

Economic Weather Is Stormy

BY ROBERT B. REICH

Tribune Media Services

Economic forecasters exist to make astrologers look good. But the recent jubilance is enough to make even weather forecasters blush.

'The economy is going gangbusters! Just look at consumer spending!"

"Look at home prices! Look at the bull market!'

Please

I can understand the jubilation in the narrow sense that we've been down so long, everything looks up. Plus, economists who are paid by Wall Street or corporations tend to cheerlead because they believe that if consumers and businesses think the future will be great, they'll buy and invest more ---thereby creating a self-fulfilling prophecy.

But prophecies can't be self-fulfilling if they're based on wishful thinking.

The reality is we're still in the doldrums, and the most recent data gives cause for serious worry. Jobs are still scarce. The share of the working-age population in jobs remains the lowest in 35 years, before wives and mothers began streaming into paid work.

And wages are still going nowhere. Most of the new jobs created since the recovery began pay less than the jobs that were lost in the recession, which means consumer spending will slow because consumers just don't have the money to keep spending.

Yes, consumer spending is up. The Commerce Department reports that consumer spending rose 3.4 percent in the first quarter of this year.

But that's only because Americans have been saving less. The personal savings rate dropped to 2.3 percent - from 5.3 percent in the last quarter of 2012. We're down to the lowest level of savings since before the Great Recession. You don't have to be an economic forecaster, or an astrologer, to see this can't go on.

Yes, home prices are rising. The problem is, they're beginning to rise above their long-run historical aver-

age. (Before the housing crash they were way, way above the long-run average.) We've been here before: The Fed is keeping interest

rates artificially low, allowing consumers to get low-cost home-equity loans and to borrow against the rising values of their homes. Needless to say, this trend, too, is unsustainable.

And, yes, the stock market is roaring. But, as we've learned before, that has little if anything to do with widespread prosperity. Over 90 percent of the value of the stock market — including 401(k)s and IRAs — is held by the wealthiest 10 percent of the population.

The main reason stock prices have risen is corporate profits have ballooned. But this is largely because corporations have slashed their payrolls and kept them low. Which brings us full circle, back to the fundamental fact that most Americans' wages are going nowhere.

Not even fat corporate profits are sustainable if American consumers don't have enough money in their pockets. Exports

can't make up for the shortfall, given the rotten shape Europe is in and the slowdown in Asia. So don't expect those profits to continue. In fact, the latest Commerce Department report shows that corporate profits shrank in the first quarter, reversing some of the

If all this wasn't enough reason to sober up, bear in mind that we still aren't feeling the full effect of the cuts in government spending. The sequester is expected to be a substantial drag on the economy in the months ahead

Look, I don't want to rain on the parade. But any

creased consumer spending, rising home prices and a bull market on Wall Street. The only things that really count are jobs and wages. And by these measures, most Americans are still in a bad storm.



THE DAKOTAS' OLDEST NEWSPAPER | FOUNDED 1861 Yankton Media, Inc., 319 Walnut St., Yankton, SD 57078

OPINION | OTHER THOUGHTS

The Right Way To Scrutinize The IRS

LOS ANGELES TIMES (May 31): The scandal surrounding the Internal Revenue Service's scrutiny of tax-exempt groups based on their political leanings has prompted investigations by at least four congressional committees and the Justice Department. The acting head of the IRS has been sent packing. And the hearings on Capitol Hill show no sign of abating.

The attention is appropriate because of the troubling questions the scandal raises about the agency's independence. But the report that brought the episode to light - by J. Russell George, a Treasury Department inspector general - became politicized so quickly that those questions may be given short shrift. The criminal investigation will lead where it may, but we're less interested in congressional Republicans' efforts to tie the scandal to President Obama at any cost than we are in finding out how and why the IRS stumbled so badly, and coming up with solutions to fix whatever is broken in the system. That would be done best by a nonpartisan commission working outside the polarized confines of the congressional office buildings.

At issue is the way the IRS enforces the laws governing tax-exempt groups. In particular, the inspector general found that agency employees made inappropriate and intrusive demands for information from many conservative groups that applied for exemption under Section 501(c)(4) of the tax code. Unlike charities, 501(c)(4) organizations can do a limited amount of political campaigning. The inspector general's report shed no light on why IRS employees started singling out those conservative groups, why they sought donor lists and other seemingly inappropriate information, whether the IRS had conducted or still conducts reviews that are similarly focused, and what involvement, if any, Obama administration officials and members of Congress had in the extra scrutiny.

