

Sawtown Report V4 N8 - Vignettes

A conservative talk show guest recites that, "All Government does is to suck the private sector dry with high taxes. If we could only get government off of the back of business the economy would recover." All the other talk show guests nod in agreement. The camera is turned off and the show is edited and eventually sent across the airwaves to TV's across America on a network that exists solely because government regulates the public airwaves. The talk show guest heads home by taking a taxi regulated by the city on the interstate road network established by President Eisenhower, to an airport built with tax dollars to a plane guided to its destination safely by air traffic controllers.

A retiree holds a sign outside of the library where the Congressman is holding a town hall meeting. It reads, "Repeal Obamacare, get the government out of my health care." After the rally he cashes his Social Security check and stops by the drug store to get his RX filled from his doctor's appointment paid for by Medicare.

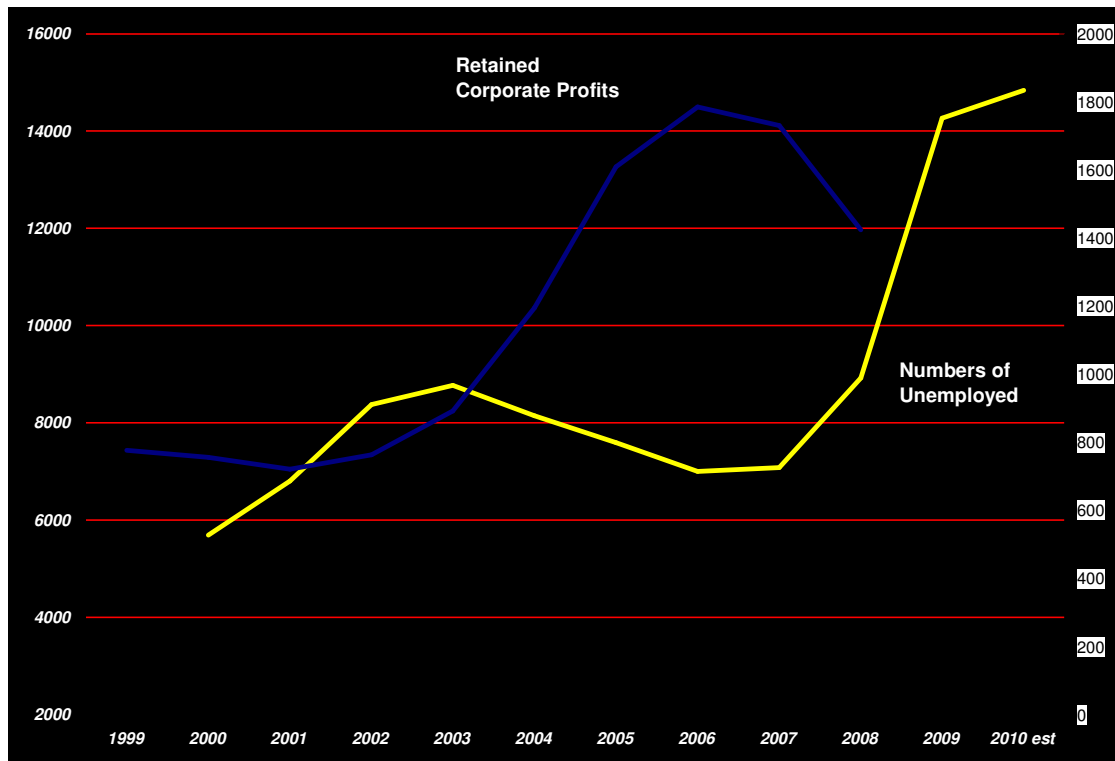
The same day that a German auto industry report notes that, "Germany offers numerous incentives for all auto industry investors - regardless of whether they are from Germany or otherwise. There is a large selection of programs designed to support a wide variety of business activities at different stages of the investment process available. Support ranges from cash incentives for the reimbursement of direct investment costs to incentives for labor and R&D." Several US Senators blame unions for destruction of the US auto industry. Germany now has 30 vehicle assembly plants in operation, more than 1/3 of Europe's installed capacity, 20% of all newly registered vehicles in Europe carry a "Made in Germany" label, and more than 10 billion Euro was invested by the German auto industry for R&D in 2007. Compare this with: GM has invested a staggering \$4.1 billion in Mexico over just the last four years after quickly shedding thousands of American jobs in the 'bailout'. Chrysler announced in February that it will spend \$550 million to retool its Toluca, Mexico factory to assemble the subcompact Fiat 500 model while Ford has announced \$3 billion in new investments throughout northern Mexico just since 2008.

About 500 participants at a Tea Party rally in South Carolina all hold and waive miniature American flags stapled on a stick the size of a pencil. Attached to each flag is a small white tab of cloth that reads, "Made in China".

The Republican candidate tells his supporters that by 2037 the Social Security system will be bankrupt and if elected he will seek to move the retirement age to 70 starting immediately. If elected he will also cut taxes and end job killing government regulations. The guests at the one thousand dollar a plate dinner applaud widely. An older waiter "accidentally" drops a plate of food in the lap of one of the guests applauding loudest. The waiter is four years from retirement, has worked every day of his life and paid for the Social Security benefits not only for his father through his pay roll tax but also for himself. He knows even in 2037 should Social Security actually not raise enough money in payroll taxes to fund his child's retirement it can easily be paid for by raising the payroll cap on the richest 1% of income earners. For them Social Security is nothing more than chump change for their stock options, golden parachutes, and unjustifiable 7 digit salaries. For him it is the difference between keeping his home and poverty.

The May/June Lawrence Summers Memorial Award* goes to J.C. Penney for advertising over Memorial Day weekend a silkscreen T-shirt bearing the slogan, “American Made” — that was made in Mexico. Steve Capozzola at the Alliance for American Manufacturing sent an e-mail to J.C. Penney, saying that the ad was deceptive and asking why the shirt “was emblazoned with an ‘American Made’ slogan when it was in fact made in Mexico.” Responding to his complaint, J.C. Penney spokesperson Kelly Sanchez said, “You indicate that there was a shirt that depicted the slogan ‘American Made.’ This type of slogan is referring to the actual person wearing the shirt and not to the manufacturing of the merchandise.” J.C. Penney told Business Week it will sell the shirts throughout the summer. The line, it says, is “intended to evoke our American lifestyle and pride in being American.”¹

GOP leaders now think the country is ready to swing their way in November on a popular growth agenda based on keeping tax rates low, cutting government spending, and market-based incentives to help businesses increase reinvestment and sharply boost the pace of new job creation. Yet, corporate retained profits are at historic highs while job creations lags. President Barack Obama is today confronted with the same problem Franklin D. Roosevelt faced in the 1930s: There are huge numbers of people in need of work and a huge amount of work that needs to be done, yet capital is failing to bring the two together. When capital goes on strike the only



institution that is capable of bringing together workers and work is the federal government. FDR stopped short of seizing the banking industry when it froze up, but he tamed it by creating dozens of powerful new agencies to regulate it. FDR trussed the AIGs of his era with tough new rules

¹ <http://www.multinationalmonitor.org/mm2009/052009/front.html#LAWRENCE>

backed up by the full force of the U.S. Department of Justice and the Internal Revenue Service. Capital capitulated faster than you can say the word "nationalization." The Republicans griped and accused Roosevelt of being a "communist," but with the economy in shambles and their economic prescriptions proven failures they had no choice but to go along.²

² http://www.huffingtonpost.com/joseph-a-palermo/capital-strike_b_163506.html