Opinion

Other Viewpoints

Are taxes on rich answer to deficit?

In the current presidential campaign, raising taxes on the wealthy is a constant issue for President Obama. He frames it as a matter of fairness, saying that "millionaires and billionaires" should be expected to pay more. The president's actual proposal, however, raises taxes on single people with incomes more than $200,000 and married couples with incomes more than $250,000. Tax brackets for all others remain the same.

For many, raising taxes on rich people sounds appealing. It follows the late Louisiana Sen. Russell Long's definition of tax fairness and reform: "Don't tax you, don't tax me, tax that fellow behind the tree!"

The problem with the president's proposal is that even if we tax the fellow behind the tree, just raising taxes on the wealthy will not solve issues of tax fairness, or how to close huge federal spending deficits, or how to service the mounting federal debt that experts warn will imperil our nation's financial security. And while all three are important, it is the last two that are critical.

The debatable issue of tax fairness aside, the reason raising taxes on the wealthy won't solve the problem is that there just aren't enough wealthy people. Our deficits have become too large, and so has our accumulated debt.

We need to get by the idea that raising the taxes of a few will produce the revenues necessary to resolve our problems. It is too narrow of a solution, and pitting one group of citizens against others won't help. All of us need to be involved.

Ultimately, the way out of our current fiscal troubles is for the nation to once again enjoy a growing, vibrant economy. All of our government's policies should be aligned with this goal. When we are again part of a robust expansion of goods and services, people in all tax brackets will pay more taxes because they will have higher incomes. This has been the key to our success in the past, and it hasn't changed.

A growing economy is not the sole answer to the issues of tax fairness, deficits and the debt. But without it, no amount of raising taxes on select groups of people will be successful. In the absence of growth, the people of the United States will be reduced to arguing over who gets how much of a shrinking economic pie.

This has happened in other parts of the world, and the results aren't pretty. It need not happen here.

– The Grand Island Independent, via the Associated Press

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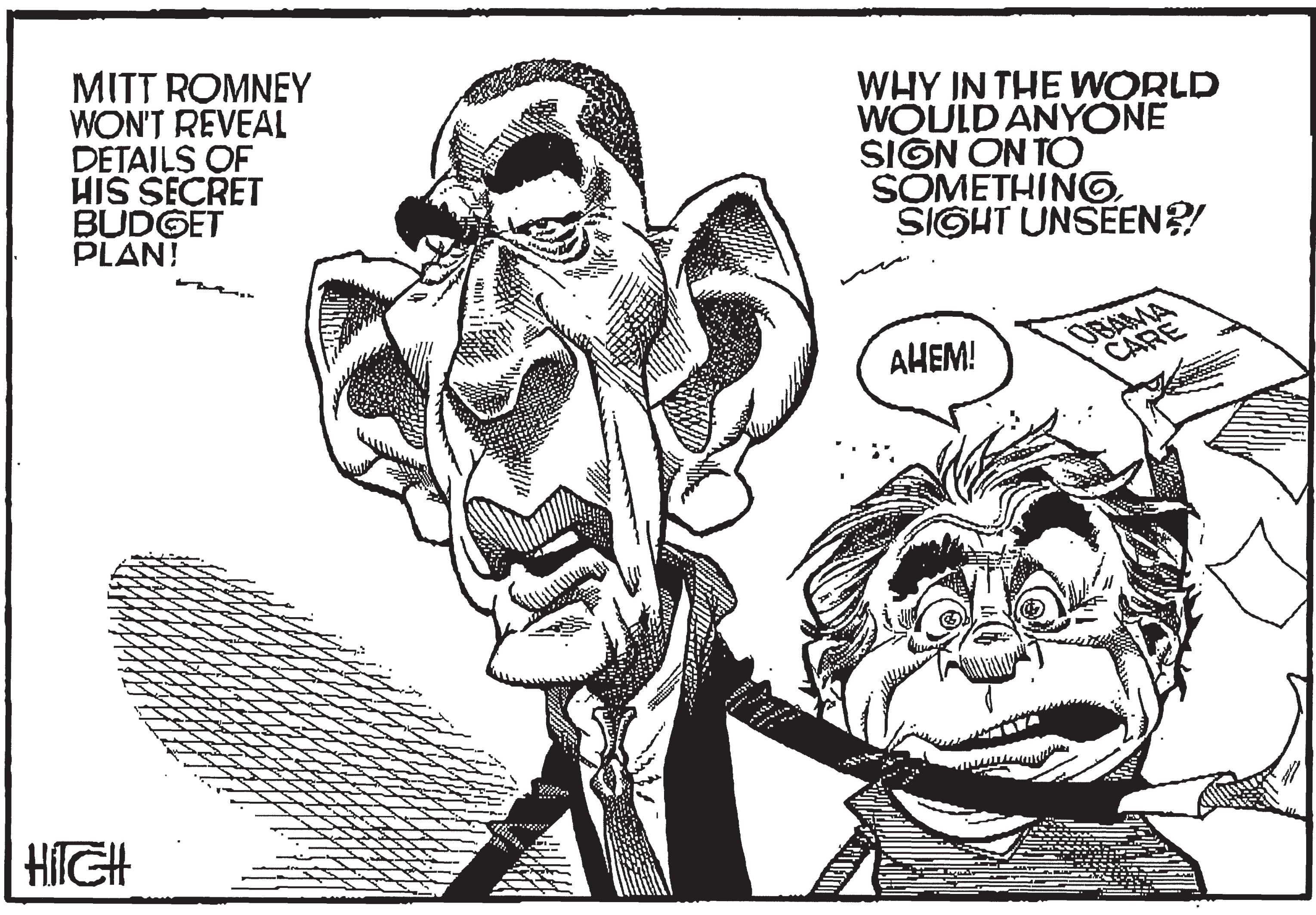

