Tactics of Pathetic Reformers with No Plan B

Contributed by Jan Lundberg
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The economic stimulus and social programs in general do not solve the crises that have been with us and intensifying for many years. The real answer is life-style change that if widespread enough will (1) retire the corporate economy and (2) empower people in their own communities and bioregions to manage their own affairs without government's inefficiency, meddling, corruption, and oppression.

Being responsible for ourselves, while acknowledging our global responsibilities, means no more let downs from future Katrinas. In case you didn't know, it was grassroots volunteerism that provided the relief and much repair after Hurricanes Katrina and Rita hit New Orleans -- not government. In fact, the Food Not Bombs/Common Ground activists were aided unofficially by small units of the military who knew where to bring equipment and food: to the hippies and anarchists who were getting the tough job done.

The essay "Counter argument for 'Stimulus,' growth and employment" in Culture Change last month looked at reasons for another approach than more government/corporate waste. The underlying reality of oil and the need to meet human needs though local self-reliance have been clear to some of us for many years. But we are experiencing the normal reluctance of failed leaders and institutions to step aside. It helps to understand one of their tactics that utilizes reformers:

The nation is on a technofix/let's-ignore-depletion-and-overpopulation fantasy trip; and it's unstoppable because it's about money and power. The fantasy trip assures crash, whether you or I want it or not. The glimmerings of progress such as Obamas' Victory Garden don't add up to enough while the global warming machine/Military Industrial Complex roll on. I don't know if thousands of people on a protest fast to the death would deter the self-deluded clowns playing the power game to the hilt.

When I raise a disagreement with "progressives" (non-radical reformists) who want to solve social, economic or ecological crises with a band-aid or a policy change --even though it's obvious the overall outlook keeps deteriorating as our fatally flawed system rolls along toward total devastation -- they don't acknowledge what I say. Instead they try to justify their purpose by going back to emphasizing how serious the crises are. It's as if they believe their audience is stupid enough to believe that just because we can agree there's a problem, if they sound concerned and organized enough, their "solutions" must be good and trustworthy.

We can call the approach of raising the alarm "A." We can call the suppressed, radical answer "B" -- the need for fundamental change that rejects reliance on government and the corporate economy, while strengthening community action.

To focus on A and deny the other half of the story -- what to do seriously about the problem instead of the same-old -- ignores B at all costs. It's pathetic and stupid, but it works. No Plan B is risky, but B would put the A-C crowd out of business. So these reformers, or technofixers, can try to get "C" accomplished -- business as usual; keep the status quo culture -- and keep distracting people from B. Some of the A-C players have no concept of B. But that, and their fears, does not mean they should be allowed to continue to dominate the whole discussion.

Critical Comment:

The following column from Truthout.org by a liberal Washington think tank is a half-baked plea for printing more money. (See Culture Change's post "Change You Can Suspend Disbelief In"
from ClubOrlov.) The mind-set of this made-for-liberals'-consumption message is revealed by phrases such as "Our economy shrank." Whose economy is the corporate, global system that exploits people and nature first, and serves health, dignity and rights last? "Ours"? Is it really any more ours than the Republican-led economy was?

Other assumptions in the article are that saving is a bad thing for the economy because people won't consume enough. And, lastly, "jobs" seems to be the best life has to offer, even though not having to work for someone else is hands-down nicer for one's welfare if essential needs can be met. But to meet those needs universally, the greedy owning class would have to loosen up or be deprived of their vast holdings. Since those are unlikely scenarios, it may help that collapse will offer a clean slate so people can begin a more cooperative society instead of exalting personal gain.

The article is titled "More Fiscal Stimulus Is Needed to Reverse Economic Decline" and appeared on April 14, 2009, and is by Mark Weisbrot.

Weisbrot is co-director of the Center for Economic and Policy Research, in Washington, DC. He is co-author, with Dean Baker, of "Social Security: The Phony Crisis," and has written numerous research papers on economic policy. He is also president of Just Foreign Policy. The article appears below.

More relevant would be to read, if you haven't, Counter argument for "Stimulus," growth and employment by Jan Lundberg, March 2, 2009.

More Fiscal Stimulus Is Needed to Reverse Economic Decline

In February the Congress approved $787 billion of federal spending, in order keep the economy from sinking into a deeper recession. However, it is increasingly clear that this is not enough, and a third stimulus (the first was a small stimulus package early last year) will be necessary.

About $584 billion of the stimulus package will be spent over the next two years, in order to keep the economy from sinking into a deeper recession. This sounds like a lot of money, but it is only about two percent of Gross Domestic Product (GDP) over the next two years. Our economy shrank at an annual rate of 6.3 percent in the fourth quarter of last year; economists surveyed by the Wall Street Journal project negative 1.4 percent for 2009, with recovery beginning in the second half. However these forecasts have been overoptimistic in the past - most economists missed the housing bubble and the disastrous impacts of its inevitable collapse.

In short, we really don't know where the bottom of the recession is, or whether a prolonged period of high unemployment and weak growth will follow. There has been a lot of emphasis on curing the ills of the financial system, and this is surely necessary for a sustained recovery to take hold. However it is not sufficient. Even if the US Treasury's latest plan were to restore solvency to the entire financial system - and this seems very unlikely - we would still be facing a serious recession in the real economy. Even solvent banks are not going to increase lending if there are no additional credit-worthy borrowers seeking loans.

The latest data on home prices reinforces this point. The decline in home prices is still accelerating, with the 20-city Case-Shiller index falling at an annual rate of 26.5 percent over the last quarter. Home prices have further to fall to get back to their pre-bubble trend levels, and they could even overshoot on the down side: people who lose equity in their homes when prices fall cannot afford a down payment (now raised to 20 percent) for a new home when they have to move, and rising unemployment and foreclosures add to the oversupply of housing.

The global economic outlook is also worsening, with the OECD now forecasting a phenomenal 2.75 GDP percent decline worldwide. Although the United States is fortunate in this respect to export only about 11 percent of GDP, shrinking global demand and an overvalued dollar do not offer much hope for trade to boost the US recovery.

The household savings rate collapsed to zero in 2007, from an average of 8 percent in the post World-War II era. As savings recover to more normal levels, it means that consumption, which is about 70 percent of the economy, must fall. This can also further discourage investment and add to the cycle of declining output and employment, as well as the fear and pessimism that exacerbates it.

My colleague Dean Baker has put forth a plan for the government to provide a tax credit to employers for health care and also to increase employees' paid time off - in the form of reduced hours, additional vacation, sick leave, or other days off. This has the advantage of injecting money very quickly into the economy with minimal bureaucracy or waste. If these credits cause employers to reduce average hours per worker by just three percent, this would add 4.2 million jobs at the same level of output.

With the collapse of private spending, it is clearly up to the government to rescue the real economy, and ideological prejudices must be swept aside. It is time for our government to consider some fresh ideas that can be implemented quickly.

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"Change You Can Suspend Disbelief In" from ClubOrlov

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