<u>Joel Kotkin</u> thinks our country is in decline and suggests we need to grow out way out of it.

Across broad ideological lines, Americans now foresee a dismal, downwardly mobile future for the country's middle and working classes. While previous generations generally did far better than their predecessors, those in the current one, outside the very rich, are locked in a struggle to carve out the economic opportunities and access to property that had become accepted norms here over the past century.

This deep-seated social change raises a profound dilemma for business: Either the private sector must find a way to boost economic opportunity, or political pressure seems likely to impose policies that will order redistribution from above. It is doubtful the majority of Americans will continue to support an economic system that seems to benefit only a relative few. Looking at our unequal landscape, one journalist recently asked: "Are the bread riots finally coming?"

By 2020, according to the Economic Policy Institute, almost 30% of American workers are expected to hold low-wage jobs, with earnings that would put them below the poverty line to support a family of four. The combination of high debt and low wages has some projections suggesting millennials may have to work until their early 70s.

But our new pessimism and widening class divide stems not only from the concentration of wealth and power, but from the persistence of weak economic growth. ...

More from <u>Michael Goodwin</u> who says the American spirit is breaking.

The official opening of the 9/11 museum brought President Obama to New York and sparked fresh reminders of the horror of that awful day. The president called the site "sacred" and gave

fresh reminders of the horror of that awful day. The president called the site "sacred" and gave a moving speech about the American spirit, saying, "Like the great wall and bedrock that embrace us today, nothing can ever break us."

It is the right thing to say and the right place to say it. But is it true? Is the American spirit really unbreakable?

I have my doubts.

There are many examples that say our spirit is breaking if not already broken. One involves a Wall Street Journal report that, six years after the housing bubble popped and sank the economy, federal officials want to lower mortgage standards again so more people can buy houses that they can't afford. Been there, done that would seem to be the logical response, but the idea is gaining momentum because so few people can legitimately qualify for credit that the only way to spur housing growth is to junk the standards.

The same thing is happening in schools. Americans overwhelmingly agree that our educational system, once the envy of the world, is now lagging. ...

Ron Christie says the VA scandal is real and the president is hiding from it. Up to now, President Obama and congressional Democrats had thought "so-called" scandals involving Benghazi, the IRS, and Operation Fast and Furious were largely behind them. Nothing to see, just Republican witch hunts designed to embarrass the president and perhaps land blows against Hillary Clinton. But recent revelations about shoddy care at Veterans Affairs (VA) facilities across the country have brought bipartisan condemnation from Capitol Hill that should worry a commander in chief whose reaction to the brewing tempest has been muted at best.

What is most surprising about the present controversy surrounding the substandard treatment at the VA, in which at least 40 veterans lost their lives while awaiting treatment, is that House Veterans Affairs Committee Chairman Jeff Miller (R-FL) had alerted the president to trouble nearly a year ago. In a letter dated May 21, 2013, Miller began:

Dear Mr. President: I am writing to bring to your attention an alarming pattern of serious and significant patient care issues at the Department of Veterans Affairs Medical Centers (VAMCs) across the country. Recent events at the Atlanta, Georgia, VAMC provide a perfect illustration of the management failures, deceptions, and lack of accountability permeating VA's healthcare system...I believe your direct involvement and leadership is required.

A year on from Chairman Miller's letter, the <u>revelations of substandard care, neglect</u>, and waste seem to have magnified, rather than been reduced. For a president who seems to have endless amounts of time to talk about the miseries of those living on the minimum wage, Obama's seeming indifference to the severity of the problems faced by our returning veterans seeking care at VA facilities is shocking. ...

Ron Fournier wonders how dumb the administration thinks we are.

News quiz: President Obama and his communications team hope that Americans are: 1) Dumb;

2) Distracted; 3) Numb to government inefficiency; 4) All of above.

Answer: 4, all of the above.

That answer along with utter incompetence are the best explanations for why the White House thought it could get away with claiming that the <u>departure</u> of Veterans Affairs official Robert Petzel was a step toward accountability for its scandalous treatment of war veterans.

Fact is, the department announced in 2013 that Dr. Petzel would retire this year.