No matter what the answers are, the public needs to be assured that the IRS can enforce the law independently and fairly. The agency's initial explanation — that low-level, politically tone-deaf employees were responsible — only reinforces the fact that IRS agents have tremendous power at their disposal, and they can misuse it for months before anyone stops them. Yet even the most apolitical IRS staffer might have trouble taking the politics out of Section 501(c)(4), because agency rules don't draw a very clear line between groups that do too much political campaigning to qualify for the exemption and those whose political activity isn't excessive.

Campaign finance reformers rightly complain that the IRS has been too permissive when it comes to political activity by 501(c)(4)s, which, unlike other groups involved in campaigns, can hide the identity of their donors. So the agency is being buffeted by accusations that it is both failing to enforce the law and that it is enforcing the law in a politically biased way. The IRS is never going to be a popular institution, but it can't afford to be seen as serving a political master. The best way to restore confidence in the IRS is to impanel a commission with no stake in the 2014 election and no political ax to grind, and have it recommend whatever changes may be necessary to fix the problems it uncovers.

TODAY IN HISTORY

By The Associated Press

Today is Wednesday, June 5, the 156th day of 2013. There are 209 days left in the

Today's Highlight in History: On June 5, 1963, Britain's Secretary of State for War, John Profumo, resigned after acknowledging an affair with a call girl, Christine Keeler (who was also involved with a Soviet spy), and lving to Parliament about it: while was

ground troops away from the Demilitarized Zone separating North and South Korea. The New York Times' top two editors resigned in the wake of the Jayson Blair scandal. Five years ago: Defense Secretary

tary Michael Wynne, holding them to account

in a historic Pentagon shake-up after embar-

rassing nuclear mix-ups. Barack Obama and

Hillary Rodham Clinton met privately at the

Washington home of Sen. Dianne Feinstein,

the first such get-together since Obama

clinched the Democratic presidential nomi-

nation. Khalid Sheikh Mohammed, the re-

puted mastermind of the Sept. 11 attacks, told a military judge at his arraignment he

welcomed the death penalty as a way to

martyrdom and ridiculed the proceedings as

an "inquisition." Astronauts opened up Japan's new billion-dollar space station lab,

Kibo, aboard the international space station.

Gov. Scott Walker beat back a recall chal-

lenge, winning both the right to finish his term

and a voter endorsement of his strategy to

curb state spending. Jury selection began in

Bellefonte, Pa., in the trial of Jerry Sandusky, the former Penn State assistant football

coach charged with child sexual abuse. (San-

dusky was later convicted of 45 counts and

sentenced to 30 to 60 years in prison.) Science-fiction author Ray Bradbury, 91, died in

Hayes is 88. Broadcast journalist Bill Moyers is 79. Former Canadian Prime Minister Joe

Clark is 74. Author Margaret Drabble is 74.

Country singer Don Reid (The Statler Broth-

ers) is 68. Rock musician Fred Stone (AKA Fred Stewart) (Sly and the Family Stone) is

67. Rock singer Laurie Anderson is 66.

Country singer Gail Davies is 65. Author Ken

Follett is 64. Dr. Jill Biden, wife of Vice Presi-dent Joe Biden, is 62. Financial guru Suze

Orman is 62. Rock musician Nicko McBrain

(Iron Maiden) is 61. Jazz musician Kenny G

is 57. Rock singer Richard Butler (Psyche-delic Furs) is 57. Actor Jeff Garlin is 51. Ac-

tress Karen Sillas is 50. Actor Ron Livingston

is 46. Singer Brian McKnight is 44. Rock mu-

sician Claus Norreen (Aqua) is 43. Actor Mark Wahlberg is 42. Actor Chad Allen is 39.

Rock musician P-Nut (311) is 39. Actress

Navi Rawat is 36. Actress Liza Weil is 36.

Rock musician Pete Wentz (Fall Out Boy) is 34. Rock musician Seb Lefebvre (Simple

Thought for Today: "A lie has no leg, but

Thomas Fuller,

Plan) is 32. Actress Amanda Crew is 27.

a scandal has wings." — Tho English clergyman (1608-1661).

Today's Birthdays: Actor-singer Bill

Los Angeles.

