

Editorials



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Linda Chavez



Turning good news into bad

With housing prices falling, energy prices climbing and the stock market on a roller coaster, it's no wonder many Americans are worried about their economic condition. But a new study on economic mobility in the United States suggests most of us are much better off than our parents were. Two out of three Americans have incomes higher than their own parents, and nearly 80 percent of children whose parents were in the poorest group of Americans in the late 1960s have a higher income than their parents.

The study was published by the Economic Mobility Project, a consortium made up of researchers from four widely respected public policy groups: the conservative American Enterprise Institute and Heritage Foundation, and the liberal Brookings Institution and Urban Institute. The data come from an analysis of more than 2,300 native-born Americans who were under 18 years of age in 1968 and were included in the Panel Study of Income Dynamics. The PSID is an annual survey of 8,000 families and is considered one of the best sources available for longitudinal data on income, health and social behavior for a representative sample of Americans.

In 1968, median family income for the group was \$55,600 (measured in inflation-adjusted 2006 dollars), compared with \$71,900 today — a whopping 29 percent increase. But those numbers don't fully reflect how much better off families are today. Families in 1968 were larger on average, comprising 3.1 individuals in 1968 but 2.1 persons now. Since there are many more childless couples and single parents today, the average family's income is spread among fewer people.

And, since the study counted only cash income, it substantially understated the economic condition of the poorest families who receive non-cash assistance such as food stamps, subsidized housing and medical care. By all economic measures, the poor are better off today than they were a generation ago. Cash income alone among the poorest fifth of native-born Americans was up 18 percent in inflation-adjusted dollars during the period.

The findings probably will come as news to those Americans who think the middle class and poor are worse off today, a view Democratic politicians and the media hammer home every chance they get. The Washington Post, for example, headlined a story about the study by Post columnist Eugene Robinson "Tattered Dream," which argued that "the American Dream is nothing but false hope."

Robinson latched onto the finding that only 6 percent of those persons whose parents were in the poorest fifth of American families in 1968 had managed to climb into the wealthiest fifth by the time they were in their late 30s or 40s. He doesn't bother to quote the study's finding that "[c]hildren born into the bottom fifth are more likely to surpass their parents' income than are children from any other group."

What seems to irk Robinson and others looking for bad economic news is the finding that income among the top two quintiles has gone up more than among the middle and lower two quintiles — 52 percent for the top fifth, 39 percent for the second fifth, while only 29 percent for the middle, 22 percent for the second lowest and 18 percent for the bottom fifth.

In other words, even though all Americans are much better off today than they were a generation ago, the most affluent Americans have improved their status relative to others. Robinson doesn't tell readers that more than 60 percent of children born into the wealthiest group don't stay there, slipping down into lower income groups, including almost one in 10 who slip into the poorest fifth of Americans.

About one-third of all Americans are upwardly mobile, according to the study, meaning not only do they earn more money than their parents in absolute terms, but they improve their ranking relative to others. Another third, though their incomes are higher than their parents', remain at the same relative rank, and one-third slip into lower ranks than their parents'.

This seems to depict an almost perfectly mobile society, with equal percentages of Americans moving up, staying the same or moving lower in relative economic standing. But some folks, it seems, will always find a way to turn good news into bad.

Linda Chavez is the author of "An Unlikely Conservative: The Transformation of an Ex-Liberal" and a columnist with Creators Syndicate.

