



Economy Needs ‘Basic Bargain’

BY ROBERT B. REICH
Tribune Media Services

The question at the core of America's upcoming presidential election isn't merely whose story most voting Americans believe to be true – Mitt Romney's claim that the economy is in a stall and Obama's policies haven't worked, or Barack Obama's claim that it's slowly mending and his approach is working.

If that were all there was to it, last Friday's report from the Bureau of Labor Statistics showing the economy added only 96,000 jobs in August — below what's needed merely to keep up with the growth in the number of eligible workers — would seem to bolster Romney's claim.

But, of course, congressional Republicans have never even given Obama a chance to try his approach. They've blocked everything he's tried to do — including his proposed Jobs Act that would help state and local governments replace many of the teachers, police officers, social workers and firefighters they've had to let go over the last several years.



Robert REICH

The deeper question is what should be done starting in January to boost a recovery that by anyone's measure is still anemic. In truth, not even the Jobs Act will be enough.

At the Republican convention in Tampa, Fla., Romney produced the predictable set of Republican bromides: cut taxes on corporations and the already rich, cut government spending (mainly on the lower middle class and the poor), and gut business regulations.

It's the same supply-side nonsense that got the economy into trouble in the first place.

Corporations won't hire more workers just because their tax bill is lower and they spend less on regulations. In case you hadn't noticed, corporate profits are up. Most companies don't even know what to do with the profits they're already making. Not incidentally, much of those profits have come from replacing jobs with computer software or outsourcing them abroad.

Meanwhile, the wealthy don't create jobs, and giving them additional tax cuts won't bring unemployment down. America's rich are already garnering a bigger share of American income than they have in 80 years. They're using much of it to speculate in the stock market. All this has done is drive stock prices higher.

The way to get jobs back is to get American consumers to spend again.

Consumer spending is 70 percent of the nation's economic activity. Most of it comes from the middle

class and those aspiring to join the middle class. They're the real job creators.

But here's the problem. Middle-class consumers won't and can't spend because their savings are depleted, their homes are worth a fraction of what they were five years ago, their wages are dropping, and they're worried about keeping their jobs.

And they're no longer able to borrow against the rising values of their homes because the housing bubble burst — which means they can no longer pretend they're in better financial shape than they really are.

This is the heart of our economic dilemma.

Last Thursday night at the Democratic convention in Charlotte, N.C., President Obama suggested a way to correct this, or at least not make things worse: raise taxes on the wealthy rather than cut programs the middle class and poor depend on (such as Medicare and Medicaid), give tax incentives to companies that create jobs in the United States, and invest in education.

It's a start, but America's middle class and poor need far more. They need to be able to refinance their mortgages at today's low interest rates. They need a larger Earned Income Tax Credit — a wage subsidy for lower-paying jobs. And they need a higher minimum wage that's automatically adjusted for inflation.

They could use a new Works Projects Administration and Civilian Conservation Corps designed to put the long-term unemployed back to work.

They need stronger unions to bargain for a larger share of the gains from economic growth. And a Social Security payroll tax that exempts the first \$25,000 of income and eliminates the ceiling (now \$110,100) on income subject to it.

And they need an industrial policy designed to create high-wage jobs in America.

In accepting his party's nomination for president, Obama said the "basic bargain" that once rewarded hard work and gave everyone a fair shot had come undone.

He's right. And the U.S. economy won't return to normal until that basic bargain is remade.

If Obama gets a second term, re-creating that bargain — and getting enough votes from Congress to do so — will be his central challenge, and America's.

Robert B. Reich, Chancellor's Professor of Public Policy at the University of California and former U.S. Secretary of Labor, is the author of "Beyond Outrage: What has gone wrong with our economy and our democracy, and how to fix it," a Knopf release now out in paperback.

