

Sawtown Report V5 N1 - We're 40th?

As Americans we pride ourselves in being the best. It wasn't always like this. But since the end of WWII each generation has become slightly more proud of our National accomplishments. From such minor things as Olympic Gold medal counts on TV to the toxic notion of "American Exceptionalism" we believe we're the best. We believe we have the highest standard of living (we don't). We think we have the best medical care (we don't). And, we think we have the best food (excepting perhaps smoked mackerel for breakfast in Norway, we don't).

As our stock markets plummeted and our unemployment rates rose our airwaves continue to report that we are number one. But what if we aren't? What if we're not even number two or not even a podium spot? What happens when our place on the world stage becomes the equivalent of our placing in Olympic Nordic skiing or Biathlon (keeping with our Norwegian theme)? Does it matter? So what if our policies and practices in the US fail to make us numero uno! Who cares if our standard of living brought to us by Wal-Mart, the Koch Bros, and Coca-cola is not the best in the world?

The obvious outcome of not being number one is that it might be a reason to reevaluate how our economy functions? Or how our public policies are administered. For example, suppose Sweden with its high tax rate, massive intervention into the economy, and its high union density delivers a higher quality of life then our approach of low taxes, minimal social safety nets, and low union density. Would that force us to reevaluate the myths that now are beamed daily into our living rooms in the form of fake news and free market ideology?

Let's take a look.

OECD Indicator	US Rank	Country ranked Number 1
Labour Productivity	21	Israel
Real hourly Minimum Wage	11	Luxembourg
Trade Union Density	26	Sweden (68%)
Strictness of Employment Protection	40	Turkey
Average annual hours worked per worker (Shorter work weeks)	22	The Netherlands
Income Inequity	80	Denmark
Life Expectancy	15	Norway
Tax Revenues as a % of GNP	26 (24%)	Denmark (48.2%)

We aren't even in the top ten in a number of key indicators. In terms of life expectancy we're 15th; in terms of productivity we're 21st. More than 22 countries work fewer hours than we do and most of them have higher productivity and longer life spans. Ten other countries have higher minimum wages and they still manage to maintain healthy industries.

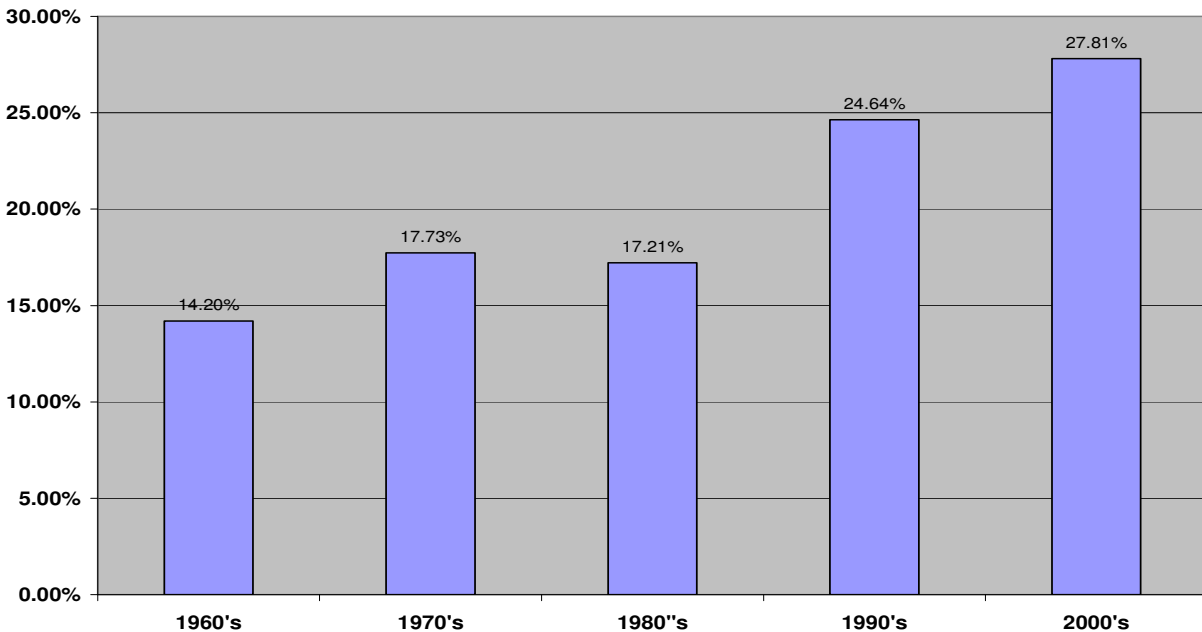
In terms of equality of income we're 80th on the list. Virtually last in terms of industrialized countries. Of those countries with a higher standard of living about 22 have higher union

density. No country with a smaller percentage of workers covered by a collective agreement has a higher standard of living. Maybe there is a connection between strong unions and strong economies?

As we worry about national debt, the current news hot issue of the moment reflect that we pay less than a quarter of our GNP in taxes while almost every country that has better standard of living measures pays more, a lot more. Our percentage was 26.9% in the first year of Clinton's Presidency and 29.5% in his last, which was the time a US President had a balanced budget compared with 26% in 2009 following Bush tax cuts for the wealthiest Americans least in need of a fair or just society.

The outlook for the future is interesting. Increasingly the business of America is banking and investment. As we continue to move production offshore, not because it's better, or because it's a good strategy to become number one but rather so that CEO's can fatten their bonus checks. We put increasing sums of money into the financial sector. Instead of investing in US jobs we are investing in US profits. Each decade since the 1950's the portion of corporate profits that have been generated by the financial sector has risen.

Financial Sector % of Corporate Profits by Decade



As more money is gambled in the ultimate casino, Wall Street, factories and jobs fail and decline. What money is available for investment in job creating activities on Main Street must generate returns on investment that compete with immoral and illegal derivatives, insider trading, and ponzi schemes.

As even greater portions of national wealth is bet on this IPO or that stock option, our standard of living steadily declines.

No, we're no longer number one in most of the measurements that matter to average Americans. Our children's education is deteriorating for lack of public support. Our family wage level jobs are shipped overseas. And, our health care system delivers some of the highest cost service for minimal results for most Americans.

For at least another generation we will remember that we saved Europe from itself. That we put a man on the moon; and, that we were once the envy of the world. But that is all it will be, memories. Until such time that we learn that Main Street must share in the prosperity of America for America to prosper we will continue to decline driven by the myth of markets and laissez faire capitalism.

For Main Street to prosper we must invest; that's right spend more tax dollars. This means raising taxes on the rich, to help fund education. It means taxing short term capital gains at rates well above 50% to provide a disincentive for speculation that is now diminishing our future proportional to the few rich it is augmenting.

And yes it means universal health care funded so that every US citizen can expect to live as long as a citizen of Norway. Although, if this means eating mackerel for breakfast perhaps I'll pass.