"Well, Secretary Shinseki accepted Dr. Petzel's resignation this afternoon. He was due to retire early next month, and obviously there has been a nomination made for his replacement," White House Chief of Staff Dennis McDonough told CBS's Major Garrett last week. "I leave to Rick the explanation of his decision, but there is no question that this is a termination of his job there before he was planning to go."

No. This was neither a termination nor a housecleaning. It was a scapegoating. ...

Jim Geraghty says the president is madder than anybody.

The Obama administration is dangerously depleting our nation's reserves of speechwriting clichés.

For example, when some terrible mess blows up on the president's watch, what does he say? Come on. You know it.

No one is madder than him.

After White House Chief of Staff Denis McDonough <u>assured the public</u>, "nobody is more outraged about this problem right now" than President Obama -- an outrage that has yet to be expressed in anything more than pro forma public statements -- Reid Epstein decided to look up how often the president assured all of us he was angry -- or perhaps more angry than anyone else! -- about failures of his administration or other setbacks.

It's quite a list:

October 2013: "Nobody's madder than me about the fact that the website isn't working as well as it should."

The IRS scandal, May 2013: "Americans are right to be angry about it, and I am angry about it."

April 2012, the Secret Service prostitution scandal: "If it turns out that some of the allegations that have been made in the press are confirmed, then of course I'll be angry." ...

NY Daily News

Reversing American decline

Inequality is just a symptom. What we need is growth.

by Joel Kotkin

Across broad ideological lines, Americans now foresee a dismal, downwardly mobile future for the country's middle and working classes. While previous generations generally did far better than their predecessors, those in the current one, outside the very rich, are locked in a struggle to carve out the economic opportunities and access to property that had become accepted norms here over the past century.

This deep-seated social change raises a profound dilemma for business: Either the private sector must find a way to boost economic opportunity, or political pressure seems likely to impose policies that will order redistribution from above. It is doubtful the majority of Americans will continue to support an economic system that seems to benefit only a relative few. Looking at our unequal landscape, one journalist recently asked: "Are the bread riots finally coming?"

By 2020, according to the Economic Policy Institute, almost 30% of American workers are expected to hold low-wage jobs, with earnings that would put them below the poverty line to support a family of four. The combination of high debt and low wages has some projections suggesting millennials may have to work until their early 70s.

But our new pessimism and widening class divide stems not only from the concentration of wealth and power, but from the persistence of weak economic growth.

Neo-populist groups on the left and the right have risen to employ political pressure to try and assure a decent quality of life. Ideologically robust liberals, like New York Mayor Bill de Blasio, have emerged as national symbols of a movement in which cities have pushed strong moves like a \$15 minimum wage (Seattle) and benefits for workers. Ironically, these are often the same places where wealth is most intensely concentrated and where the middle class has shrunk as a newly dominant, Obama-aligned Clerisy of public employee unions, government officials, academics and artists has gained the preponderance of political power.

The same sense of limited opportunity that drives the new progressives also motivates the popularity of libertarian and Tea Party activism on the right. Instead of state intervention, these groups have been attracted to the notion that removing barriers to economic growth will increase social mobility more effectively than redistribution by political fiat.

But these economic arguments that could generate more widespread support have been married with increasingly unpopular, often backward-looking social agendas that have allowed the Clerisy to portray them as fringe movements.

This has allowed Obama, de Blasio and others shape a new conversation centered on inequality, rather than growth. Oddly enough, it's a model that relies on Europe's example even as the continent's own economic prospects appear dismal, and mainstream political parties there are registering their lowest levels of popular support in decades.

Though it can help some in the short run, there is little reason to think that more redistribution by the state would improve material conditions over the long term for our working and middle classes, let alone expand them. Rather, it might end up expanding our underclass of technological obsolete and economically superfluous dependents. The 50-year War on Poverty, for example, has achieved few gains since the 1960s despite fortunes spent. Instead, the only significant gains in poverty reduction, at least among those working, have come when both the economy and the job market expand, as they did during the Reagan and Clinton eras.

Clearly, as both those Presidents recognized, the best antidote to poverty remains a robust job market.