Point Of View

Local Retailers Deserve E-fairness

BY SHAWN LYONS
South Dakota Retailers Association

Local businesses are in danger. Those that have managed to survive the Great Recession still face a rocky economic landscape at best. At worst, they face unfair, potentially detrimental competition from online-only "mega-retailers" who exploit a loophole in our nation's sales tax laws to avoid collecting and remitting state sales taxes. Skipping out on sales tax collection may be a profitable business model, but it is also proving to be an undeniable hazard to our local businesses, the jobs they support, and the communities they enrich.

Right now, online-only retailers — think Amazon or eBay — are able to avoid collecting state sales taxes because of an outdated Supreme Court decision made in 1992, which determined that catalog companies should not be required to collect a state's sales tax if they do not have a physical presence in the state. Internet-only retailers have been able to fly under the radar, not collecting state sales taxes by claiming they do not have a physical presence in most states. This gives online retailers as much as a 10 percent price advantage over Main Street businesses.

When the Internet was in its infancy and e-commerce still a developing presence in our economy, it made sense to give online retailers a break by not requiring them to collect sales tax — plus, the technology to do so just wasn't there. Now, however, every single one of those factors has changed. We all live in the Internet age, e-commerce is a force to be reckoned with, and tax software is available that would make it easy for online-only retailers to comply with local and state sales tax laws across the country.

In fact, Amazon has already agreed to begin collecting sales tax in several states — caving to pressure from local and state retailers and governments. If this Internet retail giant can collect in a handful of states, why not collect nationwide? There is simply no longer a reason why Internet-only retailers should be held to a different standard than all other businesses.

Because their prices seem cheaper, more people are turning away from Main Street and toward the Internet to meet their shopping needs. This means local businesses continue to suffer, resulting in job losses, the abandonment of "mom-and-pop" shops, and the



Lyons

continued deterioration of our nation's communities. When all is said and done, the "tax-free" shopping isn't even tax free. Consumers still owe the tax for online shopping that does not include sales tax, although many don't even realize it.

As if that weren't bad enough, the uncollected revenue from these online sales adds up to hundreds of millions of dollars. In South Dakota, it's \$60.8 million per year alone according to the FY '12 projections by the National Council of State Legislatures. That is much-needed revenue that could be used to better our communities and offset broader sales tax increases currently under consideration on the ballot.

There is no reason why our government should give one type of business an unfair advantage over all other businesses. Our economy was built on the free market, so we should be letting the free market decide which businesses win or lose, not the government. We need Congress to level the playing field and restore fairness to the retail marketplace.

Luckily, they can do just that by passing e-fairness legislation, such as the Marketplace Fairness & Marketplace Equity Acts. Passing such legislation would allow states — but not force them — to require online-only businesses to collect their sales tax just like every other business in the state. And this doesn't create a new or increase in sales tax.

Local businesses, such as the ones represented by the South Dakota Retailers Association are about more than just the supplying goods and services people need-they provide much-needed jobs and support the communities in which they are embedded through civic involvement and charitable giving. The owners are our friends, our neighbors, and our family. These businesses are the backbone of the American economy-they need our protection, patronage and support. We can only hope that all of South Dakota's congressional delegation will take a stand for our local businesses by supporting and passing e-fairness legislation, sooner rather than later.

Lyons is the executive director of the South Dakota Retailers Association.

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OPINION | OUR VIEW

United We Stand?

Remember when "United We Stand" was more than a slogan on a faded bumper sticker?

Eleven years ago Tuesday, our country was in shock after the events that occurred over the skies of the East Coast, the aftermath of which still scars the landscapes of New York City, Washington, D.C., and eastern Pennsylvania. That day, now simply known as "9/11," changed each of us and how we live our lives.

Or did it?

Yes, it now takes twice as long to go through an airport as it did before. Fans going into sporting events and concerts also face greater scrutiny. But did it change how we act as a person or a society?

