

DAPAC DISPATCH

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Debunking Entitlement Mythology

There are many myths that are held about Social Security and Medicare. Let's go over some of these myths, and explain why they are wrong.

"Entitlements are driving up the debt and are bankrupting the country." Actually, Social Security and Medicare had a surplus last year of \$49.8 billion. To date they have collected a \$3 trillion surplus, collected over the past 79 years. Each year we collect insurance premiums in the form of social security and Medicare payroll taxes to add to the surplus. They are projected to be in surplus for 26 years for Social Security and 13 for Medicare. Since we collect from specific premium taxes for these programs; they do not add one penny to the debt or deficit directly.

"Social Security and Medicare are going to lose money because so many baby boomers are retiring." The problem may come up because wages are declining and good paying jobs are becoming rarer. If we have more jobs and higher wages in the future, this problem will, naturally, never arise. As is the case with so many other problems, the solution is to repair the economy.

"Paying out Social Security and Medicare benefits will cost jobs." Actually, seniors spend the money out of necessity. Most don't have large incomes, so it will be spent in large proportion on medical bills creating the largest category of good paying jobs. Proposed cuts of \$800 billion over ten years from Medicare would cut eight million jobs. The cost of living cut, would cut \$300 billion over ten years and three million jobs. This is only the tip of the iceberg in job losses, as seniors will be forced to work longer before retiring, leaving even fewer jobs for young people.

"Health care costs are rising, so that we cannot afford Medicare." Actually, Medicare has driven down the cost of healthcare, by forcing lower repayments for providers which are developing more efficient methods of delivery. As more and more people in the population are being covered by Medicare, providers are getting more and more economies of scale along with higher usage of facilities and equipment, thereby cutting cost. The cost curve is decreasing, driven by Medicare.

As you can see, much of the motivation for these myths comes from a cynical belief that cutting spending on "other people", which in this case is seniors, will lead to prosperity for everyone else. Don't be fooled by this misdirection—the economy is not a zero-sum game.

Immigration

It is practically a cliché to say that the United States is a country of immigrants. Our country was founded by immigrants from England, and has been continually redefined by subsequent arrivals from all over the world. Today, the United States takes in more immigrants than the rest of the world altogether.

However, throughout our history, there has been significant opposition to the diversity introduced by each new group's arrival. Each new wave of people coming to the U.S., seeking freedom and fortune, like the wave before them, has been met with the complaint and hostility of more established immigrants. Just as over a century ago there were movements against immigration by the Irish, the Germans, the Italians, and other European immigrants, there is now a movement against non-European immigrants, primarily those from Mexico.

Let's take a moment to look at the state of immigration today. There are many different ways

that people come to the US, but you can roughly group them into three classifications -- family reunification, employment-based, and unauthorized -- in addition to other, smaller classes.

Firstly, there is family reunification. This is made up of people who are directly related to a US citizen or permanent resident. Depending on how you're related and which country you're coming from, the waiting list can be very long -- for example, the waiting list for a sibling of a US citizen coming from Mexico is now more than 20 years (siblings of permanent residents cannot get a visa to come). But spouses and parents of US citizens have no quota, and typically wait about 9 months. This class makes up about two-thirds of all authorized immigration, and so about half overall.

Second, there are immigrants who are sponsored by an employer. The biggest category is the so-called H1B or skilled-worker category, which is for jobs that ordinarily require a college degree. Most other developed countries have no such quota, and simply take as many college-educated workers as they can get. There are also categories for agricultural, construction, research, and other workers. The countries that send the most employment-based immigrants to the US are India, China, Canada, and the UK.

Lastly, there are those who come without authorization. They sneak over the boarder, hide inside shipping containers, paddle boats across the sea, or simply overstay their short-term visa. This class is mostly from Mexico and Central America, although a large share also comes from elsewhere. It's impossible to calculate precisely, but estimates say that this might make up 40% of all immigration.

There are other, smaller categories as well. There are refugees who come because of political or other repression. There is the diversity lottery, for those coming from countries that don't already send many immigrants here (those coming from Mexico, China, and the Philippines are all ineligible). There's also an investment category, for those investing at least \$1 million in the US.

The results of last year's election showed that

minorities of all kinds are deserting the Republican Party. Blacks, Hispanics, and Asians all voted Democratic at the highest rates in recorded history. Some Republicans, previously adopting an intransigent stance towards policies intended to help Hispanic immigrants, have decided to try to appeal to Hispanic voters by embracing changes to immigration law.

Thus a group of senators, nicknamed the "Gang of Eight", have proposed a bill to tinker with the immigration system. The key idea in this bill is to offer a so-called "path to citizenship" for those who immigrated without authorization. This is believed to be attractive to Mexican-American voters, many of whom have friends and relatives who arrived thus.

It can be useful to realize, however, that the Mexican wave of immigration has essentially already crested. Mexico has developed to the point where its per-capita GDP places it in the middle of the world rather than near the bottom, and wages are high enough that for many Mexicans it is more desirable to seek work in nearby booming cities than in the United States. In fact, Mexican workers' wages have increased such that they are now facing the familiar problem of seeing their manufacturing jobs move to China.

So, it may be ironic that two other provisions in the proposal, probably designed to appease conservatives, are opposed by other immigrant groups.

