth. False. From the end of World War II until 1981, the richest Americans faced a top marginal tax rate of 70 percent or above. Under Dwight Eisenhower it was 91 percent. Even after all deductions and credits, the top taxes on the very rich were far higher than they've been since. Yet the economy grew faster during those years than it has since. (Don't believe small businesses would be hurt by a higher mar-

ginal tax; fewer than 2 percent of small business owners are in the highest tax bracket.)

3. Shrinking government generates more jobs. Wrong again. It means fewer government workers — everyone from teachers, fire fighters, police officers, and social workers at the state and local levels to safety inspectors and military personnel at the federal. And fewer government contractors, who would employ fewer private-sector workers. According to Moody's economist Mark Zandi (a campaign advisor to John McCain), the \$61 billion in spending cuts proposed by the House GOP will cost the economy 700,000 jobs this year and next.

4. Cutting the budget deficit now is more important than boosting the economy. Untrue. With so many Americans out of work, budget cuts now will shrink the economy. They'll increase unemployment and reduce tax revenues. That will worsen the ratio of the debt to the total economy. The first priority must be getting jobs and growth back by boosting the economy. Only then, when jobs and growth are returning vigorously, should we turn to cutting the deficit.

5. Medicare and Medicaid are the major drivers of budget deficits. Wrong. Medicare and Medicaid

spending is rising quickly, to be sure. But that's because the nation's health-care costs are rising so fast. One of the best ways of slowing these costs is to use Medicare and Medicaid's bargaining power over drug companies and hospitals to reduce costs, and to move from a fee-for-service system to a fee-for-healthy outcomes system. And since Medicare has far lower administrative costs than private health insurers, we should make Medicare available to everyone.

6. Social Security is a Ponzi scheme. Don't believe it. Social Security is solvent for the next 26 years. It could be solvent for the next century if we raised the ceiling on income subject to the Social Security payroll tax. That ceiling is now \$106,800.

7. It's unfair that lower-income Americans don't pay income tax. Wrong. There's nothing unfair about it. Lower-income Americans pay out a larger share of their paychecks in payroll taxes, sales taxes, user fees, and tolls than everyone else.

Demagogues through history have known that big lies, repeated often enough, start being believed — unless they're rebutted. These seven economic whoppers are just plain wrong. Make sure you know the truth — and spread it on.

OPEN FORUM

(Editor's Note: Robert Reich is chancellor's professor of public policy at the University of California at Berkeley. He has served in three administrations, most recently as secretary of labor under President Bill Clinton. His "marketplace" commentaries can be found on publicradio.com.)

'Bakers Union saved my life'

To The Editor:

I have been a member of the Bakery, Confectionery, Tobacco, & Grain Millers Union, Local 114, for 14 years. I am currently retired, but I have been active in the union, serving as shop steward and on the Executive Board. I have always had an appreciation for the benefits that I enjoy by being union, but it wasn't until recently that I realized just how good my health insurance is.

In 2009, after injuring my ribs at work, a blood test discovered that I have a rare blood cancer called multiple myeloma. The cancer was found in my bones, which made them brittle and prone to breaking. I was no longer able to work.

I also risked the spread of the cancer throughout my body because it was being transported through my blood. As part of my treatment, I had to take a prescription drug that cost \$7,400 a month. Once I reached my maximum out-of-pocket for the year, it was fully covered by my insurance.

I would never be able to afford this prescription without my excellent health insurance negotiated by the union.

At Providence Hospital in Portland, I was shocked to witness people waiting for treatment while their insurance company decided whether they were going to cover it. Not only did I not

have this problem, I was able to be treated at the Seattle Cancer Care Alliance (SCCA), which includes the University of Washington Medical Center and the Fred Hutchinson Cancer Research Center. It is one of 40 hospitals nationally that draws the best doctors and researchers around the world to find a cure for cancer.

While at SCCA, I was assigned a team of doctors, with one nurse who stayed with me during my entire treatment.

I certainly couldn't have made it without the support of my partner, Pam.

And I am thankful for the love and care of my extended family from the Mt. Hood Masters Swim Team, and friends — many of whom are union members who I have worked with over these past 14 years at the Kroger Bakery.

I would like to recognize the union for all it has done to preserve my health insurance. I did not have to sell my house or go into bankruptcy to pay for my treatment, and I received world class, cutting edge care that has led to my cancer's remission.

That is why I say the union saved my life!

Nancy Milner
Bakers Local 114
Portland

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