



Our Inequity Problem

BY ROBERT B. REICH
Tribune Media Services

Four years into a so-called recovery and we're still below recession levels in every important respect except the stock market.

A measly 88,000 jobs were created in March, and total employment remains some 3 million below its pre-recession level. Labor-force participation is at its lowest level since 1979.

The recovery isn't just losing steam. It never had much steam to begin with.

That's because so much of our debate over economic policy has been beside the point.

On the one side have been Keynesians — followers of the great British economist John Maynard Keynes — who want more government spending and lower interest rates in order to fuel demand.

We tried a big Keynesian stimulus from 2009 to 2011, and the Federal Reserve is still keeping interest rates near zero.

I side with the Keynesians. But let's be candid: Keynesians don't have a clear answer for how much additional government spending is necessary in an economy, like ours, in which wages keep dropping. Simply urging "more" isn't convincing.

On the other side are supply-side "austerics" who want lower taxes on the wealthy and on corporations to boost incentives to hire and invest, and who see government deficits crowding out private investment.

They've won the latest round by making the Bush tax cuts permanent for 98 percent of taxpayers, hiking Social Security taxes back up, and implementing the so-called "sequester" cuts in the face of stubbornly high unemployment.

But supply-side austerity doesn't work. George W. Bush tried supply-side tax cuts for the wealthy in 2001 and 2003, and nothing trickled down. In fact, job growth slowed and real wages declined.

Austerity economics, meanwhile, has proven a disaster in Europe. Slashing public budgets when unemployment is high and demand already weak has been shown to be a recipe for recession — making public debt even larger relative to the size of the overall economy.

Both sides of the modern debate have neglected the economic elephant in the room: the scourge of widening inequality.

When all of the economic gains go to the top, the rest of the population doesn't have enough purchasing power to keep the economy going. We should have learned this after 1928, when the top 1 percent got more than 23 percent of total income. The following year, the economy collapsed. The next time the top 1 percent got more than 23 percent of total income was 2007.

Businesses won't hire and expand unless they have more customers. But most Americans can't spend



Robert REICH

more, and net exports can't possibly make up the difference. That's why retail sales were down 0.4 percent in March and consumer sentiment has fallen to its lowest level in nine months.

The vast middle class is running out of money because real annual median household income keeps falling. It's down to \$45,018, from \$51,144 in 2010.

All the gains from the recovery continue to go to the top.

The Obama administration is urging banks to lend more. But with declining incomes, the middle class can't borrow more — and shouldn't, given what happened after the last borrowing binge.

So one important way to get the nation back on track is to restore middle-class prosperity and reverse the trend toward widening inequality.

The Great Depression finally ended with the massive Keynesian spending of World War II. The economy continued to expand after the war because of policy changes in the 1930s that reversed widening inequality and spread the benefits of growth: collective bargaining, the 40-hour workweek, the minimum wage, Social Security, and then, after the war, wider access to higher education.

What can be done now to reverse widening inequality?

First, award tax cuts to companies that link the pay of their hourly workers to profits and productivity, and that keep the total pay of their top five executives within 20 times the pay of their median worker. And impose higher taxes on companies that don't.

Raise the minimum wage to half the average wage, and expand the Earned Income Tax Credit.

Increase public investment in education — including early-childhood education. And allow college students to repay the cost of their higher education with a 10 percent surcharge on the first 10 years of income from full-time employment.

And pay for all this by adding additional tax brackets at the top and increasing the top marginal tax rate to what it was before 1981 — at least 70 percent.

Even the rich would do better with a smaller share of a rapidly growing economy than with a large share of one that's barely growing at all.

Our political leaders in Washington have for now chosen supply-side austerity economics over Keynesian economics. That's bad enough.

Their inability or unwillingness to do much of anything about widening inequality will prove a larger error.

Robert Reich, former U.S. Secretary of Labor, is professor of public policy at the University of California at Berkeley and the author of "Beyond Outrage," now available in paperback. He blogs at www.robertreich.org.

I occasionally travel to the Pine Ridge Reservation and would be glad to take Mr. Crawford along, as he often promotes his trips to various parts of the country. This would be more of fact-finding trip rather than recreational and may enable him to assist in contributing to addressing a serious social problem while at the same time overcoming some common stereotypes. This is an open invitation.

This is the response by Steve Crawford:

Much of what Mr. James writes is on target; however there are a couple of items in his letter I would like to clarify from my point of view.

There is a creek on the Pine Ridge Reservation currently called "Squaw Humper Creek." The South Dakota State Board on Geographic Names is proposing a name change from "Squaw Humper Creek" to "Tahc'a Okute Wakpa," which translates to Deer Hunting Ground Creek.

My attempt to pronounce Tahc'a Okute Wakpa came out like: Ta-ca Oh-coot walk-pa. Obviously not easy to pronounce or remember for that matter.