One year ago: Wisconsin Republican

Robert Gates ousted Air Force Chief of Staff Gen. Michael Moseley and Air Force Secre-

Ieannine Economy Jeremy Hoeck Nathan Johnson Muriel Pratt Sheldon Reed Noelle Schlechter

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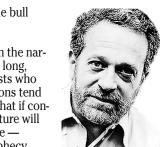
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REICH

gains in the second half of 2012.

self-respecting weather forecaster would tell you to zip up and take an umbrella. Don't be swayed by all the sunny talk about in-

BY JAMES TURNER

Los Angeles Times (IVICT)

A friend recently returned from a camping trip in the Sierra Nevada. His eyes shone as he described the opalescent sky, the vitality of wildlife in spring and the fun he'd had playing with his two young daughters during the mellow evenings. It had been a really good trip, an experience to treasure, he said.

I casually asked how long it took to get there. "Oh, it wasn't too bad," he said, and then caught himself, as if he'd said something wrong. "But we took the minivan this time, which I suppose means we weren't so in tune with nature after all.

I felt slightly hurt. I am an environmentalist — I work for Greenpeace. Did he think that makes me some moral arbiter of fun, sternly passing judgment on those who ignore the perils of climate change to enjoy a weekend in the mountains?

Of course, it wasn't really about me. What my friend expressed was climate guilt, a feeling that many of us who care about environmental issues experience every day. I am not immune. We feel guilty about driving cars and watching TV and turning on lights, as if that makes us personally responsible for this gigantic threat that looms over us.

For years, caring governments and thoughtful corporations have communicated the idea that we're all in this together, that if we each just do our bit we can solve this global warming mess. Duke Energy, a utility company that depends heavily on coal, points out that "saving the environment can be as easy as changing a light bulb." It's a gentle, brotherly tone. But there's something in the subtext here too — a warning: "Let he who is without sin cast the first stone."

In economics this would be called a barrier to entry, an obstacle that makes it difficult to gain access to a given market. In this case, rather than economic, the barrier is philosophical. If you aren't taking mass transit, you have no right to oppose drilling for oil in the Arctic. Until you've cleaned up your act entirely, you're not entitled to criticize the major oil companies for cashing in our children's future.

Whether this "guilt barrier" is deliberately constructed or just innate to our psyches, it's being exploited by the fossil fuel cartel. Its members are content to have us feel guilty, particularly if it contributes to a sense of helplessness. Where once companies such as Exxon Mobil denied that their products were causing

SIDIE to Switch from them. Look at л ше, ing goes. "You're up to your neck in it. You really want us to turn off the tap?

dangerous levels of pollution, now they claim it is impos-

This accusation is based on a false premise: that all alternatives are equally accessible to consumers, and we're all happily choosing fossil fuels. That's simply not true, and nowhere is this more evident than in the case of the oil industry's greatest threat: the electric car.

Despite encouraging news that the Toyota Prius has become the No. 1 selling car in California, fully electric vehicles remain out of financial reach for all but the most affluent families. And like most of America, our state lacks the charging infrastructure to support many such cars anyway. More barriers to entry.

Whatever my friend might personally think about climate change and air pollution, he has to stick to a budget that will support his whole family. Nor will he risk stranding them all along I-5. His "choice" of a minivan is in fact no choice at all. He's left feeling disempowered, implicated and hypocritical. Any desire to act is supplanted by resignation. But whose fault is it?

Oil companies have made up the most powerful industry on Earth for the last 50 years. They have consistently lobbied against fuel efficiency standards. They've fought any taxes on the pollutants we must breathe. They've sneered at electric vehicles and insisted on a market so rigged that only one technology could ever win out anyway. They indefensibly refuse to pay for the carbon their products — though they would say "your cars" — spew into the atmosphere.

Maybe it's time for us to remove the guilt. Yes, I drive a car that runs on gasoline. I fly for work when necessary and occasionally for vacation. But doing these things is not the same as admitting they are inevitable. Five years ago I flew more; now I use Skype. Bike lanes have been newly painted in my neighborhood, so I cycle to the store. In a couple of years, electric cars might come into my price range. In the meantime, I refuse to feel guilty.

In the battle against climate change, we should not be waging guilt trips on one another. Rather, we should take the fight to those who use our sense of personal responsibility against us. Climate change is a problem, and we must fix it. But it's certainly not our fault.

