

Politics 2011

My priorities:

1. Bayview Village
2. CSUEB Hayward Shuttle
3. Access to South Hayward BART
4. Deaccessioning documents
5. International Comparisons

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I fully retired from CSU Hayward after teaching my last course in spring of 2010. My five new jobs are promoting Bayview Village, a shuttle bus to the CSUEB Hayward campus, access to South Hayward BART, disposing of surplus paper, and an international comparisons website.

1. Bayview Village details are at www.bayviewvillage.us. It is a proposed development of a geographically distinct area between the Cal. State University Hayward campus and the Hayward BART station. We propose about 1,024 units, mostly three story, from studios to 5 bedrooms, condos and townhouses on about 24 acres. Most of the area is car-free, with homes served by walkways, all less than five-minute walk to the Village Center. The Center has a store, café, community center, square, and busway. The project owns a shuttle bus service running every ten minutes to BART and downtown Hayward at one end and up to the campus at the other. The project does not ban use of cars; it has 100 spaces on site leased at market rates, off-site parking, on-site car share/rental, and taxi vouchers, all to supplement walking access and the shuttle.

People connected with Cal State, who use BART to get to work, retired, and home office workers should often have travel patterns supported by Bayview Village. Other features are environmental sustainability, affordability, pleasant walking for health, universal design (e.g., no curbs), and community.

Low-rise row housing is inherently energy conserving, reinforced by design, with roof solar systems, net zero on the grid, providing all space heat, space cooling, hot water, air filtration, and air renewal. We expect LEED platinum.

Most recently, I've been working on neo-Victorian design and colors, an estimate of homeowner association dues, and the tension between two federal laws.

Under one law, IRS 501(c)(3), the money I spend through my organization on my expensive but excellent consultants is tax deductible, because it is for scientific and education purposes, and thus the results have to be made public (the website). For example, we have a lengthy and

outstanding pro forma with 18 tabs laying out all the revenues, expenses, investment, loans, and timing information. The 12 year pro forma shows, for example, revenues of \$353 million, expenses including loan interest of \$292 million, maximum loan exposure of \$44 million, equity needs of \$9.7 million, and a return on investment of just over 30%. I'm just giving you information here, not asking for anything.

Under the other law, SEC Regulation D, only qualified investors can be asked for funds, and only using a Private Placement Memorandum with full disclosure and warnings about risk, by a numbered hard copy that cannot be circulated. Like I say, I'm not asking you here for anything. On a related issue, I'm not sure what you are allowed to do with the info I just gave you. But it would be illegal to promote a profit-making investment using tax deductible funds. Hopefully, public information is different from asking for investment, or I could be in trouble.

2. Remember the campus shuttle I mentioned earlier? Anyway, I get incredibly annoyed by the economics of subsidized parking structures, and Hayward campus administrators proposed building five of them and then called it sustainable transportation, I think from incompetence more than mendacity. Under California law my organization and the City of Hayward were able to sue and we've stopped the plan in court. However, I still have been unable to get administrators to pay attention my extensively detailed (more tabs on more spreadsheets) analysis, which shows more access at a lower cost with a shuttle to Hayward BART. If by some miracle we had both a campus bus and the Village Bus, service would be every five minutes, and thus support, cost-effectively, a car-free life style.

3. I am also working on efficient access to South Hayward BART, and the City is studying some of the ideas. Instead of a seven level \$22 million parking structure, we could have a combination of paid parking based on easy-pay methods, on willingness to pay, and on a short-distance shuttle from a parking area less than four minutes away. For easy-pay, go to <http://sfpark.org/>. Willingness to pay moves the price based on vacancy: consistently over 15%, price down, less than 15%, price up. If parkers bid up the price, more funds flow to the shuttle, alleviating pressure on parking, possibly bringing the price down, but reducing shuttle service, driving the price back up—you have to love the economics of supply and demand, so easy to grasp, so hard to explain. Another part of the equilibrium is good parking availability at an increasing distance from the station entrance requiring a longer hunt-to-park and walk-in time, which competes with a shuttle. the shuttle access time, all stages, is steady at about 5 minutes. These features can be supplemented with eco-pass, which uses a property-based payment allowing those living on a route served by a shuttle to ride it for free.

4. Job Four is disposing of surplus paper, the roughly 100 banker boxes of documents I've accumulated over 40 years on public policy and activism. I have, mostly, stopped my excessive accumulating and increased my disposing, or, more dignified, deaccessioning. The boxes are going to the local historical society, various libraries like CSU Hayward, various archives like the Hoover and the Bancroft, and various groups and individuals. I'd like to send small packets of very recent public interest and policy items on about 50 important issues to professors in the bay area. They would give them to students to use for papers on real politics relating to course work and texts, bringing them alive in addition to web sources. The problem is to find the time. I really hate to throw interesting (to me) documents away; I'd much rather give them to someone else—possibly to throw away.

