

JAMES GALBRAITH
Professor, University of Texas

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PREPARED REMARKS

You've sung the hymns and heard the readings. This is the sermon. To begin on a somber note, the bubble and the bust of high technology, the debt build-up of American households, the obsession with a strong dollar -- all of this existed before we got George Bush. The late 1990s were a fine time, but they set the stage for a slump which began in late 2000, from which we have not recovered and will not recover soon.

Today almost nine million are unemployed. Many millions more are underemployed, and most of all, underpaid. That is our economic problem. Bush and company did not entirely create these conditions, but they have done nothing to make them better and much to make them worse. We have lost well over two million jobs since he took office, and almost half a million just since the last election.

Full economic recovery is going to be hard. It is not only a matter of spending more. Excess capacity affects the future of business investment no matter what. The reputation of American financial markets has been damaged by fraud and abuse. American households know they are in financial trouble. If you give them more income they will use it, in large part, to reduce debt. This is not a bad thing, but it does not promote recovery right away. And quite a bit of what households do spend, with extra income, drains away to imports.

In the near term, it is true that new tax cuts and more military spending may bring another false dawn. Alan Greenspan -- does anyone remember him? -- will do his best to keep the housing bubble blown up. Mr. Greenspan knows about blowing bubbles, but not even he can forever prevent them from popping. These measures will not bring us back to full employment.

The men in charge talk about growth, but actually they like stagnation. Do they really want full employment and strong labor unions and rising wages? I doubt it. Stagnation helps to justify more tax cuts. Their goal is plain: that financial wealth should be freed of tax. Two years ago, estate and income taxes were cut. This

year it was capital gains, dividends and again the top tax rate. Next year the sunset provisions in these measures will be removed. Quite soon, taxes will fall mainly on real estate, payrolls, and current consumption. Which is to say that taxes will be paid mostly by the middle class, by the working class and by the poor.

As financial wealth escapes tax, neither states, nor cities, nor the federal government can provide vital services – except by taxing sales and property at rates that will provoke tax rebellions. Every public service will fall between the hammer of tax cuts and the anvil of deficits in state, local, and federal budgets. The streets will be dirtier, as also the air, and the water. Emergency rooms will back up even more than they have; more doctors will refuse public patients. More fire houses and swimming pools and libraries will be closed. Public universities will cost more; the public schools will lose the middle class. Eventually federal budget deficits will collide with Social Security and Medicare, putting privatization back on the agenda.

I am from Texas, where you can see this future happening now.

We need to talk about the world outside. To the men in charge, it appears that the world outside is not really a partner or an ally. It is mainly a supplier. Cheap labor and cheap oil. I want to stop short of saying that we went to Iraq for the oil. We don't know that. But we do know that when we got there, we found that the oil was there, and the weapons of mass destruction were not.

The fact is, we are acquiring an empire. But the men in charge do not want to pay for it. They have no serious interest in providing security, infrastructure or civil administration to the territories they have conquered. And indeed none of these things are being provided.

Yet the burdens of empire can only grow as time passes. Sooner or later, we will have to choose between leaving our conquered territories and putting in the full force required to control them. One way we lose control, while the other can only add to the miseries of our balance of payments. How can the cost be met, especially, if the coin of our realm, the U.S. dollar, is at the same time losing its position? It won't be easy. The problem of empires, historically, is not military defeat. It is bankruptcy. Empires do not tend to business at home, and they tend to lose out to rivals who do. As once with Britain and America, so now with America and Europe? That could be how it will turn out. Do we want this? Much as we may admire and like our European friends, I don't think we do.

There is irony here for America's wealthy. While Bush may leave them untaxed, he will not leave them rich as they were. Already their stocks are off by trillions. Soon it will be their houses (and ours). And finally, as the dollar declines, it will be their cash holdings. An economy that fails for working Americans cannot work, in the long run, for the wealthy.

What then is our alternative? This is not a moment for “me-too” politics. If you accept the Bush administration’s agenda on taxes, or on empire, the game is up. You can’t escape from the rest. This is a moment for serious alternatives or none at all.

Let us therefore first off reject the vision of America as the New Rome. Collective security made possible the modern world. Only collective security can maintain it. It is the only security solution that is cheap enough to afford, and solid enough to endure. It is the only kind of security there really is.

Our military knows this. They can win any given battle. But can they provide the secure and stable environment afterward? Of course not. Fantasies of missile defense, of more preventive wars, of small nuclear weapons all presuppose a power and intelligence we do not actually have. In practice, in reality, empire is mainly a matter of garrisons. But how many young Americans do we really want to commit, on a permanent basis, to duty in places where they will be shot at and bombed, day after day, until finally we say, “enough”?

We need a new vision of who we are in the world. Let it rest on building up our friends and neighbors. Let us again be committed to building the core capacities – in education, public health, housing, transport – that underpin real development and also our own exports. We need, in the end, to pay our way in the world as honest countries do, and as we used to, mainly with the products of our labor and our knowledge. This means in particular that we must affirm the priority of national interest over that of the renegade corporation. No more Enrons – that global symbol of the corruption of our presence in the wider world.

At home, let us pursue the old goal of full employment – now using our public capacities as needed, until the private sector is ready to resume the lead. As Keynes said, there is work to do. There are people to do it. Let us bring them together. If interest rates are low, why shouldn’t states and localities borrow – with a federal guarantee – and do the work that needs to be done? The principle is simple: public activity should grow, not contract, when people and resources are unemployed.

We need many creative and productive private enterprises. But let us also build on the solid and mostly public foundations of education, health, safety, and a clean environment. Let us invest in our science and technology. We need utilities like water, power and basic communications under effective public regulation or in public hands. Let us also diversify our energy sources, begin the conserving transformation of our cities and transportation networks, and reduce – prudently – our dependence on oil. And Social Security and Medicare are the pillars of life in this country for the elderly.. – they must be defended and protected for as long as it takes. The elderly are not going to go away; the only real question is whether we provide and care for them properly or not.

Moving forward, we must finally design a decent system of health care for all. We must raise the minimum wage. We must support collective bargaining and restore a legal climate within which unions can work. We can fight poverty by protecting and expanding the Earned Income Tax Credit. And to protect those in deepest trouble, let's keep personal bankruptcy safe and legal.

To meet the state and local fiscal crisis with a concrete proposal, let me return to what was once a Republican idea. Revenue Sharing can prevent the worst cuts in schools and firehouses and basic health services over the next few years. We should make this a flagship program, on a scale large enough – say fifty billion dollars a year for three years – to make a serious difference. I'd propose twice that if I thought it was realistic. The point is that states and localities should not be cutting services at all. And only federal help can prevent what is socially and economically destructive.

To pay for this, not immediately but over the years ahead, the Bush tax cuts should be almost completely repealed. To our friends among the wealthy of this country, let us say plainly: you are better off being prosperous and paying tax, than going down in the first-class cabins of a sinking ship.

Our task is not merely to boost the economy for a year or two. Even Republicans can do that. Our task is to prepare for a different and better world. It is to build an economy that really does work for working people. And for that, we need to be serious about what we think, what we say, and what we propose. The times call for substantial departures. They will require that we redefine and restate what we stand for in the country. They will require that we reaffirm what our country ought to stand for in the world. We can begin that task here today.

Thank you very much.

James K. Galbraith is Chair of Economists Allied for Arms Reduction (www.ecaar.org) and a Vice President of Americans for Democratic Action. He teaches at the Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin, and is Senior Scholar with the Levy Economics Institute.