

EDITORIAL



Capital gains tax is a Democratic Party test

The tax reform of 1986, hailed by Ronald Reagan as "the best anti-poverty, pro-family measure and the the best job-creation program ever to come out of the Congress of the United States," did help those in the lowest income brackets, but it was a godsend for the rich. While the 41 million taxpayers who earned less than \$20,000 a year saved an average of \$140 under the 1986 reform act, the 700,000 who earned more than \$200,000 saved an average of \$3,362. Under the previous law, itself a generous tax giveaway to the rich, there were 15 individual tax brackets ranging from 11 percent for the lowest incomes to 50 percent for the highest. The 1986 law substituted two rates with a "bubble" in between. Families of four with incomes up to \$30,000 now pay 15 percent and those above that and up to \$75,000 pay 28 percent, as do those with incomes of more than \$200,000. The bubble is for those with incomes from \$75,000 to \$200,000. They pay 33 percent, 5 percent more than the wealthiest Americans. In other words, the very rich got a lot larger tax cut in 1986 than any other group.

The rationale for this was twofold. First, Reagan argued, a 50 percent tax bracket "struck at the heart of the economic life of the individual, punishing that special effort and extra hard work that has always been the driving force of our economy"—as if the wealthy ever paid anywhere near the nominal 50 percent tax or were discouraged by it in their drive for greater and greater riches. And second, that the great volume of money left in the hands of the wealthy as a result of the tax cuts would be invested in productive enterprise, thereby creating good jobs and strengthening our economy.

But the American public did not really believe this, and a majority in Congress, even though dependent on financing from the wealthy, felt it politically necessary to close one of the favorite loopholes of the rich—the capital gains tax, under which 60 percent of the profit made from the sale of assets was tax-exempt. So capital gains are now taxed at the same rate as ordinary income.

Enter George Bush: There isn't much about which George Bush has been firm and decisive, but he has been absolutely clear about taxes. Taxes, at least those on the wealthy, will not be raised if he can help it. Indeed, as he made clear even during his 1988 campaign, he will do his best to cut the capital gains tax, which has now become the hottest issue in Congress.

Proponents of a reduction in capital gains taxation—to a maximum of about 20 percent—argue that a lower tax on asset sales will encourage people to sell and reinvest in productive enterprises, thereby stimulating the economy and creating jobs. Past experience, however, provides no evidence that this is so. It is much more likely that the great bulk of the money saved will be by the

wealthiest and that this will go into leveraged buyouts and other forms of speculation that only threaten greater instability in the economy.

Some in Congress also buy the administration argument that a cut in the capital gains tax will increase revenue because the lower rate will bring on a rush of asset sales that will more than make up for the lower rate. This may well be true for a year or two, but after that revenues will drop. In any case, if more revenue is what's needed, it can be raised simply. Congress need only extend the 33 percent bubble rate to all incomes above \$200,000. In other words, increase the tax rates on the highest bracket by 5 percent so it is in line with that of middle-income families. That is what Rep. Byron L. Dorgan (D-ND) has proposed, but which failed in an 18-18 tie in the House Ways and Means Committee.

Dorgan's proposal not only makes sense but is also in line with popular sentiment. There is little or no public support for yet another tax break for the wealthy. Indeed, the vast majority of citizens favor increasing taxes on the wealthy as a way of reducing the deficit. This is an issue on which the Democrats could finally begin to remake their public image in a positive way—though, of course, it might also exacerbate their fundraising problems. But the party can't have it both ways. Either they will have to start representing the majority of Americans, or continue to be the second party of big business. The latter path will lead them nowhere.

If you think crack is bad, try a puff of ice

Suppose, just suppose, that Bush's war on cocaine succeeds. Production is cut. Borders are tightened up to the point where it's too expensive to bring the stuff in. The street price of cocaine and crack go so high that use plummets.

Victory? Not quite. Even now, with cocaine abundant and prices low, a new, homemade competitor is beginning to flood the market. It's called smokable methamphetamine, or ice. It's a form of speed that provides a much longer period of euphoria than crack, followed by a much more depressing and dangerous reaction. And it is already widely available in Honolulu. This one makes crack look benign, according to press reports, and it can be made cheaply in the U.S. in simple laboratories.

