

Making Sense of the Recession



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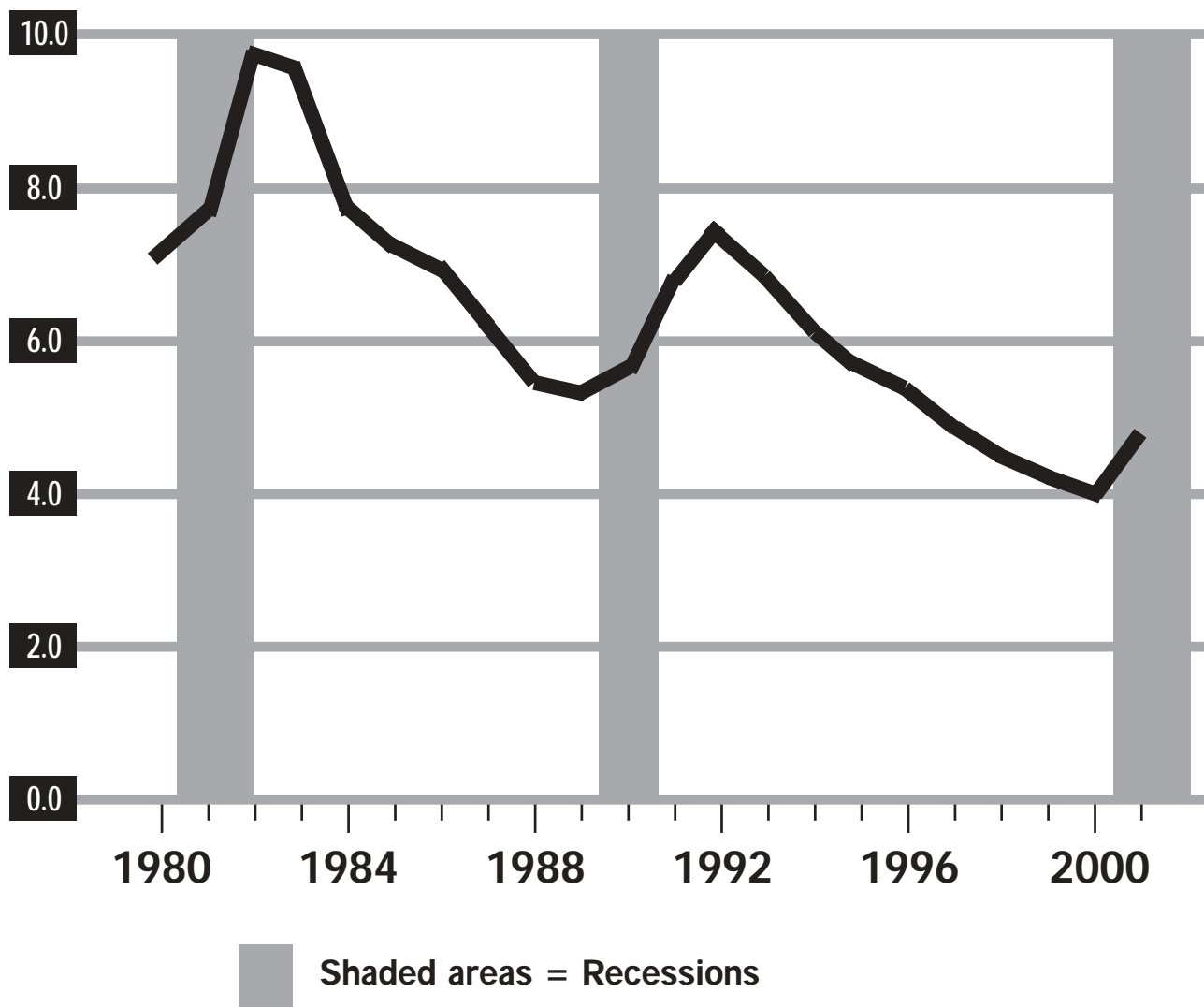
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Unemployment and Recessions (1980-2001)

Recession yields rapid increases in unemployment; recovery is slow for working people.



Sources: For Unemployment: Bureau of Labor Statistics. For Recessions: National Bureau of Economic Research, Business Cycle Dating Committee

Conservatives' Anti-Government Strategy



“I simply want to reduce government to the size where I can drag it into the bathroom and drown it in the bathtub.”

— Grover Norquist *

★ Defame it

- “Government is just big bureaucracy without accountability.”
- “All those politicians are in the pockets of special interests.”