5. My final job is <http://www.internationalcomparisons.org/>, a website with 28 web pages of

statistical data from many sources evaluating the performance of 11 Advanced Democracies with the US. My report from here on moves into politics; be warned. The country data varies greatly in concepts, quality, and coverage, from simple counts to complex indices. Here is a summary in the form of two long disjointed lists:

The US ranks first or second in GDP per capita, large houses, military spending as a percent of GDP, military spending as a percent of central government, number of nuclear warheads, percent share of total world arms exports, think tanks per capita (one of my favorites), higher education enrollment, competitiveness, cars owned, miles driven, gasoline consumed, coal burning, greenhouse gases per capita, total energy consumption, spending on health care, smoking reduction, prisoners per 100,000, homicides per 100,000, executions, population growth, fertility, immigration rate, abortions, divorce, and hours worked per year.

The US is last or next to last in percent of GDP committed to international development aid, functional literacy, math attainment, price of gasoline, frequency of walking, child mortality, child well-being, maternal well-being, health and safety, family relationships, child risk behaviors, balance of trade, taxes as a percent of GDP, savings as a percent of Gross National Income, Environmental Performance Index, ecological footprint, health insurance coverage, ranking of health services, infant mortality, low birth weight, child mortality, adult obesity, female life expectancy, male life expectancy, percent of population with income below half of the median income, ratio of richest 10% to poorest 10%, population below the poverty line, child income poverty, Index of Health and Social Problems, income inequality after taxes, Human Poverty Index, number of important recent treaties not signed or ratified, government accountability, corruption, clear laws, order and security, fundamental rights, regulatory enforcement, access to civil justice, sexual health, pregnancies/births/abortions per 1,000 girls, percent of seats held by women in a lower legislative chamber/upper chamber, and days of paid vacation.

By my values, the Advanced Democracies have already pulled ahead of the US across a wide range of policies. At the root seem to be citizens who do not know much about government, parties that exploit citizen ignorance, wealthy interests whose campaign contributions and lobbying are not balanced by other interests, a mainstream media with little interest in reporting on the correlation between political statements and reality, single-interest power groups able to prevail over public opinion, an antiquated process for selecting presidents which blew up, and a lack of civic education on institutions, policy and politics.

Palestine-Israel

I have been following the Palestine - Israel conflict since 1963. I think the current Israeli government is 90% or more responsible for the problem. I agree with commentators who say that Israel is winning the battle for control over Palestinian land by continual expansion of settlements.

Has each side done terrible things to the other? Yes. Does each side have strong arguments in its favor? Yes. Does that solve the problem? Extremists on both sides claim virtues inconsistent with their acts. In the short run Israelis are winning; they have complete military superiority. In the long run...what? Israel, surrounded by a much larger and hostile population may not maintain its relative military might. Let's hope the conquering Arabs are as generous to Israel as Israel has been to the Palestinians, and I mean this with all the black irony you can read into it.

Should we tell the two sides to negotiate and blame both for failure so far? That is the dominant US opinion, and it is wrong. It reflects a desire to not have to figure out the balance of claims and nuances of solutions, and ignores 20 years of failed efforts. Can the US provide any mediation when it is so biased in favor of Israel? The call for negotiations dodges the responsibility to help figure out what the best solution is. In my opinion, a fair solution has already been negotiated: the Geneva Accords.

What is the US responsibility to Israel? To criticize but then fully support its government, US munitions to kill and control Palestinians? Or to support what is best for the future of Israel? If its government is pursuing a policy of short-run advantage likely to cripple, even destroy, Israel in the long run, what should we do? If Israel wants to negotiate, why does it balkanize Palestine with barrier walls, seize more land for its settlements, abuse Palestinians much more than needed for security, and reject terms essential for the Palestinians that do not harm Israel? If the Palestinians, Europeans, the US, and even many, if not most, Israelis favor a two-state solution, should the US block it in the UN?

The debate in the UN will be over by the time you see this. The International Crisis Group is an organization of foreign policy experts of moderate views; I think of it as our Department of State In Exile. They inform and shape my opinions. International Crisis Group, Middle East Report N°112, 12 Sep 2011: “The focus should be on shaping a UN outcome that produces tangible gain for the Palestinians in their quest for statehood while providing some reassurance to Israelis, minimises risks of violence or the Palestinian Authority’s collapse and enshrines core principles for a two-state solution. ...the burden has shifted to the EU to craft this compromise.” “Achieving that result requires some skillful third-party diplomacy. The U.S., which so far has been reluctant to engage on the content of a UN text, has taken itself out of the running. That leaves the Europeans, whose backing the Palestinians are desperate to receive and who therefore can leverage their support.”