Letters

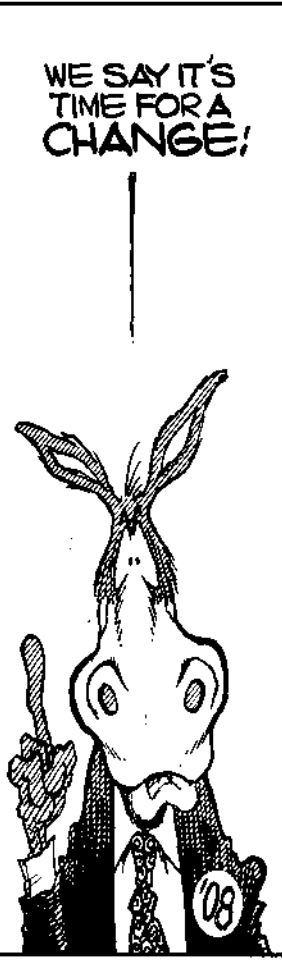
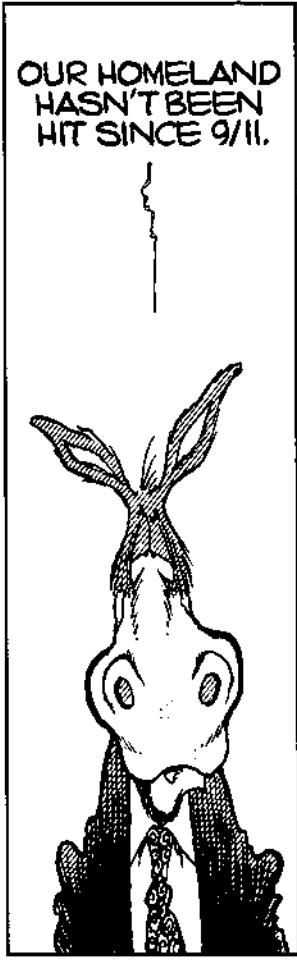
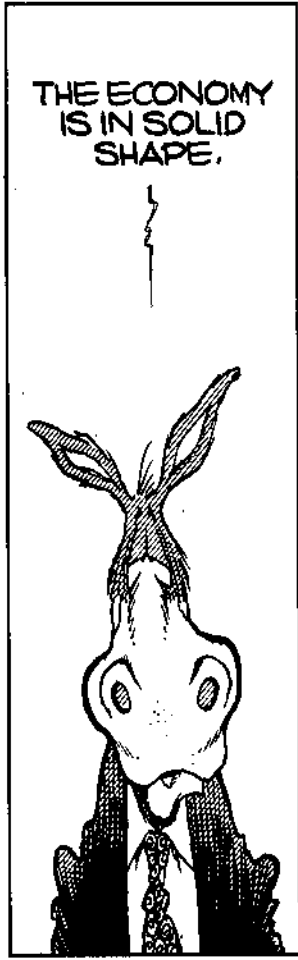
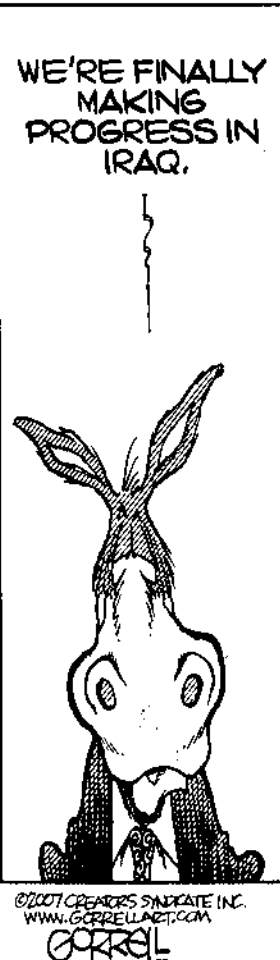
Fix our streets

I see the city fathers have agreed to a \$416,635 bid to fix the Hanna Springs Swimming Pool.

Then they accepted a \$406,111 bid to fix the golf course.

I want to address a question to our City Council: When you finally get all the toys fixed, would you consider fixing Gamel and East Avenue?

Harry Hendrix



Do we know what we want?

The extended therapy session informally known as the 2008 presidential campaign takes new twists, new turns. We might manage, by the time it's over, 11 months hence, to figure out what we really want as a nation. Though one tends to doubt it. And if we do figure it out, we'll almost surely change our minds.

Maybe it does take all these months to work out our feelings. It's the only possible rationale for watching the candidates so long, so intently.

This week's story? Huckabee against Obama in '08. Actually, that's an extrapolation from circumstances, impressions and statistics. But we're pointed that way, Barack Obama as the Democratic candidate, Mike Huckabee as his Republican adversary. This, thanks to the latest poll results in Iowa, along with a great deal of head-scratching in the media.

Obama-Huckabee is one I'll believe when it see it, and then probably only after half a bottle of cheap chardonnay. Still, it means — get ready — that Democrats are looking for a man who is his own man (and maybe also can Bring Us Together), whereas Republicans are looking for a man of the people.