First is the elimination of visa categories for siblings and adult children of US citizens. This is opposed by Asian-Americans, because many of them feel culturally obligated to do whatever they can to support their extended families. We know here at DAPAC that our co-founder Christopher Cramer, who has a wife and daughter from Cambodia, is personally concerned by this.

Second is the elimination of the diversity visa. This is opposed by African- and Caribbean-Americans, because under the existing formula, about half of diversity visas go to immigrants from those areas. One might say that it partly makes up for a historical injustice -- due to the rift of family ties by

slavery, many African-Americans never had the chance to help their families come here.

Aside from that, there are provisions that increase the H1B quota, a points-based visa scheme, and a new quota specifically for workers trained in science, engineering, and mathematics. It's a complicated bill, over 700 pages, which no one has yet read in its entirety.

But the overall thrust, we believe, is substantially in the wrong direction. It's moving our immigration system toward an ostensibly economic-based one, with the idea that more highly-skilled immigrants will provide a greater benefit to those of us who are already citizens.

The "economic" justification to this shift in focus is profoundly misguided. Almost any immigrant is a net plus to our economy – and this is virtually undisputed by economists. When immigrants come here, they achieve a many fold increase in their productivity, because of our superior capacity for making use of labor. Developmental economics tells us that moving workers to where the effective institutions already are (which is here, rather than Mexico or Bangladesh or Nigeria) is easier than trying to build them from scratch.

What we have been doing recently is mismanaging our economy -- given a rise in unemployment like we have now, we should lower interest rates, or if they are at zero like now, spend more money. And we're trying to make up for it by keeping the country underpopulated.

Even more importantly, our immigration policy arguably goes against our ideals as Americans. We should be the destination of all those who hope for a better life, even those who have been denied an education in their country of birth. What we at DAPAC believe in has been perhaps best stated by Emma Lazarus:

"Keep, ancient lands, your storied pomp!" cries she
With silent lips. "Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tost to me,
I lift my lamp beside the golden door!"

In other words, as we believe in the freedom to pursue happiness, we believe in lifting the quotas on immigration.

Candidates 2014

Bruce Braley, Iowa Senate

First elected to the House of Representatives in 2006 with our help, he is the founder and chairman of the House Populist Caucus, which fights for the middle class through equitable taxes, fair wages, a level playing field, and secure retirement plans. He is running to replace Tom Harkin, who is retiring.

Robin Kelly, IL-02

With our help, Kelly won the special election this year to replace Jesse Jackson Jr., who resigned. Throughout her decades-long career in public service she has pursued a progressive agenda. She is running for re-election.

Jim Graves, MN-02

Graves is the founder of AmericInn, a nationwide hotel franchise. Despite being outspent 12 to 1 while running against incumbent Michelle Bachmann in 2012, he lost by a narrow margin of less than one percent. He is up for a rematch against Bachmann in 2014.

Ed Markey, Massachusetts Senate

A member of the House of Representatives since 1976, Markey has been a leader on energy policy and climate change. He was chairman of the Committee for Energy Independence and Global Warming until Republicans decided to abolish the committee in 2011. He has sharply criticized Republican disbelief in science, once stating during a hearing, "I won't physically rise, because I'm worried that Republicans will overturn the law of gravity, sending us floating about the room." He is running to replace John Kerry, who recently resigned to become Secretary of State.

What DAPAC Does

DAPAC focuses on every facet of electoral politics. We are involved in every aspect of the campaign, with special attention on building a strong grassroots base, and crafting a compelling progressive message. We don't believe in "one-size-fits-all" solutions. We match our advice and guidance to the candidate's district, not the other way around. It all comes down to getting out the vote, and that's where experience matters most.

We target the most promising Congressional districts in the nation, using the most up-to-date electoral, demographic and census data available.

We recruit, train and advise candidates, covering all campaign techniques from fund raising and messaging, to field operations.

We provide contact information on potential donors to our endorsed candidates to help them fund their campaigns.

We provide hands on guidance, helping candidates to craft their message and to hire the most talented staffers.

We don't compromise on our values, and neither will our candidates. If these are your values, please make a donation to DAPAC today.

Who DAPAC Supports:

DAPAC supports progressive Democratic Congressional candidates. That's our mission. That's our passion. We interview dozens of candidates from around the country and talk to them not only about what kind of race they are going to run, but what kind of policies they favor. We screen every candidate to see where they stand on the issues that matter most. **We only endorse progressive candidates.** When you give to DAPAC you know that these are the kinds of men and women you are helping to elect to Congress.

All our candidates:

- are 100% Pro-Choice.
- support stronger GBLT rights.
- support working family and union rights.
- support honest and Democratic markets and businesses.
- support publicly funded universal health care.
- support strong environmental protection.
- protecting Social Security and Medicare.
- oppose the Patriot Act.
- oppose Iraq and Afghanistan wars.
- oppose the Death Penalty.

DAPAC is working to rebuild the Democratic Party from the ground up, to support strong candidates who will give voice to the issues that matter most.

Paid for and authorized by the Democratic Advancement PAC (DAPAC). Contributions will be used in connection with federal elections and they are subject to the limits and prohibitions of the Federal Election Campaign Act. Federal law requires us to report the name, address, occupation, and employer for each individual whose contribution aggregate in excess of \$200 is a calendar year. Corporate and non-permanent resident contributions are prohibited. Contributions are not tax deductible.