The EU nations have a huge sovereign debt crisis distracting them, and lack the full consensus they need on Palestine. (I don’t want to get into the debt thing, but I do like the Finn’s idea of having Greek collateral for Finn loans. Finland could foreclose on a nice Aegean island, turn a profit, and develop an influential geopolitical Finn Greek Alliance.)

Israel, whose politics is now dominated by apartheid policies and settler extremists, at least has robust domestic political support for a two-state solution. American politics, unfortunately has less balance. The light of reason in American politics is J Street, a lobby for a two state solution. J Street, for example, supports the Price-Welch letter, named for two Congressmen who oppose punishing the Palestinian Authority for seeking statehood when the US government itself supports a two state solution. Their position may be drowned out by calls in Congress to punish the Palestinians. Internationally, the US has everything to lose by vetoing statehood; domestically, the political cost from partisan attacks and AIPAC sectarians would be very high.

Statehood alone does not remove troops; it will probably require increasing economic sanctions and isolation of Israel to compel it to change.

It is in Israel's long term interest to settle generously with the PA and create a new state. The wound inflicted on Jews in the holocaust should not fester on the Palestinians. Israel and Judaism should rise to their higher values.

I recently wrote a six page paper with a cousin—a moderate Iowa Republican—on this issue,

which means I could easily carry on for five more pages. Available on request.

US deficits, taxes, jobs, growth

US deficits are a result of massive tax cuts, huge increases in military spending, the new Medicare drug benefit, and a serious recession caused by poor use of tax cut funds, crazy mortgages, and a massive housing and financial derivatives bubble. First, taxes.

American politics is awash with the idea that lower taxes will help the economy. **Higher taxes properly spent will, in fact, help the economy.** Advanced democracies, with a higher standard of living than the US, all have significantly higher tax rates than the US. In modern US economic history, higher taxes rates are usually associated with higher growth rates. The last tax reform, in 1986, increased taxes on business, and was followed by years of increased investment. When taxes were lowered during a boom in 2001, it was followed by the biggest bust since the Depression. The danger is posed not by taxes, but by debt, speculation, and excessive money growth.

Under-taxation causes deficit spending, which increases borrowing, Money in Treasury bonds may or may not be invested in growth. The borrowing can be redeemed if the spending it supports is productive, that is, longer term, it causes more growth than the burden of debt. Otherwise, taxes to pay interest on debt becomes a dead weight on economic growth.

Unfortunately, in recent years most of the deficit has not been invested in growth. At the end of the Clinton years the US budget moved into the black, a rare event, followed by the biggest tax-cut deficits in US history under Republican G. W. Bush. Tax cuts have gone to increase upper incomes, with devastating results for the deficit, jobs, and growth. Job growth, in fact, slowed down and the economy went into the worst crisis since the Great Depression. On top of tax cuts, doubling down on bad policy, for the first time in American history, the elite decided to fight wars without paying for them, ballooning debt even more.

Over comparable six year periods, **Clinton's tax increase was followed by a 16.2 percent jobs growth; Bush's tax cuts were followed by a 4.8 percent job growth.** For GDP growth, the score was Clinton, 26 percent; Bush, 16 percent. For median income, Clinton, up 14.7 percent; Bush, up 1.6 percent. Bush claimed his policies would decrease national debt by \$3 trillion; the debt went up by \$1.7 trillion over the six years. Continuing the cuts raised the debt by \$2.5 trillion over 10 years.

I have been unable to find any audit of **where the tax cut money actually went.** I only found: "Moody's Analytics Chief Economist Mark Zandi estimates that making the Bush income tax cuts permanent would currently generate only 35 cents in economic activity for every dollar in forgone revenue." A lot seems to have gone to personal consumption by the wealthy. One corporate mogul bought a bigger boat in Italy, for example. A lot may have gone into investments abroad where cheap labor helped US consumers while throwing US workers into unemployment. A lot must have gone into purchases of assets without increasing their productivity, that is, into houses, collectibles, and housing speculation. Unqualified buyers bought homes they could not afford and gullible investors trusted corrupt bankers, insurance companies, and bond rating agencies who pushed the Ponzi bubble up and up. Some of the money that went abroad came back from Asian exporters into US treasuries, an unproductive investment. Some of the money probably went into

US growth and jobs. (If you know of a good quantitative analysis, let me know.)