There is a common thread here with some strength, and we might examine it for a minute.

What people seem to want is something different from what they have. There's an awful lot of been-there-done-that to the voter reactions we read about. We've had the Clintons (and there are those who would say the Clintons have had us!). They just keep circling the heliport: landing, taking off, landing again. Nor was Hillary Clinton, outside feminist circles, much valued for herself; it was more a case of two for the price of one.

To Republicans — so I speculate — Huckabee just looks and sounds different. (May I pause to claim credit for identifying him five years ago as a terrific speaker, with a possible future in the party, after I heard him address some Republican gathering or the other?) He's got that good old Southern preacher's cadence, and he kind of socks it to Wall Street.

But do The People want him? Do they want Obama? You'll have to work hard to convince me they do. "I want to be president of the United States of America," says Obama. He'd be the first such president since maybe Monroe. We all know the degree of unity in the



William Murchison

United States. Propose something; watch the hit squads go into action. How long before Obama has to move from glittering generality to sharp-edged specificity?

A little populist rhetoric from a Southern governor can fire up the troops, but a Republican less than committed to free-market capitalism — the best economic system in the world — is riding for a fall.

Right now, the sheer diversion of hearing and seeing these two keeps the accolades piling up. We may soon enough want something else new. One shouldn't doubt there's a sincere interest in unity — given the severe disunity that mars our present politics. No doubt, what we call populism (though the historians might call it something else) appeals to many. Yet a deep and deepening suspicion grows. It is that in this era of the Internet's 24/7 news cycle, the new and fresh has to be newer and fresher than ever before to hold our interest because when it quits being new and fresh, that's all she wrote. (I'm advised to check out the song charts if I don't believe it, but I haven't been able to understand most lyrics since "I'm Leavin' on a Jet Plane.")

On will go our therapy session for a while. We'll figure out in due course what we want, but I wouldn't count on the sensation's lasting. Even Hugo Chavez, we note, is wearing out his welcome in Venezuela, as whomever we elect president will after awhile. The Aussies last month threw out their best prime minister in over half a century — tired of him.

For the familiar, the rooted, the established, the traditional, these aren't encouraging times, which is why you hear us conservatives sighing more often than laughing.

William Murchison is a columnist with Creators Syndicate.

Highway designation

I have just learned that the city of Kempner celebrated 10 years of existence, and it just doesn't seem that long ago. I am very proud of the fact that my mother was one of the five who sounded the alarm and gathered the papers for the attorney who paved the way that got the incorporation process started.

What really prompted my mom, Judge Prugh, Vanita Craft, Randy Lake and Mr. Guthrie to start the incorporation was the fact that Mrs. Craft learned the Copperas Cove city manager planned to strip-annex all the way to the Lampasas River. The appointment with the attorney in Austin was made on a Thursday, and they had to have all the preliminaries done before the City Council in Copperas Cove was scheduled to meet the following Tuesday night. I could not believe that all the requirements for getting the signatures and the boundaries completed to present the county judge on Monday morning were accomplished.

Knowing these five people, they had us going full speed to get the signatures required to establish a boundary for the city limits. Mrs. Prugh prepared the documents required; Judge Prugh took the documents to the county judge, who signed them at 8 a.m. on Monday morning. That essentially temporarily stopped Copperas Cove from the planned annexation. From there, several meetings were held, and these five formed a steering committee that required an election to get the approval of the citizens who resided in the proposed city limits. The incorporation was overwhelmingly approved.

That is the best information I have on what actually took place. Concurrently with this, Kathy Groothoff almost single-handedly, with a little help from Mom, completely renumbered and renamed all the county roads and streets in Lampasas County. I am told Lampasas County is one of the few counties in Texas that has the honor of complying with the state and highway numbering system. The streets in Kempner

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were all named, and all the signs were in place to assist emergency responders.

I should add, however, that along U.S. Highway 190 from the east to the west limits of Kempner that was designated as Col. Walter L. Prugh Expressway has not been kept up.