In short, this problem is not going to be solved on the supply side. Even if cocaine were eliminated but the market wasn't, something else would take its place. Bush's war won't do, nor will media hysteria. The country needs a more serious consideration of this problem, and the sooner our "leaders" recognize this the better.

IN THESE TIMES

"...with liberty and justice for all"

Editor: James Weinstein

Managing Editor: Sheryl Larson

Senior Editors: Patricia Aufderheide, John B. Judis, David Moberg, Salim Muwakkil

Assistant Managing Editors:

Glenora Croucher, Peter Karman

Culture Editor: Jeff Reid

European Editor: Diana Johnstone

New York Editor: Daniel Lazare

In Short Editor: Joel Bleifuss

Copy Editor: Mary Nick-Bisgaard

Editorial Assistant: John Krzyskowski

Editorial Promotions: Maggie Garb

Researcher: Joan McGrath

Interns: Barb Ferry, Katharine Greider, Jim McNeill, Ray Walsh

Art Director: Miles DeCoster

Associate Art Director: Peter Hannan

Assistant Art Director: Lisa Weinstein

Typesetter: Jim Rinnert

Publisher: James Weinstein

Associate Publisher: Bill Finley

Co-Business Managers:

Louis Hirsch, Finance

Kevin O'Donnell, Data Processing Accounting

Advertising Director: Bruce Embrey

Office Manager: Theresa Nutall

Circulation Director: Chris D'Arpa
(on leave)

Assistant Director: Greg Kilbane

Concert Typographers: Sheryl Hybert

In These Times believes that to guarantee our life, liberty and pursuit of happiness, Americans must take greater control over our nation's basic economic and foreign policy decisions. We believe in a socialism that fulfills rather than subverts the promise of American democracy, where social needs and rationality, not corporate profit and greed, are the operative principles. Our pages are open to a wide range of views, socialist and non-socialist, liberal and conservative. Except for editorial statements appearing on the editorial page, opinions expressed in columns and in feature or news stories are those of the authors and are not necessarily those of the editors. We welcome comments and opinion pieces from our readers.

(ISSN 0160-5992)

Published 41 times a year: weekly except the first week of January, first week of March, last week of November, last week of December; bi-weekly in June through the first week in September by the Institute for Public Affairs, 2040 N. Milwaukee Ave., Chicago, IL 60647, (312) 772-0100.

Member: Alternative Press Syndicate

The entire contents of *In These Times* are copyright © 1989 by Institute for Public Affairs, and may not be reproduced in any manner, either in whole or in part, without permission of the publisher. Copies of *In These Times* contract with the National Writers Union are available upon request. Complete issues of *In These Times* are available from University Microfilms International, Ann Arbor, MI. Selected articles are available on 4-track cassette from Freedom Ideas International, 640 Bayside, Detroit, MI 48217. All rights reserved. *In These Times* is indexed in the Alternative Press Index. Publisher does not assume liability for unsolicited manuscripts or material. Manuscripts or material unaccompanied by stamped, self-addressed envelope will not be returned. All correspondence should be sent to: *In These Times*, 2040 N. Milwaukee Ave., Chicago, IL 60647. Subscriptions are \$34.95 a year (\$59 for institutions; \$47.95 outside the U.S. and its possessions). Advertising rates sent on request. Back issues \$3; specify volume and number. All letters received by *In These Times* become property of the newspaper. We reserve the right to print letters in condensed form. Second-class postage paid at Chicago, IL and at additional mailing offices. Postmaster: Send address changes to *In These Times*, 1912 Debs Ave., Mt. Morris, IL 61054.

This issue (Vol. 13, No. 36) published Sept. 27, 1989, for newsstand sales Sept. 27-Oct. 3, 1989.

Writers Union

AGOUTI

LETTERS

Harrington revisited

HAROLD MEYERSON'S OBITUARY OF MICHAEL Harrington (*ITT*, Aug. 30) was a carefully edited rendition of Harrington's past.

Meyerson's comments on Harrington's role in the debate within the Socialist Party (SP) over the Vietnam War are highly misleading. Harrington was part of the right wing of the SP that opposed participation within the anti-war movement because of the demand for the unconditional withdrawal of U.S. troops and because they wanted to work within the Democratic Party. (Being a loyal Democrat was hardly consistent with militant opposition to a war prosecuted by Johnson and Humphrey.)