The underlying reality is that, within some limits, **taxes usually create more jobs and growth than does private spending, so long as the taxes are progressive and the money is wisely spent.** Government does a better job because **the private sector has a higher cost per job than government.** Taxes shift money from high-cost jobs to a larger number of low-cost jobs, creating more jobs for the same amount of money. Consumer demand shifts from serving high income consumers, who spend less and save more as a percent of income, to average incomes who spend more of their income.

Keynes was right: slack economies can recover very slowly, **or** government can prime the pump of demand for growth. Adequate taxes and anti-cyclical spending combined solve the problem. The late W. Bush - early Obama massive bailouts to the bankers and AEG who caused the problem, the stimulus, and the rescue of GM prevented a deeper recession. Recent Fed policy, however, seems misguided: lower interest rates do little good when businesses won't borrow because consumer can't buy because of unemployment.

The value of taxes for the economy is very well understood by the banks themselves, who received government funds to maintain liquidity during the recession. The banks also forecast that **lack of federal spending** and its spillover into lower state and local spending **will be a drag on the economy** through 2021. California alone gets \$79 billion per year, 40 percent of the General Fund, from the federal government.

So, more specifically, how should the money be spent and how should the taxes be increased? First, how to spend. Non-ideological economists agree that **using the money for infrastructure, aid to states, temporary payroll tax reductions, and unemployment benefits would have been more productive** for short-term demand and long term productivity. The tax cuts, by contrast, were like a quick blood transfusion from the weak to the healthy that in the end reduced the ability of the weak to buy much, undermining the long-term health of the wealthy themselves.

I am not, however, happy with payroll and unemployment ideas. **I like what the CCC and WPA did and I'd like to adapt it to current needs.** There is a lot of work not being done, with low to middle level skills needed. There are a lot of people willing to work for what they used to make or less, which has a low cost per job, is not inflationary and is not enough to keep them when better jobs come along with recovery. It's a triple play: it gets work done, helps aggregate demand, and provides a social benefit totally superior to giving the affluent even more money.

Another issue is how taxes should be reformed, with five choices:

- reduce taxes by raising fees,
- raise rates above historic levels (tax rate increase),
- restore rates to previously prevailing levels (tax rate restoration),
- close tax loopholes, and
- shift taxes from "goods" to "bads."

Fees replace taxes: If a state lowers tax support for its colleges and raises tuition, is it a tax increase on students? For a social good like education, the fee approach is regressive. However, for private goods it requires beneficiaries to pay, which makes sense.

Concerning rate increases or restorations, the US is fortunate in not have to raise rates; it only

needs to restore rates that prevailed during a better economy.

Concerning loopholes, they need to be understood as a budget expenditure, **a tax budget expenditure, no different from a outlay budget expenditure**. Is closing a loophole a tax increase or a budget cut? It's both, but it is not a tax rate increase. Closing loopholes has four benefits: it reduces deficits; improves vertical equity, improves horizontal equity, and improves economic fair play. Vertical equity improves because more taxes come from some upper incomes, increasing the amount from all upper incomes. Horizontal equity improves because people with similar incomes are taxed in a similar way. Fair play improves by creating a level economic playing field, by not using the tax code to promote market winners.

The tax code does hundreds of favors to vested interests reducing their taxes relative to other high incomes. The Joint Committee on Taxation and Treasury Department disclose the tax expenditure budget, but only list the loopholes without adding them up. In 2011 Citizens for Tax Justice estimated \$365 billion in subsidies for business and investment.

Tax expenditure budget spending is out of control, perpetuating itself, unlike the outlay budget, without annual review by Congress. Upper income people who do pay their share—and many pay much higher taxes than other high income people—should be more concerned about the unfairness to them and the distortion of markets, undermining market-based growth.

Many **giant corporations pay little or no tax**. Corporate tax incidence is difficult to figure out, but assuming half falls on owners and half on consumers, the result is the same for individuals: corporate tax avoidance equals personal income tax avoidance. In June 2011 the Center for Tax Justice reported that 12 big corporations with profits of \$57 billion per year paid taxes of minus \$833 million, that is to say, they did not pay taxes; on average they received checks from the IRS.

We should shift taxes from “goods” to bads”: A simple **carbon tax, increased gradually**, is a tax on “bads” that can easily allow reduction of taxes on “goods” like earned income. This policy will not harm the economy, but, instead, shifts prices at the margin to create an incentive for real growth, improve US competitiveness, and reduce the cost of buying foreign fossil fuels. It will be difficult to catch up with Denmark and Germany; they are decarbonizing and growing, sustainably. “Our addiction to foreign oil is hampering our economic recovery and we desperately need investments in clean energy. We can address these pressing problems, while reducing our budget deficit and pollution, by enacting a simple carbon tax.” -Congressman Pete Stark, Sept. 2011. Do you know of any other Representative stating the obvious?