Prior to the attacks, we were a country that was divided. Politically, each side blamed the other for the problems of the country, with neither side willing to take a step towards the other on key issues. For a time after the attacks, there was a sense of purpose, where both sides were moving toward the same goal.

Now those sides are further apart than they've been in, possibly, 150 years. Each side screams at the top of their lungs that the other is the source of all the country's problems, yet neither offers a true solution to those problems.

Outside of politics, we see individual attacks more gruesome than ever. We blame video games, parents, schools, yet we don't look at the example we set as a people. We have become a people quick to judge, quick to anger and slow to reach out a hand in friendship or assistance.

Thousands of people died on 9/11, and thousands more have died since in defense of their country. Hopefully, we can learn a lesson from their sacrifice — that we as a people can accomplish more when united than when fighting against each other.

Maybe then, "United We Stand" will become more than just a faded bumper sticker.

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TODAY IN HISTORY

By The Associated Press
Today is Wednesday, Sept. 12, the 256th day of 2012. There are 110 days left in the year.

Today's Highlight in History: On Sept. 12, 1942, during World War II, a German U-boat off West Africa torpedoed the RMS Laconia, which was carrying Italian prisoners of war, British soldiers and civilians. The German crew, joined by other U-boats, began rescue operations. (On Sept. 16, the rescue effort came to an abrupt halt when the Germans were attacked by a U.S. Army bomber; some 1,600 people died while more than 1,100 survived. As a result, U-boat commanders were ordered to no longer rescue civilian survivors of submarine attacks.)

On this date: In 1814, the Battle of North Point took place in Maryland during the War of 1812 as American forces slowed the advance of British troops on Baltimore.

In 1846, Elizabeth Barrett secretly married Robert Browning at St. Marylebone Church in London.

In 1910, Gustav Mahler's Symphony No. 8, popularly known as the "Symphony of a Thousand," had its premiere in Munich, Germany, with Mahler conducting.

In 1938, Adolf Hitler demanded the right of self-determination for the Sudeten Germans in Czechoslovakia.

In 1943, German paratroopers took Benito Mussolini from the hotel where he was being held by the Italian government.

In 1953, Massachusetts Sen. John F. Kennedy married Jacqueline Lee Bouvier in Newport, R.I.

In 1960, Democratic presidential candidate John F. Kennedy addressed questions about his Roman Catholic faith, telling a Southern Baptist group, "I do not speak for my church on public matters, and the church does not speak for me."

In 1972, the situation comedy "Maude" premiered on CBS.

In 1974, Emperor Haile Selassie was deposed by Ethiopia's military after ruling for 58 years.

In 1977, South African black student leader Steve Biko died while in police custody, triggering an international outcry.

In 1986, Joseph Cicippio, the acting comptroller at the American University in Beirut, was kidnapped (he was released in Dec. 1991).

In 1992, the space shuttle Endeavour blasted off, carrying with it Mark Lee and Jan Davis, the first married couple in space; Mae Jemison, the first black woman in space; and Mamoru Mohri, the first Japanese national to fly on a U.S. space-ship. Police in Peru captured Shining Path founder Abimael Guzman. Actor Anthony Perkins died in Hollywood at age 60.

Ten years ago: Raising the specter of

war, President George W. Bush told skeptical world leaders at the United Nations to confront the "grave and gathering danger" of Saddam Hussein's Iraq — or to stand aside as the U.S. acted. Three former Tyco International executives were charged with looting the conglomerate of hundreds of millions of dollars; all three pleaded not guilty at their arraignment in New York. (Former CEO L. Dennis Kozlowski and former CFO Mark Swartz were later convicted of grand larceny and securities fraud; Tyco's former top lawyer, Mark A. Belnick, was acquitted.)

Five years ago: Oil prices briefly topped a record \$80 a barrel. Russian President Vladimir Putin replaced long-serving Prime Minister Mikhail Fradkov with an obscure Cabinet official, Viktor Zubkov. Japanese Prime Minister Shinzo Abe announced his resignation.