Consensus doesn't make ideas into facts

Andy Heintz

• Wildcat Ramblings

There seems to be a bipartisan agreement that Social Security and Medicare are going broke.

The diverse set of characters making this claim includes President Barack Obama, Republican vice presidential candidate and Congressman Paul Ryan (R-Wis.), Vice President Joe Biden and Sen. Marco Rubio (R-Fla.), and a host of commentators across the political spectrum.

Unfortunately, when a bipartisan consensus has been established within our two-party system, the media (with some notable exceptions) seem to accept the standard viewpoint without subjecting it to careful scrutiny. This Medicare-and-Social Security-are-going-broke narrative has been so accepted that Martha Raddatz, the heralded moderator (she did do a fine job overall) of the vice presidential debate, posed this question to Biden and Ryan:

"Let's talk about Medicare and entitlements. Both Medicare and Social Security are going broke and taking a larger share of the budget in the process. Will benefits for Americans under these programs have to change for the programs to survive."

Raddatz's unacknowledged and, therefore, unexamined viewpoint apparently influenced the way she framed her question. Because of her assumptions, her question presupposes that the insolvency of the two popular programs is an indisputable fact, which is not the case. Treating assumptions as neutral facts limits the parameters of debate under a veneer of pseudo-objectivity. It also prevents the public from hearing alternative theories.

Thankfully, Glenn Kessler of the *Washington Post* took both parties to task for their dubious claims about Medicare. Kessler explained that there are four parts to Medicare: Part A (hospital insurance), Part B (medical insurance), Part C (Medicare Advantage) and Part D (prescription drug plans).

"When asked for evidence of Medicare going broke," Kessler wrote, "a Romney spokesman pointed us to news articles about the latest Medicare trustees' report, showing that the Part A trust fund would be exhausted in 2024.

"So, in other words, we're not talking about all of Medicare, just the part that covers hospital visits, hospice care, nursing settlements and the like. Part B, which involves seeing a doctor, is paid out of general funds and premiums."

Furthermore, Kessler wrote that in 2024 the Part A fund would be depleted, but the program would not be penniless or broke.

"That is because the government could still cover 87 percent of estimated expenses in 2024 – and 67 percent in 2050 (from current income)," he wrote.

Medicare costs, however, could be brought down by lowering health care costs. One way to reduce these costs is to reform the patent monopolies the government provides to prescription drug companies. In an article that ran in the *Huffington Post*, economist Dean Baker, co-director for the Center for Economic and Policy Research, wrote that patent monopolies raise the price of drugs by up to $270 billion a year above the free-market price.

As for the alleged Social Security crisis, it isn't as serious as its critics make it out to be. Actuaries estimate the program may or may not have to turn to Congress for additional money in 2037. And if the Congress refuses to fork over the cash, this would result in a financial shortfall, not a bankruptcy.