Government can promote jobs and growth in the several ways outlined above, but does much more if it does what it is supposed to do. **Both private and government investment help economic productivity, but in different ways**. Government consumer protection creates consumer confidence, reducing the cost of selling. Government investor protection creates investor confidence, increasing the availability of capital. Government spending on natural resources and reducing pollution provides quality of life services and nature services of great economic value the private sector is unable to provide. Government spending on health reduces what private business would spend or, absent business spending, increases worker health directly, promoting economic growth either way. Government spending on education has a pay-off in human capital essential for long term growth. Government spending on research provides technological capital used by business for growth. Under-funding government spending on social

programs leads to high costs of criminality, jails and prisons. The US prison population is so big it reduces the labor force, increasing the cost. The Advanced Democracies, with a fraction of the US crime rate and a fraction of the costs, show how effective education and social programs can be.

Computer modeling

We need to move beyond myopic use of GDP thinking and develop more sophisticated measures of performance. We need better computer modeling for economic policy in three areas. One is to develop models that can detect bubbles, based on the dozens of speculative booms and busts the US economy has had since World War II. Danger signs include prices like housing prices rising above historic ratios, increased investment such as in construction lending, programs using government loan guarantees that grow fast, and growth of novel financial instruments.

A second area for modeling is elasticities for more sustainable technologies to replace unsustainable technologies. The focus should be on fossil dependency and the whole array of alternatives from alternative fuels to land use. The model would not pick some specific alternative but would estimate the optimal price, fee, or tax incentive to shift investment consistent with traditional investment rates. Too low an incentive and nothing happens; too high and the cost of disruption reduces some of the benefit of a faster change. The model should also include the role of certainty over time, because a small but certain incentive may be much more effective than a big incentive that disappears.

A third area of modeling is to quantify and include environmental values in a macro-economic model. To measure real growth we need to bring environmental costs and benefits into GDP accounting. Currently, money measures price but not value, and rising GDP masks falling welfare. At the same time, we need to implement some basic accounting concepts into macro-economic models. We need to add assets and liabilities and changes in financial position to the national accounts, only look at income and outgo. This new accounting requires some value judgments, but gets past the pretense that current accounting is objective.

Good budget, bad budget

US deficits since G. W. Bush have not been caused by domestic spending. **Domestic spending has not increased.** Also, this spending is too small to solve the problem to begin with.

A White House spreadsheet (<http://www.whitehouse.gov/omb/budget/Historicals>) for US budget in 2010 shows \$3.5 trillion in outlays, Let's look at the mostly **productive spending in the outlay budget:**

Social security	20.4%
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Social security is the mainstay of millions of seniors, fully funded to about 2037, and a source of surplus revenues lowering the deficit.

Health care, despite counter-productive incentives and insurance overhead	22.6%
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Unemployment benefits, housing aid, food and nutrition aid, and related	14.5%
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Most federal agencies: Scientific research, space exploration; energy supply and conservation;

water resources, conservation, national parks/wildlife refuges/forests/land management, pollution control and related; agriculture; commerce, mortgage credit, post office, deposit insurance and related; highway, transit, air, and water transportation; community development, disaster relief; health research and training, occupational health and safety; federal law enforcement (FBI, DEA, EEOC, ATF, FinCEN, Secret Service, federal courts, prisons, Homeland Security, ICE, Border Patrol, TSA), criminal justice assistance to state and localities and related	6.3%
K-12 and higher education, training, and related	3.7%
Federal employee retirement/disability	3.5%
Veterans benefits	3.1%
International Affairs	1.3%
Congress, President, Treasury, IRS, property and personnel management	.7%
“Undistributed Offsetting Receipts” (not a useful concept)	<u>-2.4%</u>
Total	73.4%

Some spending is dragging the economy down:

interest on the national debt:	5.7%
Department of Defense	20.1%
farm income stabilization	.5%
War on Drugs	?
fossil fuel and nuclear subsidies	?
Health finance	?

- The US has spent **billions on wars of aggression** to control oil and on irrational policies to fight terrorism, i.e., in Iraq, which had oil but no terrorists, and in Afghanistan, after the real terrorists left. US voters have limited understanding of distant countries. Afghanistan has, no doubt, problems of un-Islamic jihadists, an inefficient, corrupt government, tribalism and warlords, and a lack of institutional capacity. Afghanistan is a failed state. The U.S. has some role to play here, with limited hope of real success, but it is a role that military occupation cannot achieve and, in fact, undermines.
- Certain **high tech military research, development, and procurement** interests over-promise, over-spend, and under-deliver so badly that security is reduced compared to pragmatic, non-politicized alternative defense spending. The Center for Defense Information (www.cdi.org/) has details.
- The **proliferation of military bases and operations around the world** far exceeds that needed for real threats to national security. August 2011, U.S. Special Operations Command spokesman Colonel Tim Nye: US Special Operations forces are deployed in 75 countries, expanding to 120 by the end of 2011. Leon Panetta: cuts would “hamper Pentagon efforts to deal with rising powers such as China, North Korea, and Iran.” The US has 5 percent of world population and 43 percent of world military expenditures, \$700 billion in 2010, 4.7 percent of GDP. China spends 2.2 percent of GDP, giving them a 2.5 percent of GDP advantage in economic competition. The Advanced Democracies spend about 2 percent of