Yet even this progress has not helped the poorest of the poor, many of whom are marginally, if at all, connected to the workplace. Since 1980, the percentage of people living in "deep poverty"-with an income 50% below the official poverty line — has expanded dramatically. Despite now spending \$750 billion annually on welfare programs, up 30% since 2008, a record 46 million Americans were in poverty in 2012.

It is possible that, as Franklin Roosevelt warned, a system of unearned payments, no matter how well intended, can serve as "a narcotic, a subtle destroyer of the human spirit" and reduce incentives for recipients to better their own lives. The activist welfare-based philosophy, following the European model, would likely include not only historically poor populations, but part-time workers, perpetual students, and service employees living hand to mouth, who can make ends meet largely only if taxpayers underwrite their housing, transportation and other necessities. This trend towards an expansive welfare regime could be bolstered by our falling rates of labor participation — now at its lowest level in at least 25 years, and showing no signs of an immediate turnaround.

And the European model shows little evidence of the benefits of redistribution given the persistently high rates of unemployment, particularly among the young, across most of the EU; indeed much of the continent's youth are widely described as a "lost generation." Pervasive inequality and limited social mobility have been well-documented in larger European countries, including France, which has one of the world's most evolved welfare states. It is even true in Scandinavia, often held up as the ultimate exemplar of egalitarianism, but where the gap between the wealthy and other classes have increased in Sweden four times more rapidly than in the United States over the past 15 years.

To be sure, progressive, or even ostensibly socialist approaches can ameliorate the worst impact of economic decline on lower-income people. But under left-wing governments — Socialists in France, New Labour in Britain and the Obama Administration in the U.S. — class chasms have increased markedly under leaders who insist their policies will reduce inequality. Much the same has occurred in countries with more conservative approaches.

In the absence of a focus on growing economies more rapidly and broadly, both political philosophies fall short.

But maintaining the prospect of upward mobility is central to the very idea of America. For generations, the surplus working class populations of the world have flocked here in search of opportunities unavailable in their home countries. In contrast, there remain few places for America's aspirational classes to go.

Fortunately, the capitalist system, particularly under democratic control, allows for the possibility of reform. Take Great Britain, the homeland of the industrial revolution. In response to mass poverty and serious public health challenges during the 19th century, social reform movements led by the clergy and a rising professional class organized to address the most obvious defects caused by economic change. It is one of history's great ironies that at the very time that Karl Marx was composing Das Kapital in the library at the British museum, life was rapidly improving for the British working class. Far from having "exhausted its resources" and precipitating all-out class war, the inequality so evident in mid-19th Century Britain began to narrow through natural economic forces and the growing power of working-class organizations. The working-class revolution in Britain, which Friedrich Engels insisted "must come," never did.

Similarly, the Depression, brought on by what Keynes called "a crisis of abundance," was addressed more by measures to spur mass demand than relying on redistribution. The New Deal, and then the Second World War, expanded government support for public works, education and housing, as well as infrastructure and research and development. Programs enacted then and after the war also encouraged widespread property ownership.

This state expansion was generally aimed at increasing economic opportunity-for example, by developing technologies that could stimulate new industrial sectors, new firms, and create new wealth. Today's, on the other hand, is simply transferring income from one group to another.

Whatever criticisms can be made of mid-century America, during this period the nation transformed what had been a strongly unequal country into one where the blessings of prosperity were more broadly shared. In the 1950s, the bottom 90% held two-thirds of the wealth here. Today they barely claim half.

Sparking beneficial economic growth requires a shift in priorities, and thus presents a challenge to the new class order dominated by Wall Street, the tech oligarchy and their partners in the Clerisy. It is not enough merely to blame the so-called 1%, but to shift the benefits of growth away from the current hegemons, notably in the very narrow finance and high-tech sectors, and towards those involved in a broad array of productive enterprise.

The American economy's capacity for renewal remains much greater than widely believed. Rather than a permanent condition of slow growth, the United States could be on the cusp of another period of broad-based expansion, spurred in part by its rapidly growing natural gas and oil production — a once-in-a-lifetime opportunity as cheap and abundant natural gas is luring investment from manufacturers from Europe and Asia, and providing good-paying American jobs.