Nobel prize-winning economist and *New York Times* columnist Paul Krugman wrote that even if the Social Security trust fund runs out in 2037 and the government refuses to provide the program with additional cash, Social Security would still be able to pay about three-quarters of its scheduled benefits, which would mean "real benefits higher than it pays now."

The preconceptions held by many influential folks in the news media and Washington has provided the public with a one-sided view of these two programs, which are important to the livelihoods of millions of Americans.

Andy Heintz, a K-State journalism graduate and former Colby Free Press *sports editor now living in Ottumwa, Iowa, loves K-State athletics and fishing, sports and opinion writing. You can find his blog at www.orble.com/just-one-mans-vision.*

What does $16 trillion mean?

Other Opinions

• Harold Pease in Kansas, elsewhere

On Aug. 31, between the two national party conventions, our national debt exceeded $16 trillion dollars; four of which is from eight years of George W. Bush and six, and counting, from less than four years of Barack Obama – the two biggest spending presidents in U.S. history.

So what is a trillion dollars? Let me give some perspective. To begin with a trillion is the number 1 followed by twelve zeros. A trillion dollars is 1,000 billion and a billion is 1,000 million. This still means little to my students who count their money in fives, 10s and 20s.

One mathematician gave us a more practical way to evaluate our outstanding debt. One trillion one-dollar bills stacked atop each other, flat, would reach nearly 68,000 miles into space – a third of the way to the moon (CNN, Feb. 4, 2009). If so, the debt incurred under President Obama, $6 trillion, would take us to the moon and back. Our total $16 trillion debt would take you to and from the moon twice and to the moon a third time and you would still get a third of the way back to earth.

Sen. Mitch McConnell gave another striking illustration. He calculated that if we spent a million dollars every day since Jesus was born we still would have spent only three-fourths of a trillion dollars.

Someone else equated our debt to seconds. A million seconds is about 11 1/2 days and a billion seconds is about 32 years. A trillion seconds is about 32,000 years – thus 16 trillion seconds is 512,000 years (CNN, Feb. 4, 2009). This only makes my head spin.

I ask my students, "Who gets to go without so that this debt can be paid?" Go without? That is a concept foreign to this generation! When told their immediate share of the debt is $51,265 (see USDebtClock.org), due immediately, they are angry.

The 13th Amendment ending slavery has been rescinded. They are America's new slaves. Bondage was given them before their birth, or before they were old enough to know what it meant to be sold into slavery. The past generation wanted costly programs and were willing to sell their children to have them.

Well Communist China owns an eighth of us and the bills are due. What is worse, the older generation is anxious to incur even more debt. Are we not the most debt addicted, insensitive generation in all human history?

The latest new theory to avoid fiscal responsibility and continue unlimited spending, used by both Bush in late 2009 and Obama in 2010, is referred to as Quantitative Easing. Crudely, it means printing more money out of thin air to cover our debt, but it is far more sophisticated than that.

For Bush, the money supply was greatly expanded by having the Federal Reserve purchase $600 billion in mortgage-backed securities. Obama purchased $600 billion of Treasury securities over a six-month period beginning in November 2010 in what has been called Quantitative Easing or QE2 to distinquish it from QE1, the Bush expansion of the money supply. Neither has stimulated the economy or created jobs, but for a few months, like a drug high, things seem to feel better.

The biggest problem with expanding the money supply is that it reduces the value of the money in your pocket. Prices go up. Those on fixed incomes are robbed as surely as had a thief lifted their wallet or purse.

Last month the Federal Reserve announced a third round of Quantitative Easing, QE3. Fed Chair Ben Bernanke will be expanding the money supply, this time by purchasing $40 billion worth of mortgage-backed securities per month indefinitely. By doing so now we will experience a similar feel good euphoria, with respect to the economy, through the presidential election. Bernanke fears more fiscal restraint from a President Mitt Romney than from President Barack Obama, it is alleged.

Still, with all the sophisticated "double-speak" it means we will print whatever money we need to purchase whatever we wish. Neither party is serious about stopping the debt and removing the bondage we are imposing upon our children and grandchildren.

Moreover, who cares if our debt of dollar bills stacked upon one another can go to the moon four times and back to earth three so long as the government fills our stomachs and buys our cell phones.

Dr. Harold Pease has taught history and political science for over 25 years at Taft College. To read more, go to www.LibertyUnderFire.org.

Mallard Fillmore

• Bruce Tinsley