GDP. Are we building canons to shoot mosquitoes?

- **Farm income stabilization and ethanol subsidies** damage the market economy. Reducing subsidies to US farm exports would stop unfairly undercutting foreign farmers and reduce pressures for illegal immigration. Ending ethanol subsidies would reduce greenhouse gases, over-cultivation of fragile lands, and food prices.
- **The War on Drugs**, our own special anti-reefer madness, is ballooning prison populations with self-victimizing criminals, filling hospital emergency rooms, and promoting drug gangs who slaughter people in Mexico. Costly drug wars in the US, Mexico, Colombia, and elsewhere are failing. US demand for drugs and US guns add fuel to the flames. We arrest 750,000 people per year for possessing small amount of weed, 45 percent of all arrests in the US. Our county sheriffs are outgunned, and drug gangs have invaded and seized some of our national territory.

We should redeploy troops from Afghanistan, which is not part of the United States, to our National Forests, which are. We should legalize marijuana, already happening in states and localities like Humboldt County, California. (Marijuana is the California's highest value crop.) Drug problems need to be treated socially and medically, even if imperfectly. Addiction research is unifying our understanding of a range of addictions involving dopamine, its regulators, and the *nucleus accumbens*, the brain's reward center. However, using smoke to deliver a drug is dangerous, so the emphasis should be on research and legalization of cannabinoid drugs. A related problem is the failure to follow the US constitutional requirement that gun ownership be in the context of a well-regulated militia, as intended by the Founders.

- We should stop **\$41 billion in subsidies to fossil fuel and nuclear power industries**, get honest about how climate change is already imposing devastating losses, and pursue **sustainable growth based on a decarbonized economy**. (See carbon tax)
- Americans spend far more on health care than the Advanced Democracies, with worse results. Coverage, however, is not the problem; it is the **inefficient way the system is financed**. We should reduce the enormous paperwork burden created by fee for service and insurance reimbursement systems; develop negotiated yearly hospital budgets and clinical primary care budgets, and reward quality outcomes, not quantities of procedures. Medicare and medicaid have a problem, but it is not coverage; it is cost control. At least 2 percent of spending is waste.

I estimate that **about 10% of federal spending could be eliminated** over one to three years by cutting less productive spending, with more savings from continuing to step down military costs in years beyond that.

The deficit problem could be solved by slashing tax expenditures, restoring tax rates, and cutting wasteful spending, with adequate spending elsewhere. Also, moving aggregate economic demand from costly jobs and harmful spending to low cost jobs and productive spending would reduce unemployment and help long term growth.

Instead, **inefficient spending, low taxes, and high deficits are dragging down the economy**.

Citizen Advocacy Groups

I support many public interest groups; here are three examples: **Amnesty International**. I was moved by the letter from Eynulla Fatullayev, Journalist, Former Prisoner of Conscience, Azerbaijan, Sept. 2011, one of many I've seen over the years. I feel the need to do something on these and many other issues. I can't do much, but with many other small donors, it can amount to something. I feel more pessimistic about progress than I used to, but I like to give a bit to optimists. I'm inspired by the motto "I'm not dead yet," which must have limited appeal.

Second group: **Cultural Survival**, advocating for tribal groups being harmed by exploitative national governments, corporations, miners, and ranchers. Recent example: the proposed Keystone XL Pipeline affects Native Americans in Montana, South Dakota, Nebraska, Kansas, Oklahoma, and Texas. They have not been adequately informed and consulted, as required by the UN Declaration on the Rights of Indigenous Peoples. The claimed environmental protections turn out to be weak when examined closely. The pipeline invests capital in continuing fossil dependency and climate change when we need to do the opposite. The tar sand oil has a carbon content so high the US government is prohibited from buying it.

Witness for Peace – only group concerned with killings of activist farmers in Honduras, and active fighting other abuses in Mexico, Colombia, and the rest of Latin America. From its 9/21/2001 email: "More than five million people in Colombia have been forced to leave their land due to the war and/or corporate displacement. In this year alone, 15 activists organizing a return to their native lands have been assassinated."