The SP's right wing (Harrington as well as Shachtman) consistently voted against resolutions offered by the left wing (the Debs Caucus) calling for SP participation within the anti-war movement. Does anyone remember seeing Harrington, the then-national chair of the SP and well-known author of *The Other America*, at major rallies against the war?

It is true that eventually Harrington and his followers split from the Shachtmanites, but by that point it hardly mattered as the anti-war movement had completely bypassed the then-Socialist Party.

Michael Harrington made some important contributions to the American left. But his role during the Vietnam War was not one of them.

Norman Thomas himself was less than comfortable with Harrington as his "successor," since Harrington attempted to split the Socialist Party's youth group from the SP to Max Shachtman's Independent Socialist League before the ISI itself merged into the SP in the '50s.

Rick Kissel
Milwaukee

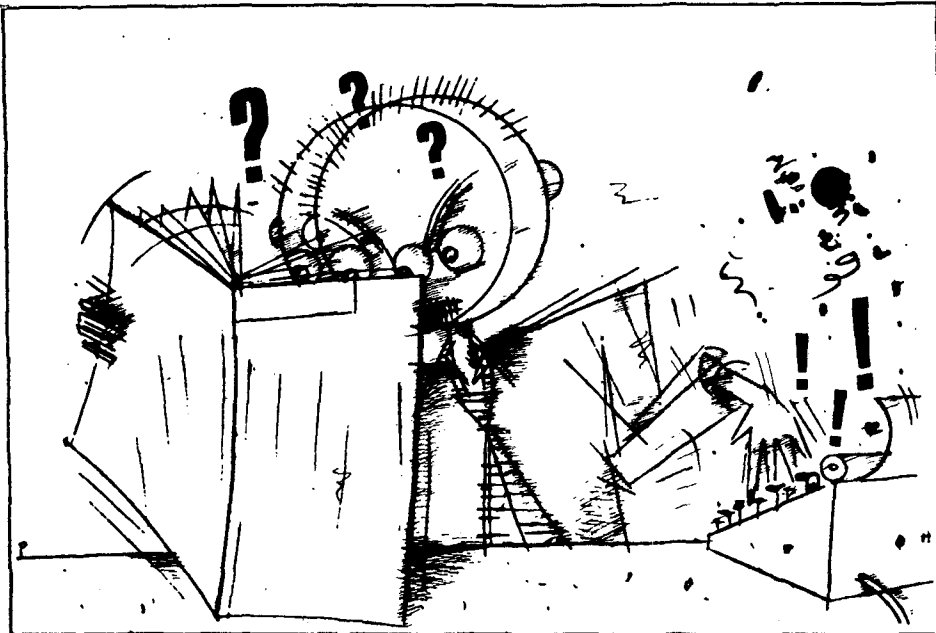
Scurrilous

AS A SOCIALIST DEDICATED TO BUILDING A strong and inclusive movement, I'd like to object to what I can only characterize as a sectarian and incorrect slur directed by David Moberg against the Detroit-based magazine *Labor Notes* (*ITT*, Aug. 30).

Labor Notes (LN) does not, as Moberg would have it, promote "democracy incidentally to its main goal of a more militant labor movement," nor can "union democracy transcend politics," as Moberg's source Herman Benson would believe.

LN does have the goal of a militant labor movement in mind, as I assume *ITT* might also, but there is nothing "incidental" about its democratic program. LN has a profound faith that democracy is radical, that once unleashed, a democratic-as-is-possible working-class movement would adopt what the currently bureaucratic AFL-CIO leadership has not: social unionism. That faith does not mean, as Moberg's phrasing implies, that LN would deny critical support to a right-wing or populist insurgency within a bureaucratic union, so long as that insurgency had the apparently sincere aim of union democracy, and it also does not mean, as Moberg's phrasing further implies, that LN would abandon union democracy if it no longer appeared to be part of the road to a "militant labor movement." To give any other impression is scurrilous.

The fact is, a successful labor movement



will need to be both democratic and class-conscious. *Labor Notes* is pushing for both, with good reason. They should not be slandered along their way, especially by fellow socialists who are trained in the democratic side of Marxism.

