

## Fixing the economy, a new focus for Congress

By Katrina vanden Heuvel

The Perils of Pauline melodrama over the “fiscal cliff” will drag on as Washington heads toward another “debt ceiling” faceoff that will climax over the next eight weeks or so.

This farce captivates the media, but no one should be fooled. This is largely a debate about how much damage will be done to the economic recovery and who will bear the pain. There is bipartisan consensus that the tax hikes and spending cuts that Congress and the White House piled up to build the so-called fiscal cliff are too painful and will drive the economy into a recession. So the folderol is about what mix of taxes and spending cuts they can agree on that won't be as harsh.

Largely missing is any discussion of how to fix the economy, to make it work for working people once more. Just sustaining the faltering recovery won't get it done. We're still struggling with mass unemployment, declining wages and worsening inequality. Corporate profits now capture an all-time record percentage of the economy; workers' wages have hit an all-time low. A little constriction, or a lot, won't do anything to change that reality.

So how about a New Year's resolution for Washington's political class: Vow to focus on what can be done to fix the economy, rather than on how much to lacerate it. That would require dealing with causes, not effects. And those surely would include:

**Inequality:** Clearly — as even the International Monetary Fund has recognized — extreme inequality saps the effective demand needed for a robust economy.

We need to rebuild a middle class if we want to again have a vibrant, growing economy. That requires a lot more than repealing the Bush tax breaks for the top 2 percent. We should be lifting the minimum wage, empowering workers to bargain for a fair share of the productivity and profits they help to generate, and limiting CEO pay packages that give them multimillion-dollar incentives to ship jobs abroad or plunder their own companies. Congress and the White House might also imitate the Federal Reserve and keep pressing the stimulus pedal until we move much closer to full employment.

**Catastrophic climate change:** Gross domestic product registers growth when people go to work picking up the pieces after a climate disaster, but Americans suffer rather than benefit. It's long past time for the United States to get serious about global warming, make the investments needed to capture a lead in the green industrial revolution that is sweeping the world, end the subsidies to Big Oil and King Coal, and help the movement to clean energy.

**Fixing health care:** The wrongheaded agonizing over whether to cut scholarships for poor students or lay off food inspectors ignores the gorilla in the accounting books. Our long-term budget deficits are a consequence of our broken health-care system. If we spent per capita what other industrial nations spend on health care (with, incidentally, better health results), we would be projecting surpluses. This isn't about stripping 65-year-olds of Medicare; it's about taking on the drug and insurance companies and hospital complexes that drive up our costs. Affordable health care is a right, not a privilege.

**Rebuilding America.** While Washington hyperventilates about cutting spending, the excesses of this conservative era have starved society of essential building blocks. A high-wage economy needs a modern, efficient, world-class infrastructure to be competitive. Families depend on effective governance for clean air and water, safe sewage, enforcement of occupational safety standards, world-class schools and more. Our debate has deteriorated to the point that a Democratic president brags that domestic discretionary spending — which covers basic public services from the Coast Guard to child nutrition — will be cut to a share of the economy not seen since Eisenhower. That is, in a word, goofy.

Why not at least begin an informed discussion of the services we need and the ways we can afford them?

The Congressional Progressive Caucus has started that discussion with its “Deal For All” — a smart mix of fair-share taxes and cuts designed to ensure that those who never benefited from “shared prosperity” don't get whacked unjustly by the prevailing mantra of “shared sacrifice.”

Americans, sensibly enough, will grow more disgusted with Washington whatever resolution is reached on the fiscal cliff over these next weeks. Politicians will continue to fight about how much damage to do, not how to build what comes next. What the country needs is legislators who will focus on building rather than dismantling.

Katrina vanden Heuvel is the editor and publisher of The Nation magazine. She writes a weekly online column for The Post.

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