

# DAPAC DISPATCH

## Democratic Advancement Political Action Committee

Grassroots Activism for Progressive Democrats  
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### Join the Fight to Elect Progressive Democrats!

#### What Is Progressive Economics?

*Christopher Cramer*

Broadly speaking, progressives are concerned with building an affluent and just society. One important part of that is to create opportunity for everyone to make a decent living.

For two reasons, the supreme goal of progressive economics is full employment. First, people who are out of work have lower (often, zero) incomes. Second, a large number of people out of work will put downward pressure on the wages of people lucky enough to have work. Both phenomena damage the ability of regular people to make a decent living.

Right now, this goal seems to be fading from reach. The unemployment rate has been very high for a very long time, and is 8.8% as I write this. The average unemployed person has been out of work for about 9 months. As anyone could predict, this has had an extreme effect on election results, with Democrats winning large majorities in 2006 and 2008, and then Republicans winning in 2010.

Notwithstanding this, both President Obama and Congress have adopted a policy of waiting until things get better. In fact, conservatives (in both parties) are actively trying to make the situation worse. We will continue to see electoral turmoil until the employment situation improves.

So, let's explore what we're doing wrong and what we should be doing. We have two basic tools for achieving full employment: adjusting the Federal Reserve's interest rates, and adjusting the level of public spending. These are often referred to as respectively, monetary policy and fiscal policy.

The first tool we have, monetary policy, is the interest rates the Federal Reserve uses to lend money to banks - basically, wholesale money that

banks use to lend to businesses, homeowners, and consumers. When these rates rise, banks have less money available to lend to businesses, homeowners, and consumers, and unemployment rises. When these rates decline, unemployment declines. The reason you don't usually want to set these rates as low as possible is because in times of full employment, setting rates too low will accelerate inflation. At this point in time, interest rates are virtually zero, and yet unemployment is still high . . . an indication of how severe this recession is.

The second tool we have, fiscal policy, is the amount of public spending and taxing. When this amount of spending is increased, unemployment will go down, and when it is decreased, unemployment will go up. Historically, this amount has never been properly adjusted during times of high unemployment, except by automatic stabilizers - public expenditures that naturally rise during a recession, such as food stamps and unemployment benefits. Otherwise, through the folk belief that "wasteful" public spending is the cause of recessions, public spending is usually decreased.

You might be thinking now, "Well, not this time. Obama has been spending quite a lot of money." In fact, you would be wrong, for two reasons. First, state and local spending has gone into a freefall, because states and localities are loathe to borrow money to achieve full employment. Second, federal spending, while it has gone up, has not gone up by enough to offset the decrease in state and local spending. And in fact, Obama has not had much effect on federal spending at all, because most of the increase in spending has come through such programs as unemployment insurance and food stamps.

The fallacy that many people fall into when they approach fiscal policy is that they think the recession is caused by a shortage of something, as if the economy is an engine that has run out of fuel. The thinking goes that this shortage in turn causes

the shortage of business opportunities and jobs, but it will naturally subside, and we just need to wait it out. But this is a misunderstanding of the problem.

The problem is a problem of coordination. Before the recession started, the private sector was able to utilize people - that is, provide them jobs - and pay them. These employed people were then able to consume products and services, which provided more opportunities for the private sector to profit, and in turn they could provide more jobs. All of the actors in the economy were coordinated in a virtuous cycle. Unfortunately, this cycle was broken with the stock market crash. Many businesses failed or stopped profiting so much, and many people lost their jobs.

But it is not really due to a shortage of anything. For the most part, we still have all the resources - the raw materials and the people - that we had before. So a better model is that of the economy as an engine that has stalled. The solution to this stalled engine is not to cut off the fuel, but to prime the engine with fuel and light a spark that gets it going again.

So we have two tools, but one of them, public spending, isn't being used. As progressives, we need to push for this tool to be used. When you see a candidate for office pushing the line that the government needs to tighten its belt and cut spending in lean times, that candidate is not being progressive. A progressive believes in putting **everyone** to work.

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## The American Challenge

In order to restore progressive values in America we have to restore the middle class. Right now 70% of the country believes America is on the wrong track and the economy is getting worse. This may be hard to see sometimes, but the median family income is only \$43,000 a year and the median wage is about \$34,000 a year. Take into account that the middle class pays twice as much per dollar of income of tax compared to the super wealthy, declining home values, and the general rise in cost from everything from gas to food; it all adds up to increased anxiety with the government.

Many Americans are suffering economic instability and this creates unease with the government, fear of the unknown, and general uncertainty. The Tea Party feeds on this fear and unrest. They come up with empty promises and no real solutions. They twist reality to make it sound like cutting funding to social services and cutting taxes for the wealthy and big business will somehow create jobs.

We need to refocus back onto the economy to dispel the fear. Creating jobs will help do that and restore the middle class. Our government needs to directly invest in job creation with money taken from higher taxes on multimillionaires and billionaires who pay little or no taxes. Giving companies tax breaks for newly hired American workers will also help. While cutting wealthy taxes does not result in more spent in the economy it is not the same with middle class tax cuts. Middle class tax cuts result in growth in the economy.