One year ago: Texas Gov. Rick Perry, the perceived front-runner in the Republican presidential contest, endured an on-slaught from seven rivals during a fructious two-hour debate in Tampa, Fla. In Logan, Utah, about a dozen bystanders rescued motorcyclist Brandon Wright, who'd become pinned under a burning car after a collision. A leaking gasoline pipeline in Kenya's capital exploded, turning part of a Nairobi slum into an inferno, killing 119 people, according to the Kenya Red Cross. Novak Djokovic beat defending champion Rafael Nadal 6-2, 6-4, 6-7 (3), 6-1 to win his first U.S. Open championship. Kurt Ziebart, a certified master auto mechanic in his native Germany who invented the Ziebart rust-proofing process, died in Williamsburg, Mich., at age 91.

Today's Birthdays: Actor Dickie Moore ("Our Gang") is 87. Actor Freddie Jones is 85. Country singer George Jones is 81. Actor Ian Holm is 81. Actress Linda Gray is 72. Singer Maria Muldaur is 70. Actor Joe Pantoliano is 61. Singer-musician Gerry Beckley (America) is 60. Rock musician Neil Peart (Rush) is 60. Actor Peter Scolari is 57. Kansas Gov. Sam Brownback is 56. Actress Rachel Ward is 55. Actress Amy Yasbeck is 50. Rock musician Norwood Fisher (Fishbone) is 47. Actor Darren E. Burrows is 46. Rock singer-musician Ben Folds (Ben Folds Five) is 46. Actor-comedian Louis C.K. is 45. Rock musician Larry LaLonde (Primus) is 44. Actor Josh Hopkins is 42. Actor Paul Walker is 39. Country singer Jennifer Nettles (Sugarland) is 38. Actor Ben McKenzie is 34. Singer Ruben Studdard is 34. Basketball player Yao Ming is 32. Singer-actress Jennifer Hudson is 31. Actress Emmy Rossum is 26.

Thought for Today: "Conscience without judgment is superstition." — Benjamin Whichcote, English theologian and philosopher (1609-1683).

FROM THE BIBLE

And [Jesus] said to them, "I have earnestly desired to eat this Passover with you before I suffer." Luke 22:15. Portals of Prayer, Concordia Publishing House, St. Louis

YOUR LETTERS

Bad Insurance

Carolyn Holtzmann, Yankton
Major medical catastrophes wiped us out financially, prevent me from working, and certify us as "poor." Despite that, I have paid for my own health insurance for over 22 years. On Aug. 2, I received a letter from my health insurance company informing me that coverage now includes contraceptives, including abortifacients, and sterilization. I called and these new offerings are a direct result of president Obama's HHS mandate which takes a percentage of my monthly premium and pays for the deaths of thousands of unborn babies every day.

This is the law. Insurance companies cannot violate Obama's new regulation and offer, even at more cost or less coverage, a policy that does not use my money to pay for these products. Anyone insured is participating in this genocide.

There is only one option: Refuse

to participate, drop coverage, face fines and jail. Ironically, the health care plan that was passed to bring about social justice and provide health care for the "poor," is the same plan that forces me to drop my coverage because of religious convictions. Although it scares me, knowing from experience the cost of one day of intensive health care, how can I stand before God on Judgment Day and explain that I helped pay for the death of babies? I'm sickened that Christians have been put in this position.

President Obama can use his executive power to mandate anything he wants. So could every other president in the history of our country, but none ever forced every citizen to participate in the genocide of innocent babies by hijacking monthly insurance payments. If this is what Obama is empowered to do in his first four years, what will he attempt if re-elected? A vote for Obama is a vote to support this evil.

CONTACT US

PHONE:
(605) 665-7811
(800) 743-2968
FAX:
(605) 665-1721
WEBSITE:
www.yankton.net
EMAIL ADDRESS:
news@yankton.net

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