List of groups I give to

This list frequently changes and reflects interests from local to international. There are other groups also worth supporting.

1000 Friends Of Oregon	Citizens for Tax Justice CTJ
Action on Smoking and Health ASH	Common Cause
Alameda Creek Alliance	Common Cause California
American Farmland Trust AFT	Communities for a Better Environment CBE
Amnesty International	Council for a Liveable World CLW
Better Business Bureaus - Wise Giving	Cultural Survival
Brady Campaign	Democracy for America
Bread For The World	Earthjustice
Calif. for Fair Elections	East Bay Bicycle Coalition
Calif. Council of Churches Impact	Environment California
Calif. League of Conservation Voters CLCV	Environmental Defense Fund EDF
Calif. for Population Stabilization CAPS	Fairness and Accuracy in Reporting FAIR
Calif. Rural Legal Assistance CRLA	Families Against Mandatory Minimums
Calif. Against Waste	Federation of American Scientists FAS
Carbon Tax Center	Friends of the River
Carter Center	Forest Service Employees for Environmental
Catalog Choice	Ethics
Center for Biological Diversity	Greenbelt Alliance
Children Now	Greenpeace
Children's Defense Fund CDF	Grist

Hayward Area Planning Association	Planning and Conservation League
International Crisis Group	Population Connection
J Street	Public Campaign Action Fund
Jane Goodall Institute	Rails to Trails
KQED National Public Radio	Save The Bay
League of Women Voters	Sierra Club
Link TV	Sierra Club Calif.
MAPLight.org	Sierra Club Bay Chapter
Mothers Against Drunk Driving MADD	Southern Poverty Law Center
Mountain Lion Foundation	TransForm
Moveon.org	Truthout
National Audubon Soc.	Union of Concerned Scientists
NorCal Solar Energy Assn	United Farm Workers UFW
Ocean Conservancy	United Nations Association of the USA
Oglala Lakota College	US League of Conservation Voters
Oxfam America	Witness for Peace
Parents and Friends of Lesbians and Gays	World Security Institute/Center for Defense
PFLAG	Information
Planned Parenthood Federation of America	Worldwatch Institute

Conservative, Liberal, Educated, Scientific: Choose the Last Two

We need less ideological extremism living in its own world, and more balancing of conservative and liberal values based on experience and pragmatism, on education and science.

Among the most bizarre of all the ideas damaging our future is that low tax - high deficit policies are somehow conservative. They are not; they are reckless, ideologically motivated, demagogic, and contrary to our best knowledge. Government serves conservative values, not just liberal ones.

High debt-low tax “conservatism” has lost its way. Real conservatives do not run big deficits. They may be mean SOBs, but they will be honest and cut spending to avoid a deficit if they want to reduce taxes. Real conservatives were upset by Obama’s failure to restore tax rates in late 2010 when he had the power to do so. In dictionary form: “Conservative: a political philosophy of small government and balanced budgets (obsolete).”

Pres. Obama could have implemented conservative policy in December, 2010, and failed to do so. As a moderate (who did not expect much), I lost confidence in him. As I write, he is proposing a tax on higher incomes similar to the one he could have had in 2010. It is, however, up to the voters to decide if they want to destroy the federal government, or grow up.

Taxes not only should cover outgo, they should provide a level playing field for economic competition. Conservative should not mean government doing favors for some; it should mean creating a level playing field for all. Conservatives should not favor government picking winners in the tax code.

The Republicans now in Congress are incompetent. The August 3, 2011, newspapers reported that Congress failed to fund the **Federal Aviation Administration**, stopping work on a new air traffic control tower at Oakland Airport and throwing 60 people out of work, multiplied

into the thousands across the country. The Oakland contractor had to spend thousands of dollars a day in operating costs for something that does not yet actually operate. The program is 75 percent funded by user fees on fuels, passengers, and air freight, a system in place for decades. Ground safety inspectors were working without pay and charging necessary expenses to their personal credit cards, and 4,000 FAA workers were laid off. The FAA could not collect \$30 million per day in user fees, reducing future employment and growth. House Republicans held up \$2.5 billion in construction needed for employment and economic growth. **House Republicans, many months after they should have decided these issues, created unemployment** by refusing to approve FAA funding unless subsidies for some rural airports were cut and unless non-critical airline employees were prevented from voting to have unions.

In 2011 the nation underwent a national crisis because House Republicans demanded major domestic spending cuts and opposed any revenue increases as a condition to raise the **debt ceiling**. Yet they had quickly raised debt ceilings 10 times during the Bush years in order to allow more spending. While claiming federal spending was too high, the only spending they were willing to cut benefitted lower income people, and was too small to matter anyway.