"Flowing Beer" creek is simply a satirical (and easy to remember) name that also could describe the area, given the massive amount of alcohol purchased by residents of the Reservation.

In no way was I making light of one of several social problems with the Pine Ridge Reservation. Rather, it is my attempt to continue to bring attention to a serious issue by way of satire. I do not drink, nor do I condone those who do — including Native Americans.

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OPINION | OUR VIEW

The Senate Fails On The Gun Issue

We now know what our lawmakers in Washington are going to do in response to the Sandy Hook Elementary School shootings in Connecticut last December, in which a gunman slaughtered 27 people, including 20 kids.

That answer was affirmed to us last week by the U.S. Senate, which has been considered — historically and arguably — the more reasonable of the two congressional chambers.

When faced with a watered-down measure that would require background checks on weapons sales made at gun shows and on the Internet, a majority of the senators voted yes. But, thanks to filibuster rules and the Republican threat to use the procedure, the minority wagged the dog and the measure failed. And that's what our lawmakers are doing about gun legislation these days: failing.

Mind you, they weren't looking the other way on this issue in the face of tragedies like Newtown or Aurora, Colo., or Tucson, Ariz., or ... well, you get the idea.

Instead, they met with the grieving families of victims — aching souls pleading and begging for something to be done to address the proliferation of firearms in this nation. The lawmakers faced them, heard their stories, saw their tears and chose to do nothing. They chose to fail.

The lawmakers failed the nation with last week's vote.

They failed the victims and their families.

They failed a large segment of their constituencies, as more than 90 percent of Americans favor background checks on these types of gun transactions. One can also assume that at least a respectable portion of that 90 percent are gun owners, too.

The lawmakers failed to lead on every level. In response to the Senate vote, Bishop Stephen E. Blaire of the U.S. Conference of Catholic Bishops called the action "a failure in moral leadership to protect and defend the public good."

Instead, many lawmakers succeeded in showing themselves to be impotent lapdogs for the National Rifle Association, which has gone on a hysterical rampage equating any attempt to introduce some form of legislation to address gun violence as an all-out assault on the U.S. Constitution. These senators seem more devoted to ideology than the idea of making America a safer country.

This failure is a disgrace.

We understand the logic that guns do not kill people, that people kill people. In fact, it's people who shouldn't have guns that often kill people. And our lawmakers seem powerless — or unwilling — to do anything about it.

We also acknowledge that background checks would not prevent all gun massacres. No one piece of legislation can. But using that argument to do nothing other than to preserve the perceived freedoms of the Second Amendment says a lot.

The op-ed pages across the nation have been saying a lot, too, using withering terms such as "shameful," cowardly," "nauseating," "contemptible," "irresponsible," "craven" ... the list is long and condemning.

The response from the families of the victims, among others, has also been damning. For instance, Erica Lafferty, the daughter of the Newtown principal who was among those gunned down at Newtown, said she was "honestly disgusted" by the Senate's inaction. Lafferty added: "My mom was not scared in the halls of Sandy Hook. (The senators) should not be scared to cast a vote to protect millions of innocent people."

We can only add to this chorus of anger what we feel is the saddest observation of all: These lawmakers have merely shown themselves to be what we always feared they were. These are their true colors, ladies and gentlemen. In the wake of the Connecticut massacre and amid the pleas of grieving families, after so many funerals and so many tears, this is who these lawmakers are.

And since we put them there, we're getting precisely what we deserve.

kmh

THE VIEWS PAGE

The PRESS & DAKOTAN Views page provides a forum for open discussion of issues and interests affecting our readers. Initialed editorials represent the opinion of the writer, but not necessarily that of the PRESS & DAKOTAN. Bylined columns represent the view of the author. We welcome letters to the editor on current topics. Questions regarding the Views page should be directed to Kelly Hertz at views@yankton.net.

TODAY IN HISTORY

By The Associated Press

Today is Wednesday, April 24, the 114th day of 2013. There are 251 days left in the year.

Today's Highlight in History: On April 24, 1913, the 792-foot Woolworth Building, at that time the tallest skyscraper in the world, officially opened in Manhattan as President Woodrow Wilson pressed a button at the White House to signal the lighting of the towering structure.

On this date: In 1792, the national anthem of France, "La Marseillaise," was composed by Captain Claude Joseph Rouget de Lisle.

In 1800, Congress approved a bill establishing the Library of Congress.

In 1898, Spain declared war on the United States. (The United States responded in kind the next day.)

In 1915, what's regarded as the start of the Armenian genocide began as the Ottoman Empire rounded up Armenian political and cultural leaders in Constantinople.

In 1916, some 1,600 Irish nationalists launched the Easter Rising by seizing several key sites in Dublin. (The rising was put down by British forces almost a week later.)

In 1932, in the Free State of Prussia, the Nazi Party gained a plurality of seats in parliamentary elections.

In 1953, British statesman Winston Churchill was knighted by Queen Elizabeth II.