I talked with Judge Prugh the other morning and informed him that I was very disgusted with the city government because they had failed to honor my mom, Sylvia Tucker, and Judge Prugh by keeping the designation in place. (The Judge Prugh sign was placed in the dirt along the highway.) He informed me that I should take it up with the City Council; he did not have anything to do with the designation. I think it would be very important for the city to fulfill that requirement.

Out of respect for my mom and the contributions she made to the Kempner community and for the many things Judge Prugh has done for the community, this highway designation should be replaced as soon as possible.

Vincent Tucker
Kempner

From the Bible

"For the grace of God has appeared, bringing salvation to all men."

Titus 2:11

Edwin Feulner



Building real wealth

Every silver lining, it seems, comes with at least a little bit of cloud.

Take Individual Retirement Accounts and 401(k)s. They've made the U.S. into a nation of investors. Millions of people earn billions of dollars by purchasing stocks and bonds through retirement accounts.

But the one drawback is that, by turning Americans into investors, IRAs mislead people about the future of Social Security.

You see, when you put money in a retirement account, you're investing real money and earning real returns. For example, a \$1,000 investment in the Dow Jones industrial in 1981 was worth \$12,238 by the end of 2006.

Social Security doesn't work that way. You and I fund it through our payroll taxes. And although there's supposedly a "trust fund," it only holds IOUs. The government actually spends every Social Security tax dollar it collects. Yes, it collects more than it pays out in benefits (for now), but no money is being set aside.

Instead, the surplus is turned over to the Treasury. In return, the trust fund gets an IOU — essentially a promise from one wing of the government to pay another wing of the government back.

So the trust fund isn't an asset the way an IRA is. It's an unfunded obligation. There are about \$2 trillion worth of IOUs in the trust fund. That's an awfully big promise for tomorrow's taxpayers to make good on. And the day of reckoning fast approaches.

According to the program's trustees, in just 10 years Social Security will start paying out more in benefits than it collects in taxes. And the shortfalls will soar quickly as more and more baby boomers retire, leaving fewer workers to pay into the system each year.

This fact ought to concern all the presidential hopefuls, especially since in 2009 the annual Social Security surpluses that Congress has been borrowing and spending will begin to shrink. With less money pouring in each year, lawmakers will either need to borrow more or spend less.

Recently, Democratic hopeful Barack Obama did introduce a plan. He told NBC's "Meet the Press" he'd favor raising payroll taxes. This wouldn't work, because while it would bring in more money, the extra cash that's collected would still be spent immediately. So a tax increase, no matter how large, doesn't make it possible to save money up for the future.

Obama's leading opponent, Hillary Clinton, understands that. "If you lift the cap completely, that is a \$1 trillion tax increase. I don't think we need to do that," she said during a debate. Unfortunately, Mrs. Clinton also actively opposes the reforms needed to stabilize Social Security itself and give workers the tools to build a truly secure retirement.

The best way to put Social Security on solid financial ground is to create retirement accounts that individual workers would own. Each worker should be allowed to control a portion of the payroll taxes Washington takes from his or her paycheck. As with an IRA, the worker would be able to invest and grow this money.

An alternative to such accounts would be massive tax increases and benefit cuts, two options that would be bad for our economy and for any politician who supported them.

Even this won't be enough, though. Lawmakers will still need to reduce spending elsewhere so there's enough money available to fund the individual accounts. Fixing Social Security will be a long and expensive process, and the cost rises each year we delay.

Tens of millions of Americans have already joined the investor class. We need to open that option to millions more and allow them to build real wealth for the future. That's smarter than counting on Uncle Sam to keep his fiscally irresponsible promises.

Ed Feulner is president of The Heritage Foundation, a public policy institute based in Washington, D.C.

Letters Policy

The Lampasas Dispatch Record encourages letters from its readers. They should be to the point, typed if at all possible, and signed. Address and telephone numbers also should be included for verification purposes. Only one letter per writer will be considered in a 60-day period. Letters will be printed on a space-available basis. Letters should stick with issues and not simply be personal attacks. Those endorsing a particular position on issues of local interest will be accepted, however letters endorsing a political candidate will not be accepted. We reserve the right to edit for length, content and potentially libelous statements. Correspondence should be mailed to: Letters to the Editor, P.O. Box 631, Lampasas, TX 76550. Or send to letters@lampasasdispatchrecord.com.