House Republicans seems to have lost touch altogether, attacking social security for increasing the deficit when it has been decreasing it, cutting taxes below historic levels and labeling any rate restoration or loophole closing to reduce the deficit as a tax increase, and supporting spending with no taxes to support it.

While conservatives have gone off the rails, liberals have the frustration of not being able to get the votes **when most voters agree with most liberal positions**. Part of the problem is that regressive businesses have tons of money to mislead voters. For example, about 82 percent of the public disapproves of how Congress is doing its job, a fact widely reported in the media—and totally irrelevant. The media report on Congress, which is cheap, and not on 435 Representatives, which would be expensive.

What matters, and is not reported, is how the public feels about their Representative. Most people like their Representative, so the public would **reelect the same Congress they don't like**. Only the Members, not the Congress, can be held accountable. The voters are the problem, and they are hard for liberals to reach.

Another problem is that liberals can't seem to figure out some optimal amount of government; it's always more is better. The Europeans have had to wrestle more with this issue, and have cut back here and there, particularly on policies that tend to encourage unemployment.

Liberals love peace: "War is not an option." Well, I think war sometimes is an option, and if we are **to prevent war, we had better study it, a lot**. Simplistic demand for peace should go into nuanced demand to restrain Israel, the longest-running threat to its own security and ours. It should go into opposing weapons systems whose delays, costs, dangers, and irrelevance are undermining our security, and supporting the Federation of American Scientists and the World Security Institute for cost-effective defense. Cross-cultural nation building is more effective than fire power, and we are not good at it.

I'd especially like to see liberals find a way to reduce over-compensation at the top. Part of our malaise is not government, but of **a culture that favors excessive compensation for top executives** while cutting average pay and the workforce. The Advanced Democracies are out-performing the US with less extreme income disparities and more cooperative labor-management

systems. Sweden forces up the price of a cup of coffee in order to pay baristas well. Liberals can complain about CEO incomes all they want, but they need more analysis to define the worst of the worst and take market action against them. It won't be easy because of the diversity of priorities among liberals.

If I'm not liberal or conservative, what am I? My politics might be called **moderate contrarian**. Complex advocacy requires not compromising in the middle, but finding better ideas that balance of liberal and conservative values. Liberals are right about needing resources to solve problems; you can't do something with nothing. Conservatives are right about the need for competency, to use resources effectively. But by the time you get into the details of any one policy, the ideologies drop away and the details of the problem come into focus.

How do we deal with the problem of voters so uninformed they can be manipulated into voting against themselves? Highly educated people include ideologues, but a larger number with complicated and balanced views on issues. More education, inching along from The Enlightenment onward, is essential.

The Age of Enlightenment started something in 18th Century Europe and America, but, in its time, was only a tiny sliver of scientific progress, and even then had biases that would take science time to overcome. The Enlightenment enabled the educated to grasp the ability of science to be our best guides to how the created world works. Unfortunately, American fundamentalism and tribalism, from militaristic neocons to right religion to corporate hegemonism, is too much with us today, our very own soft but deadly fascism. While science and humane values seem now to have more support, the majority of voters are not there yet.

Using science instead of ideology does involve some knowledge of science and educated trust scientists. The advance of science in our lifetime has been incredible. We can't possibly understand the details of specialized scientific research; not even scientists know details outside their specialization. However, it is not too difficult to follow the main ideas using scientific news and great programs like Nature and NOVA. For example, the scientific consensus supporting basic global warming has as much unanimity as the most accepted of any scientific theory.

Global warming / fossil dependency is one of the top five problems, if not the top problem, in the world today. The US is the worst offender and doing the least about it. Other top problems are overpopulation / status of women, fresh water, the decline of the oceans with acidification, warming, over-fishing, and pollution, loss of wild land / biodiversity / nature services, and loss of ag land to chemicals, erosion, salinization and urbanization. Humanity is so smart it can destroy its planet but is not yet smart enough to save it.

I admire Al Gore for picking himself up off the floor after losing an election, knowing it was partly his fault, and deciding to lecture on global warming as the most important thing he could do with his life. He took in all that science had to offer and made it compelling, to the derision of the wilfully ignorant and pseudo-scientific hit men. I admire E. O. Wilson, whose language about science and its human meaning lifts it toward a religious spirituality. I admire Amory Lovins, the energy technologist wonk who gets the economics right. I admire Bill McKibben, whose eloquence about the obvious reaches so many. And many more. I admire the thousands of people working for the dozens of citizen advocacy groups that I support across a wide range of issues. I'm not sure if supporting do-gooders really works and I don't do it from pragmatism or sense of personal efficacy. I do it out of a sense of connection with other people and a fairly small planet.