Cutting middle class taxes, eliminating tax breaks for the wealthy and big business, creating jobs and dispelling fear are progressive values. These values will help restore the middle class and the economy. The fear feeding and big business pampering is what conservatives and the Tea Party do that does not help the middle class or America. When progressive values are adopted by a more progressive Democratic Party, we can restore America.

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## NEW CANDIDATE! Ed Potosnak, NJ-7

Ed Potosnak is a science teacher and small business owner, not a career politician. As a teacher he partnered with local businesses to help develop a more enriched curriculum with real world skills. He also established advanced classes and persuaded grants to help expand the science programs. Potosnak was selected, as part of the Albert Einstein Distinguished Educator Fellowship, to help advise Congress on education policy. While in Washington, DC, he saw how out of touch elected officials were from their constituents. He saw an opportunity to help represent the middle class in Congress with someone who has real world experience.

Ed supports a women's right to choose and a right to emergency contraception. He believes that the 14<sup>th</sup> amendment applies to LGBT issues, thus giving them marriage rights. He believes health care reform is a continuing issue and that Medicare needs to be protected from the extreme right's attacks.

Ed supports all of DAPAC's progressive values and you can read more about his campaign at [edpotosnak.com](http://edpotosnak.com).

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## **Extremists against the Environment**

With the economy in a downward spiral, many government programs that we take for granted have been taking a hit. The EPA received major cuts with the proposed federal budget for the rest of this fiscal year. The Democrats saved the EPA from more serious cuts that the Republicans had tried to push through, but the resulting \$1.6 billion cut still will reduce the enforcement of EPA regulations.. Originally, Republicans wanted to cut \$3 billion, almost 30% of the EPA budget, and tacked on riders that would limit their ability to regulate greenhouse gas emissions. This is a constant indication of how little Republicans care about protecting the environment and how strongly they will protect their business supporters.

The Republican mind set is that global warming is not real and the environment is a resource only to be used by humans. Their lack of understanding in consequences and long term outcomes involving the environment leads the country down a dangerous path. During their last budget deals they tried to tack on riders to their bills that would have rid all funding for the Intergovernmental Panel on Climate Change. They have also tried to limit EPA regulations on air emissions, that have already been mandated by the Clean Air Act, by saying that it would hurt business and decrease jobs. These air emission regulations effect power plant, cement plant, and boiler emissions and also extended time implementation limits so companies had more time to comply.

Republicans have tried to explain the attacks on environmental protection and regulations with their idea of reducing federal government and wanting to protect business rights. They say that EPA regulations restricts business. Since Republicans could not eliminate the laws that protect the

environment, they have stopped funding the agencies charged with enforcing the laws. What Republicans ignore is that these regulations are there to protect people's health and the environment and that they are there to represent the people, not business interests.

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## **The Republicans' War on Women's Right to Choose**

Republicans, despite their calls for smaller government, continually intrude into the most personal decisions women make regarding their health, lives and families. The Republicans won on their budget rider to restrict Washington, DC's ability to spend their own tax money on poor women's abortion assistance. This is how extreme their efforts are on the focus against women's rights: even restricting local governments' ability to spend their own tax dollars for women's legal rights.

At the national level, they tried to eliminate the ability of women to buy health insurance that contained abortion coverage. They tried to eliminate insurance companies from providing abortion coverage, even if extra fees for this coverage came from the individual buying the insurance.

Republican's are winning in individual state's efforts by passing laws to restrict women's rights to abortion by limiting the time available to obtain abortions, requiring women to have waiting times after requesting services, placing certain "counseling" or education services that require ultrasound or biased "education" services. Abortion activists are afraid to fight these laws with lawsuits of their own because they want to avoid a resulting fight at the Supreme Court that might ultimately end in a repeal of Roe v. Wade.

It is not just the Republicans who are the problem. Democrats are afraid to stand up. DAPAC has seen pro-choice House candidates who have been refused Democratic Party endorsement at the national and state levels while an anti-choice candidate or incumbent was given Party endorsement. Also,

the final insult, a candidate was refused a choice organization's endorsement because they feared their donors, who supported the non-choice candidate, would stop their donations to the choice organization.

Surprised? No, look at the history of choice supporters' votes. Choice supporters don't always support choice candidates; they are not single issue voters as the radical right is. "Pro-lifers" will vote for a candidate on this issue only. Women who want the right to choose are continually "thrown under the bus" in favor of other issues by voters, candidates and the Democratic Party. That's right, even some Democrats, incumbents and candidates, will fail to act for us. After all, where will we go with our votes?

Here's my answer: A woman's right to choose is our right to safeguard our lives and health. Pregnancy can present health and life risks for women, pregnancy prevention does fail, and women do not always have the power to refuse to have sex. All women of childbearing age should have the right to have power and control over their own bodies. We must have the right to obtain abortions in legal and safe conditions. **We CAN NOT return to the back-alleys of the past.**

Let's support the candidates and organizations who will fight for our rights with our work, our money and our votes.

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**We are currently screening candidates and reviewing district statistics so additional candidates can be endorsed. Please donate today to support our efforts to bring you more information on progressive candidates. You can donate online at [dapac.org](http://dapac.org) or by mail with the enclosed envelope. Thank you!**

**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 in a calendar year. Corporate and non-citizen contributions are prohibited. Contributions are not tax deductible.**