In 1962, the Massachusetts Institute of Technology achieved the first satellite relay of a television signal, using NASA's Echo 1 balloon satellite to bounce a video image from Camp Parks, Calif., to Westford, Mass.

In 1963, the Boston Celtics won the NBA Finals in Game 6, defeating the Los Angeles Lakers 112-109.

In 1970, the People's Republic of China launched its first satellite, which kept transmitting a song, "The East is Red."

In 1980, the United States launched an unsuccessful attempt to free the American hostages in Iran, a mission that resulted in the deaths of eight U.S. servicemen.

In 1993, former African National Congress president Oliver Tambo died in Johannesburg, South Africa, at age 75.

Ten years ago: U.S. forces in Iraq took custody of Tariq Aziz, the former Iraqi deputy prime minister. China shut down a Beijing hospital as the global death toll from SARS surpassed 260. In Red Lion, Pa., 14-year-old James Sheets shot and killed principal Eugene Segro inside a crowded junior high school cafeteria, then killed himself.

Five years ago: The White House accused North Korea of assisting Syria's secret nuclear program, saying a Syrian nuclear reactor destroyed by Israel in 2007 was not intended for "peaceful purposes."

One year ago: President Barack Obama went after the college vote, telling students at the University of North Carolina that he and first lady Michelle Obama had "been in your shoes" and didn't pay off their student loans until eight years ago. Republican Mitt Romney swept primaries in Connecticut, Rhode Island, Delaware, Pennsylvania and New York. Lakers forward Metta World Peace was suspended for seven games by the NBA two days after a vicious elbow on Oklahoma City's James Harden.

Today's Birthdays: Film and drama critic Stanley Kauffmann is 97. Movie director-producer Richard Donner is 83. Actress Shirley MacLaine is 79. Author Sue Grafton is 73. Actor-singer Michael Parks is 73. Actress-singer-director Barbra Streisand is 71. Former Chicago Mayor Richard M. Daley is 71. Country singer Richard Sterban (The Oak Ridge Boys) is 70. Rock musician Doug Clifford (Creedence Clearwater Revival) is 68. Rock singer-musician Rob Hyman is 63. The Taoiseach (prime minister) of Ireland, Enda Kenny, is 62. Actor-playwright Eric Bogosian is 60. Rock singer-musician Jack Blades (Night Ranger) is 59. Actor Michael O'Keefe is 58. Rock musician David J (Bauhaus) is 56. Actor Glenn Morshower is 54. Rock musician Billy Gould is 50. Actor-comedian Cedric the Entertainer is 49. Actor Djimon Hounsou is 49. Rock musician Patty Schemel is 46. Rock musician Aaron Comess (Spin Doctors) is 45. Actress Melinda Clarke is 44. Latin pop singer Alejandro Fernandez is 42. Country-rock musician Brad Morgan (Drive-By Truckers) is 42. Rock musician Brian Marshall (Creed; Alter Bridge) is 40. Actor Derek Luke is 39. Actor Eric Balfour is 36. Actress Rebecca Mader is 36. Country singer Rebecca Lynn Howard is 34. Country singer Danny Gokey is 33. Actor Austin Nichols is 33. Actress Sasha Barrese is 32. Contemporary Christian musician Jaser Rauch (Red) is 32. Singer Kelly Clarkson is 31. Rock singer-musician Tyson Ritter (The All-American Rejects) is 29. Actor Doc Shaw is 21.

Thought for Today: "To change and to improve are two different things." — German proverb.

FROM THE BIBLE

My grace is sufficient for you. 2 Corinthians 12:9. Portals of Prayer, Concordia Publishing House, St. Louis

YOUR LETTERS

'Offensive' Remark

Henry James, Yankton

I commute to my office in Nebraska and often listen to WNAX "guess the year" segment, then change to another station as the "right wing partisan politics" of the station gets to be a little tiresome.

Indian reservations sometimes invite comments, of which I've grown accustomed to living in South Dakota and listening to WNAX. But I was struck by some recent comments made about the Pine Ridge Reservation by Steve Crawford, a morning broadcaster, which many would find offensive.

Mr. Crawford stated that he heard there is a creek on the reservation with a name the local residents wish to change. He attempted to spell the Indian name of the creek. I was unsure if he was actually trying to read the creek's name or making the name up from some stereotypical reference, but being familiar with the Pine Ridge Reservation, I've never heard of a creek with a spelling that begins with "ca-ca." Mr. Crawford then said the creek's name should be changed to "Beer Flowing" Creek or similar because of the millions of cans of beer sold to Pine Ridge residents by the stores in Whiteclay, Neb. He further simplified and trivialized this tragic matter by stating if the tribal members didn't like their alcohol so much, the Whiteclay stores would go away — thus, problem solved: a simple demand/supply equation.

I think it's the opinion of those familiar with the problem that demand will usually trump supply, so shutting down Whiteclay isn't the answer, either.

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