This, along with growth in manufacturing, could spark better times for the middle class, as would the re-igniting of single-family home construction.

If America really wants to confront its growing class divide, it needs to spark such broad-based economic growth, rather than simply feathering the nests of the already rich, privileged and well-connected.

Kotkin is the RC Hobbs Fellow of Urban Studies at Chapman University. His next book, "The New Class Conflict," will be published in September by Telos Press.

Daily Beast

The Scandal at the VA Is Real, and Obama Is Ducking It

Democrats can dismiss Benghazi and the IRS as pseudo-scandals, maybe, but 40

veterans have died, and where has Obama been? Totally absent.

by Ron Christie

Up to now, President Obama and congressional Democrats had thought "so-called" scandals involving Benghazi, the IRS, and Operation Fast and Furious were largely behind them. Nothing to see, just Republican witch hunts designed to embarrass the president and perhaps land blows against Hillary Clinton. But recent revelations about shody-care-at-Veterans-Affairs (VA) facilities across the country have brought bipartisan condemnation from Capitol Hill that should worry a commander in chief whose reaction to the brewing tempest has been muted at best.

What is most surprising about the present controversy surrounding the substandard treatment at the VA, in which at least 40 veterans lost their lives while awaiting treatment, is that House Veterans Affairs Committee Chairman Jeff Miller (R-FL) had alerted the president to trouble nearly a year ago. In a letter dated May 21, 2013, Miller began:

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A year on from Chairman Miller's letter, the <u>revelations of substandard care, neglect</u>, and waste seem to have magnified, rather than been reduced. For a president who seems to have endless amounts of time to talk about the miseries of those living on the minimum wage, Obama's seeming indifference to the severity of the problems faced by our returning veterans seeking care at VA facilities is shocking.

Late last week, CNN's Jake Tapper grilled White House Chief of Staff Denis McDonough on the lackluster attempts by the administration to address mismanagement issues—if not criminally negligent behavior—at the VA. What I found revealing about the interview is the exchange where Tapper questions whether Veterans Affairs Secretary Eric Shinseki is up to the task at hand given that Miller warned the president a year ago about serious allegations of misconduct at the agency:

Jake Tapper: How many stories like this, how many letters like this, how many dead veterans do you need before someone asks the question within the White House maybe this guy isn't the best steward of these veterans?

Denis McDonough: The question, Jake, is are we doing everything we can every day to get the veterans the care and opportunities that they...

Jake Tapper: ... But you're not, this letter was sent a year ago and you guys ignored it.

Thus far, President Obama and his team have regarded the scandalous treatment of veterans seeking care from the government over which they preside as a political hiccup rather than an indefensible breakdown in competent management that has led to the deaths of at least 40 veterans. Late last week, McDonough <u>assured us</u> that Obama is "madder than hell" about the VA fiasco.

Please. We've seen the president show genuine flashes of anger toward the GOP in general, the Supreme Court following rulings he disagrees with, and anyone else who has the temerity to disagree with him on anything. In the present case Obama has largely been silent, absent, and behind closed doors—content to let Secretary Shinseki and White House Press Secretary Jay Carney bear the brunt of the growing storm in the media.

What is most shocking to me about the VA tempest is that it repeats a pattern of conduct we've seen from the president and his administration. Obama ran for president and asked Americans to hire him for another term based on his leadership skills, temperament, and ability to produce results. Instead, we've seen the president and his team evade responsibility (and with a tiresome frequency) for areas in which they are directly responsible, parse words in an attempt to mislead, and otherwise duck long enough for the political storm of the moment to pass over for sunnier days ahead.

Not this time. Americans of all political persuasions stand in solidarity behind those brave men and women who don the uniform to defend us from those who seek to harm our country and our allies. My Daily Beast colleague Jacob Siegel exclusively revealed that the VA facility in

Albuquerque, New Mexico is only the latest hospital to keep secret waiting lists—and to destroy documents revealing criminal misconduct.