James Turner is head of communications for Greenpeace International's Save the Arctic Campaign. He wrote this for the Los Angeles Times.

no finding of a security breach, the scandal helped bring down the Conservative govern-ment of Prime Minister Harold Macmillan.

On this date: In 1794, Congress passed the Neutrality Act, which prohibited Americans from taking part in any military action against a country that was at peace with the United States.

In 1884, Civil War hero Gen. William T. Sherman refused the Republican presiden-tial nomination, saying, "I will not accept if nominated and will not serve if elected."

In 1916, the Arab Revolt against Turkish Ottoman rule began during World War I. In 1933, the United States went off the

gold standard. In 1940, during the World War II Battle of France, Germany attacked French forces

along the Somme line. In 1947, Secretary of State George C. Marshall gave a speech at Harvard University in which he outlined an aid program for Europe that came to be known as The Marshall Plan.

In 1950, the U.S. Supreme Court, in Henderson v. United States, struck down racially segregated railroad dining cars.

In 1967, war erupted in the Mideast as Israel raided military aircraft parked on the ground in Egypt; Syria, Jordan and Iraq entered the conflict.

In 1968, Sen. Robert F. Kennedy was assassinated in Los Angeles' Ambassador Hotel after claiming victory in California's Democratic presidential primary. Gunman Sirhan Bishara Sirhan was immediately arrested.

In 1976, 14 people were killed when the Teton Dam in Idaho burst.

In 1993, country star Conway Twitty died in Springfield, Mo., at age 59.

In 2004, Ronald Wilson Reagan, the 40th president of the United States, died in Los Angeles at age 93 after a long struggle with Alzheimer's disease.

Ten years ago: Speaking to American soldiers in Qatar, President George W. Bush argued the U.S.-led invasion of Iraq was justified and pledged that "we'll reveal the truth" on Saddam Hussein's weapons of mass destruction. The United States agreed to pull its

FROM THE BIBLE

Thanks be unto God for His unspeakable gift. 2 Corinthians 9:15 (KJV). Portals of Prayer, Concordia Publishing House, St. Louis

YOUR LETTERS

Thank You For Kerr Column

Joe Dilger, Yankton

Thank you for publishing the article by William Kerr called "How to get to Heaven" (Press & Dakotan, May 30). That was a very good article — true and very eye opening.

It was appropriate right under the cartoon of Monsanto choking Mother Nature! (Only it should have been Wall Street and the idiots in Congress choking the American people instead of Mother Nature.) However, we all understood, and we all know the deal, where Congress is concerned.

Thank you again for publishing the article by William Kerr. Many of us have studied the Bible, and many of us do know that Jesus tried many times, in the Old Testament and the New Testament, to warn us of what will happen to us in the end.

It's too bad if we put money before our fellow inhabitants of the earth. The folks in Congress will never read the P&D, nor will they ever heed the words of Matthew 25. They are only concerned with themselves and their agendas.

We know that Jesus Christ never lied. What more can be said?

Historical Event A Success

Dakota Territorial Museum Staff

The Dakota Territorial Museum and Yankton County Historical Society would like to thank everyone who attended our 3rd Annual Riverboat, Roads and Rails event June 1.

It was a huge success. More than 250 people braved the weather to enjoy the activities, take in some history and

spend time together as a family.

A huge thank you goes out to all of our volunteers and supporters. Without our volunteers, none of this would be possible. We have a great team of volunteers and dedicated board members who give of their time for the education and preservation of our history. We want to also thank RSVP, the Missouri Valley Model Railroad Club, the re-enactors from Ft. Randall, the Yankton Antique Auto Association and the Tri-Valley Old Iron Association.

Thank you to our sponsors: Vishay Dale Electronics; Gehl Power Products, Inc.; Kolberg-Pioneer, Inc.; Hy-Vee; Walgreens; Cimpl's; Chesterman's Distributing; and Walmart.

Mark your calendars for next year's Riverboats, Roads and Rails on Saturday, June 7, 2014.

Cathy Sudbeck Sally Whiting Brenda Willcuts Jackie Williams

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Published Dailv Monday-Saturday

Periodicals postage paid at Yankton, . South Dakota, under the act of March 3, 1979.

Weekly Dakotian established June 6, 1861. Yankton Daily Press and Dakotian established April 26, 1875.

Postmaster: Send address changes to Yankton Daily Press & Dakotan, 319 Walnut, Yankton, SD 57078.

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