★ Defund it

- Taxes are cut to reduce government spending.
- Human services are cut at federal and state levels.

★ Deregulate it

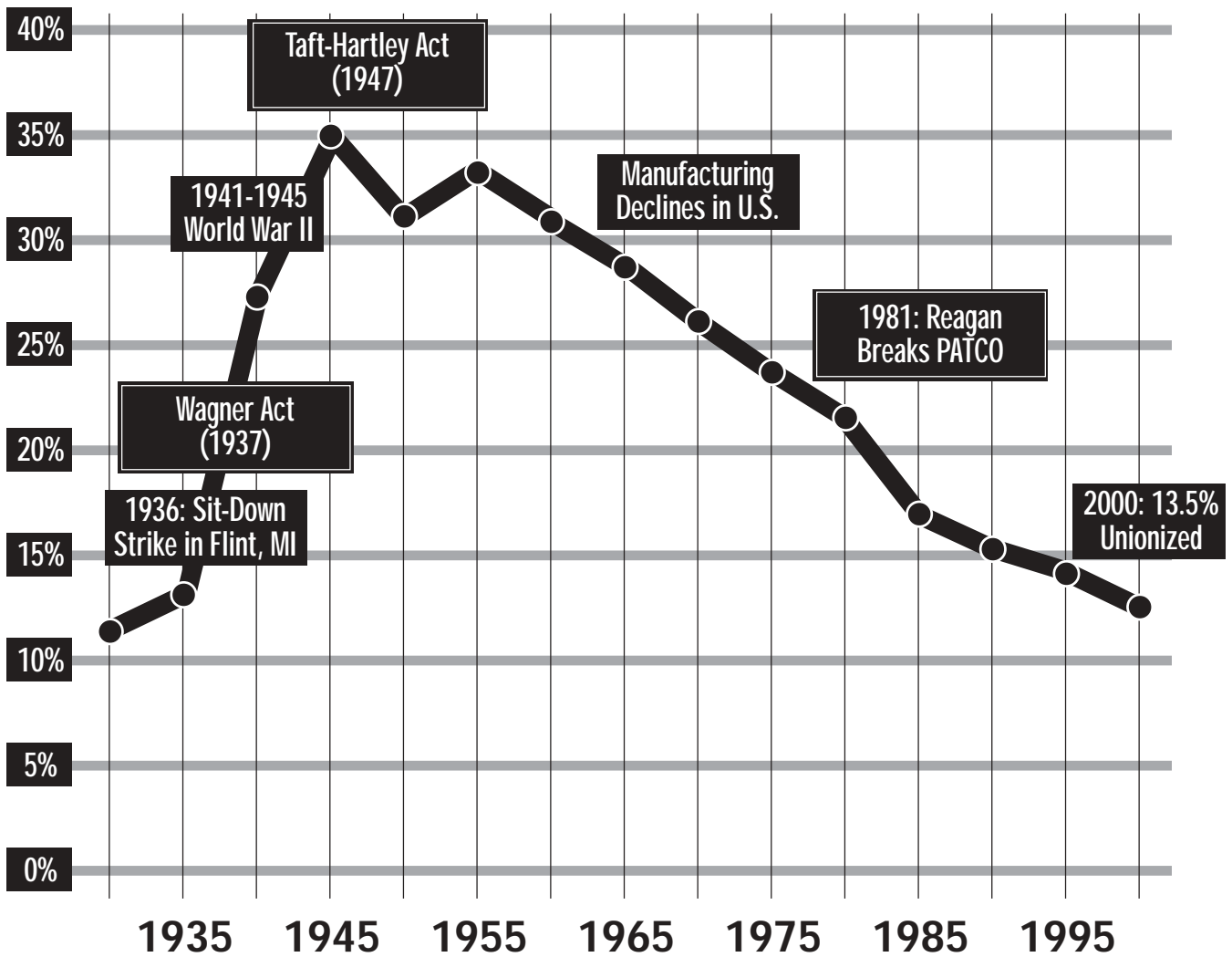
- Standards are cut for workplace & food safety.
- Environmental rules are undercut with trade treaties.

and privatize

* President of Americans for Tax Reform and a nationally-recognized leader of anti-tax forces in the U.S.