A real leader stands up, accepts responsibility, and moves swiftly to fix management problems. A coward blames others, fails to accept responsibility, and reveals himself as small and not up to the duty and obligation to those he was elected to serve. The American people will discover in short order whether the president steps up to lead our returning heroes in the military to ensure they receive the medical care they have earned or whether he cowers to serve his political ambitions rather than accept responsibility. If he does the former, he will be justly applauded—if he does the latter the American people will be madder than hell at him for failing our veterans when they needed him the most. If Obama's past actions are any indication of what we can expect he'll do to resolve the scandalous mismanagement at the VA, I believe his standing with the American people will continue to erode to due to his failure to lead decisively.

National Journal

Quiz: How Dumb Does Obama Think We Are?

The Veterans Affairs policy fiasco is magnified by an insulting-public relations strategy. by Ron Fournier

News quiz: President Obama and his communications team hope that Americans are: 1) Dumb; 2) Distracted; 3) Numb to government inefficiency; 4) All of above.

Answer: 4, all of the above.

That answer along with utter incompetence are the best explanations for why the White House thought it could get away with claiming that the <u>departure</u> of Veterans Affairs official Robert Petzel was a step toward accountability for its scandalous treatment of war veterans.

Fact is, the department announced in 2013 that Dr. Petzel would retire this year.

"Well, Secretary Shinseki accepted Dr. Petzel's resignation this afternoon. He was due to retire early next month, and obviously there has been a nomination made for his replacement," White House Chief of Staff Dennis McDonough told CBS's Major Garrett last week. "I leave to Rick the explanation of his decision, but there is no question that this is a termination of his job there before he was planning to go."

No. This was neither a termination nor a housecleaning. It was a scapegoating. For all of its 21st-century savvy in the field of campaign technology, the Obama White House has repeatedly proven that its communications philosophy is stuck in the 20th century. Before the Internet gave voters instantaneous access to information, including every public utterance of the president and his team, White House strategists could hope to wear out the truth: If you said a lie enough, people might believe it.

It's harder to BS the public these days. White House press secretary Jay Carney still tries. On Monday, he repeatedly suggested that the American Legion had praised the move.

"The American Legion said that the group looks at Petzel's resignation as a, quote, step towards addressing the leadership problem at the VA. So I think that undercuts the assertion that that is not a meaningful development."

Carney cited the American Legion *nine* times during the briefing.

Unfortunately for Carney and his boss, ABC's intrepid White House correspondent Jonathan Karl has access to the Internet. "It turns out, however, the American Legion had issued a statement dismissing the resignation as 'business as usual,' " Karl wrote.

The statement calls for the removal of VA Secretary Eric Shinseki, whose firing would actually be a measure of accountability. Writes Karl:

When asked about the discrepancy, the White House pointed ABC News to articles in *The Washington Times* and *USA Today* that posted on Friday and quoted American Legion officials calling the resignation a "step towards addressing the leadership problem at the VA."

The official quoted, spokesman John Raughter, acknowledged saying it was a step forward but not much of a step.

"It was a small step," Raughter told ABC News. "It was going to happen anyway. So, I suppose it was better than if he had stayed on the job."

Was Raughter suggesting the problems at the VA had been addressed in a significant way?

"Not at all," he said. "We feel there is a cultural change that needs to be made."

In Obama's defense, he inherited a dysfunctional VA, and the agency has been overwhelmed by veterans returning from two wars he is winding down. But he pledged to reform the VA after blasting the Bush administration in 2007. Instead of getting better, the health care bureaucracy has worsened and become corrupted. Long delays are covered up and veterans are dying while awaiting care.

It's a policy travesty magnified by an insulting public relations strategy.

National Review

Obama's Fake Outrage, Fake Tirelessness, Fake Pay Cut . . . by Jim Geraghty

May 2010, the BP oil spill: "And I know that doesn't lessen the enormous sense of anger and frustration felt by people on the Gulf and so many Americans. Every day I see this leak continue I am angry and frustrated as well."

March 2009, the AIG bonuses guaranteed in TARP: "I don't want to quell anger," he said. "I think people are right to be angry. I'm angry."

He forgot one, though, when Obama was "apoplectic":

President Barack Obama is "apoplectic" about lavish spending at the GSA, one of his top advisers said Sunday.