Percentage of the Workforce in a Labor Union, 1930-2000

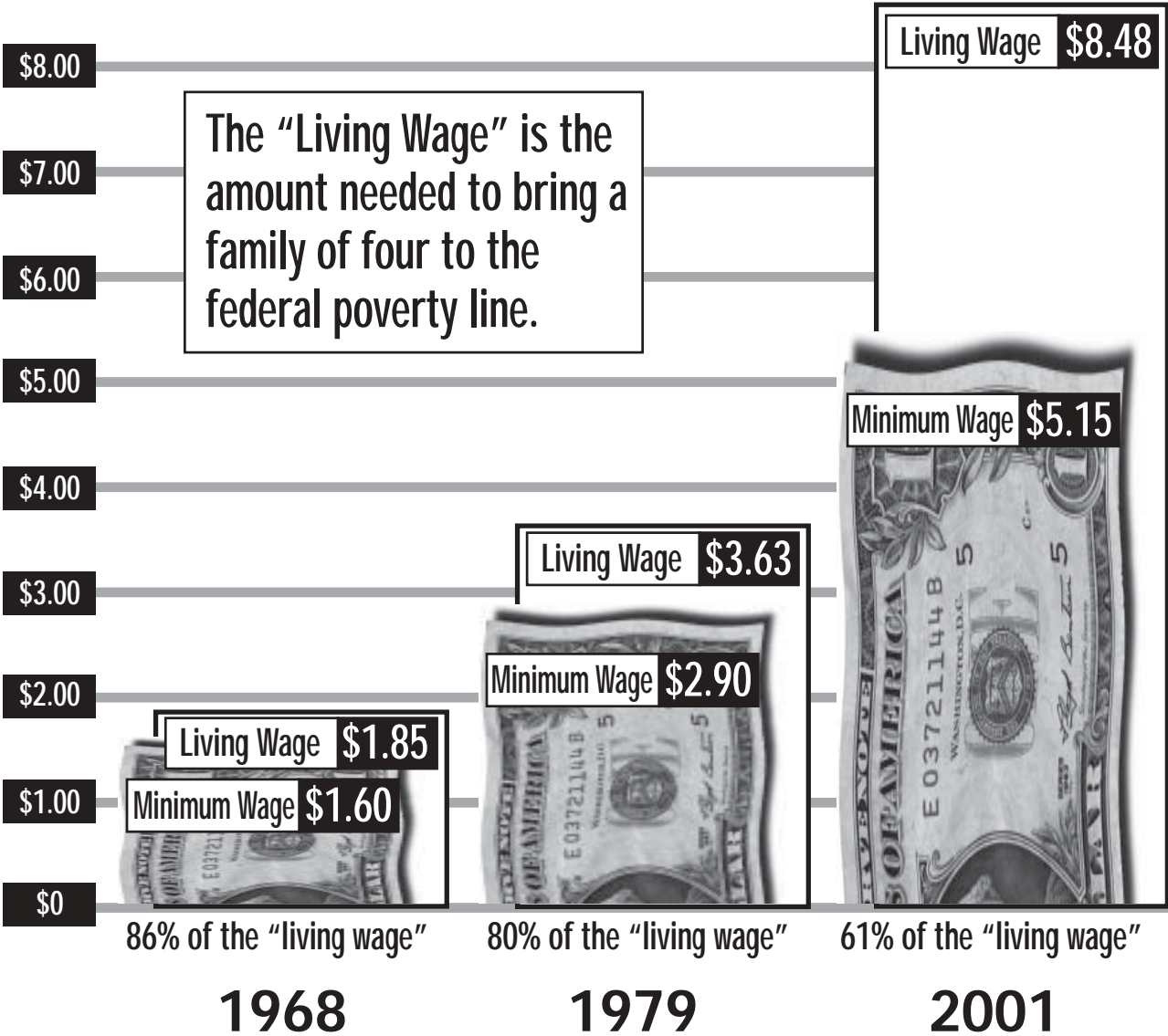
Anti-union policies weaken the power and voice of workers.



Source: Bureau of Labor Statistics

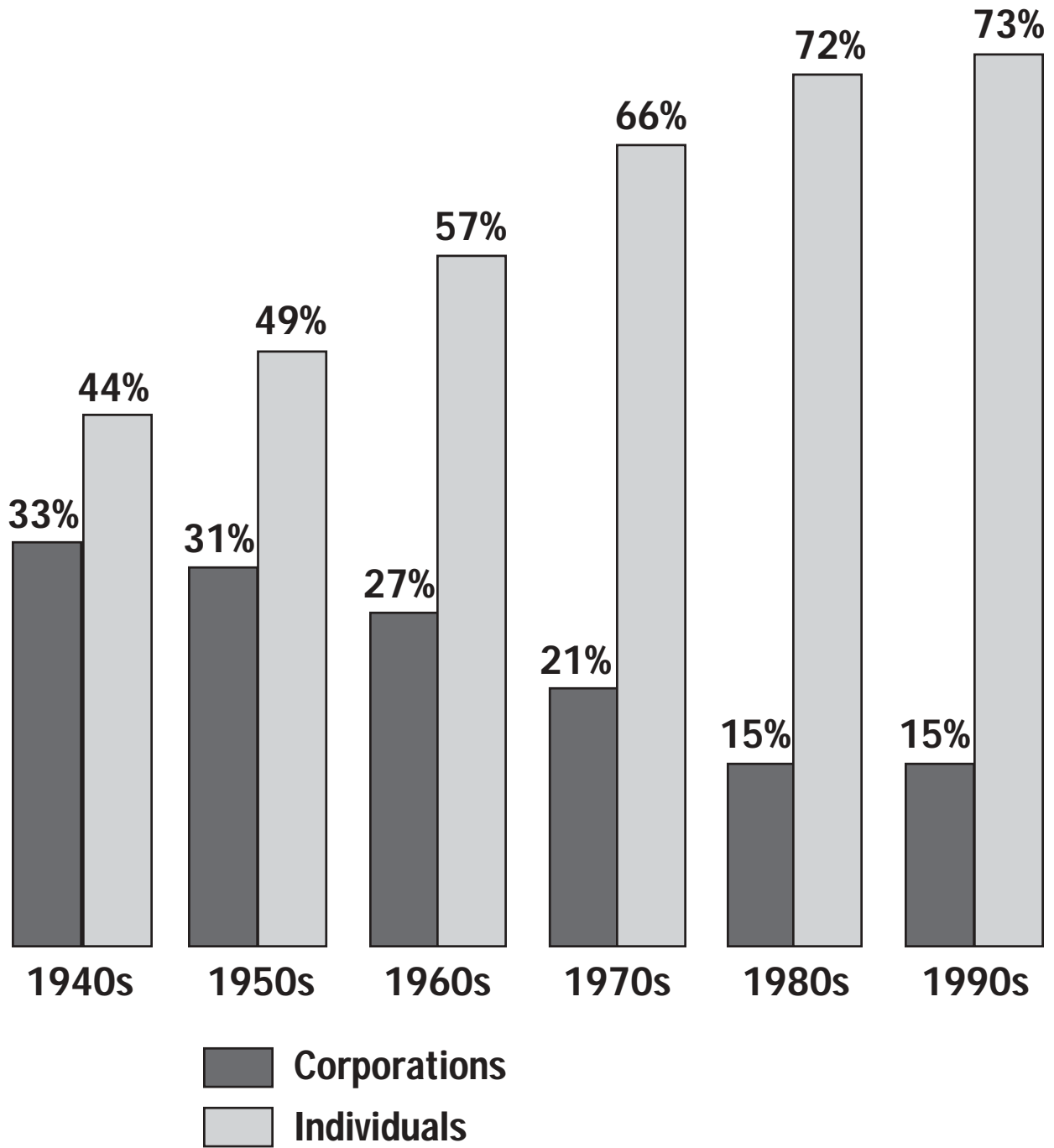
The Minimum Wage and the "Living Wage" (1968-2001)

The Minimum Wage has fallen far behind the rate of inflation



Sources: For the Minimum Wage: Economic Policy Institute. For the Living Wage in 1968 & 1979: Bureau of the Census (cited in *Baltimore's Living Wage Law*, Preamble Center, 1996. p. 7.). For the Living Wage in 2001: U.S. Health & Human Services Dept. Poverty line of \$17,650 for a family of four divided by 2080 hours (52 weeks x 40 hours).