"On the GSA issue, he was I think it's fair to say apoplectic," said David Axelrod, said on NBC's *Meet the Press.* "Because we made a big effort to cut waste, inefficiency, fraud against government, saved tens of billions of dollars doing it on just this very kind of thing. And so this was very enraging to him, and, of course, he acted quickly, the administration acted quickly and changed the management there."

At the time of the "apoplectic" comment, the president had not yet mentioned the GSA spending scandal in the preceding three weeks. Maybe it's a really quiet anger.

Then, of course, there's the tired cliché <u>suggesting that president Obama will never rest. Ever.</u>

APRIL 9, 2009: "And we will not rest until we reach a day when not one single veteran falls into homelessness."

MAY 11, 2009: "I will not rest until the dream of health-care reform is finally achieved in the United States of America."

<u>SEPTEMBER 15, 2009</u>: "I want you all to know, I will not rest until anybody who's looking for a job can find one -- and I'm not talking about just any job, but good jobs that give every American decent wages and decent benefits and a fair shot at the American Dream."

NOVEMBER 2, 2009: "We will not rest until we are succeeding in generating the jobs that this economy needs."

NOVEMBER 23, 2009: "I will not rest until business are investing again, and businesses are hiring again."

This was a <u>particularly good one</u>, considering the time and the place: **Obama, speaking from Hawaii, where he and his family are vacationing**, told Americans, "We will not rest until we find all who were involved and hold them accountable."

JANUARY 28, 2010: "We will not rest until we build an economy that's ready for America's future."

MARCH 5, 2010: "I'm not gonna rest and my administration is not gonna rest in our efforts to help people who are looking to find a job."

MAY 26, 2010 : "We will not rest until this well is shut, the environment is repaired and the clean up is complete."

Okay, BP did eventually shut down the well.

JULY 8, 2010: "My administration will not rest until every American who is able and ready and willing to work can find a job."

That nice list above missed one big one, although this one was from Hillary Clinton: "What happened in Benghazi was a terrorist attack and we will not rest until we have tracked down and brought to justice the terrorists who murdered four Americans."

Yes, the "we will not rest" pledge is always an unrealistic promise. No, no preceding president gave up sleep after making a similar pledge. But there's something about Obama's promiscuous use of the pledge that makes everyone involved a little cheaper -- his speechwriters for going back to that dry well again and again, the president for managing to deliver the line for the thousandth time and sounding like he means it, and everyone who applauds for acting like saying it means something.

As <u>Frank Drebin said</u>, "Wilma, I promise you; whatever scum did this, not one man on this force will rest one minute until he's behind bars. Now, let's grab a bite to eat."

Remember "all statements from Barack Obama come with an expiration date"?

And then of course, there's the symbolic pay cut:

The White House is refusing to confirm whether President Barack Obama followed up on his pledge to take a five percent pay cut due to sequestration last year.

Obama <u>promised</u> last April to take a 5 percent pay cut in "solidarity" with federal employees who were furloughed as a result of the automatic budget cuts, known as the sequester. The cut was meant to equate to the level of spending cuts imposed on nondefense federal agencies.

"The president has decided that to share in the sacrifice being made by public servants across the federal government that are affected by the sequester, he will contribute a portion of his salary back to the Treasury," a White House official said at the time.

The White House would not respond to numerous requests submitted by the *Washington Free Beacon* to the White House press office to confirm that Obama did, in fact, write checks to the Treasury.

And then, of course, there's the "I'll-march-with-you" pledge to labor unions:

On Nov. 3, 2007, Barack Obama -- then a senator running for president -- pledged to a crowd in Spartanburg, S.C., that he would watch out for unions and protect their collective bargaining rights. "If American workers are being denied their right to organize when I'm in the White House, I will put on a comfortable pair of shoes and I will walk on that picket line with you as president of the United States," Obama said.

Which, of course, never happened. Even during the fights over collective bargaining for public-sector workers in Wisconsin.

<u>lowahawk summarizes it well</u>: "I pledge to have my top men get to the bottom of these phony scandals that I'm madder than hell to have only learned about from the papers."