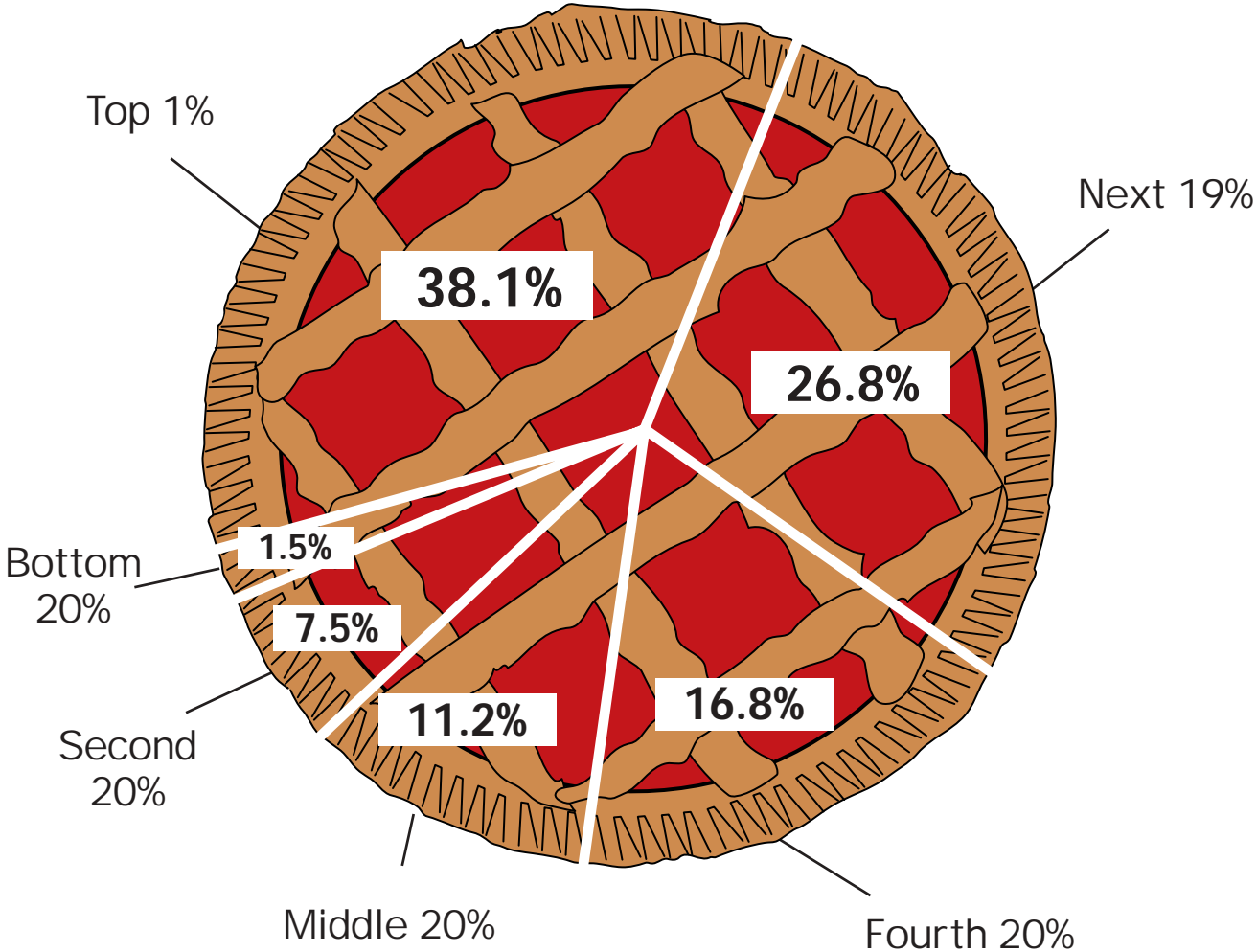
Percentage of Federal Taxes Collected from Individuals & Corporations



Source: Barlett and Steele, *America: Who Really Pays the Taxes?* (1994), p.140.

How the 2001 Bush Tax Cut Pie is Sliced

From 2001-2010, the top 1% get 36% of the tax cut pie. The bottom 60% get only 15% of the pie.



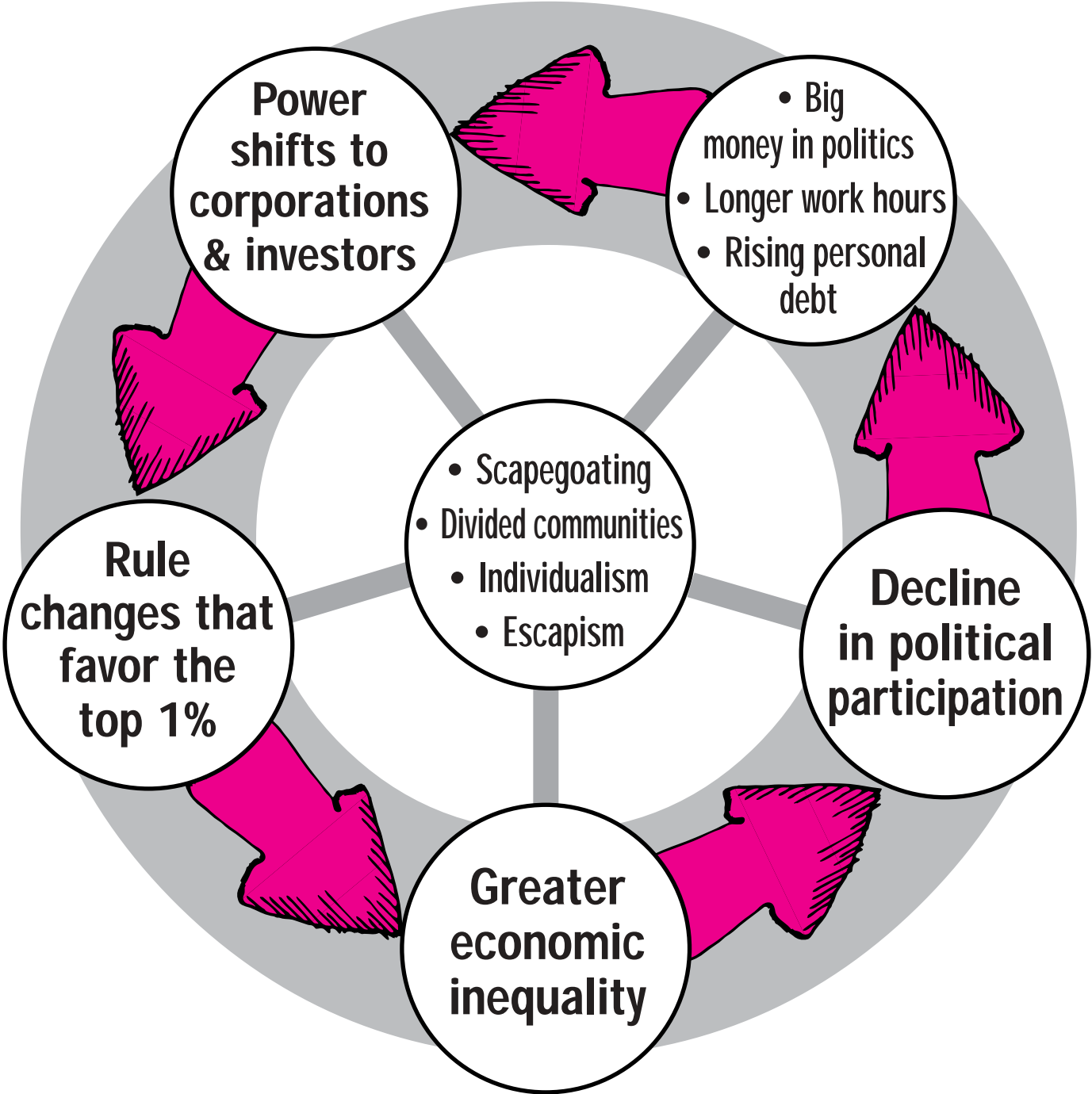
The Roots of Recession

Twenty years of . . .

- Wage Cuts
- Budget Cuts
- New fees for schools and health care
- Attacks on labor laws
- Downsizing government

. . . also imposed on developing countries by the IMF and the World Bank (called *Structural Adjustment*).

The Wheel of Misfortune



Bush "Stimulus" Proposal

- Eliminate personal income taxes on dividends
- Increase child tax credit from \$600 to \$1,000
- Speed up tax rate reductions approved in 2001
 - End the "marriage penalty"
- Increase alternative minimum tax threshold
 - Increase tax breaks for small business equipment purchases
 - Unemployment aid to states

* * * * *

Total cost = \$674 billion

In 2003:

60% of tax reductions go to top 10%

More than \$4 of \$10 goes to top 1%

Typical taxpayer would get a tax cut of \$289

Top 1% would get \$30,000 plus

Alternative “Stimulus” Proposals

- **Extend Unemployment Insurance Benefits from 26 to 52 weeks**
- **Declare a “Holiday” on Payroll Taxes**
- **Increase Spending on Social Services**
- **Invest in Public Works**

What We Can Do

- ★ **Find allies (service workers, providers and consumers)**
- ★ **Build coalitions**
- ★ **Defend and extend services, fully and fairly funded**
- ★ **Support progressive taxation that is fiscally responsible**