Christopher Phelps
Portland, Ore.

Yin-yang socialism

WITH ONE GRIEVOUS EXCEPTION, I AGREE with the exposition of failures of communism and capitalism in your editorial "Communism's crisis, socialism's opportunity" (*ITT*, Aug. 30).

When you say of our own capitalism, "although it has done better in providing for its people than any other we have yet known," you disregard the mixed economies of Scandinavia, Holland, West Germany, Switzerland and Austria. These are countries with the world's highest standard of living: minimal poverty; low unemployment; the best education, health, child care, retirement, public transportation and housing available to all of their people. These are countries with high voter participation whose politics and mass media of communications are not dominated either by corporations or a totalitarian political party. These are countries demonstrating that capitalism, with its enterprise in quest of short-term profits, and socialism, with its communal concern for long-term consequences, are the yin and yang of a globally interdependent technological economy—forces of nature in tension, always competing, sometimes in civil

conflict, sometimes collaborating, but always in a context of genuine democracy and peace.

Until we have an effective movement in the U.S. to transform our warfare state to a more democratic, life-enhancing peace-state that makes the same commitment of resources to wage peace that it used for half a century to wage war, we can look forward to the chaos and impoverishment suffered today by the people of capitalist Brazil and Argentina.

Nicholas V. Seidita
Northridge, Calif.

It works

THIS LETTER IS AN ANSWER TO THE IGNORANCE OF a reader who authored "Pope Sin" (*ITT*, Sept. 6). The author refers to the joke of natural family planning supported by the Catholic church and offers his sister as proof of its failure. I too am proof. But the natural family planning with which I was conceived (and probably the sister of the author) was actually more commonly known as "the rhythm method."

Natural family planning that is taught now (in most places) is vastly different than that taught prior to 1979. Facts only. I practice the sympto-thermal method of birth control—it is known as natural family planning. It is completely natural and is supported not only by Catholics but members of many other Christian and non-Christian religions. But who cares. It works. This method of birth control takes no more time each day than swallowing a pill, and it is

certainly less expensive (I've spent \$10 on it in 3 years). Its success rate is far more impressive and less harmful than artificial means. Post-1979 natural family planning has nothing to do with papal respect. Its basis is respect of and for the human body.

The opinions of others (namely the author of the letter) are of no consequence to me. If you want to have an abortion, go ahead, but it seems as though there are easier means to solving the unwanted pregnancy problem. And lashing out against something simply because it makes the pope happy seems highly illogical.

Regina Muzika Klein
Oley, Pa.

Legalizing drugs and lawsuits

THE RECENT ARTICLES ADVOCATING LEGALIZED drug sales bring to mind a question. If sales are legalized, how long will it be before the suppliers are nailed by lawsuits? It seems likely that someone who has become addicted to heroin or someone who has been assaulted by a citizen whacked out on legalized angel dust or methamphetamines would rush to court to bring suit against the manufacturer of the drugs or against the legislators who legalized them. Alcohol and cigarette manufacturers have defended themselves against similar suits, but less-established manufacturers of addictive drugs would have a more difficult time doing so. I think that legalized marijuana sales would make sense and might make it past the lawsuit obstacles, but the legalized sale of more potent substances would pose many complications in our lawsuit-loving society.

John Rebers
Marquette, Mich.

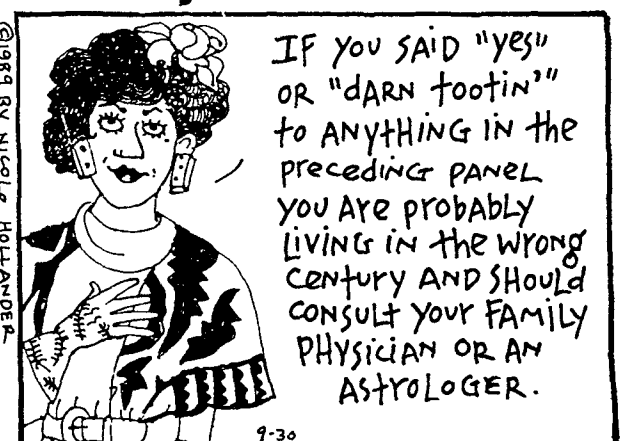
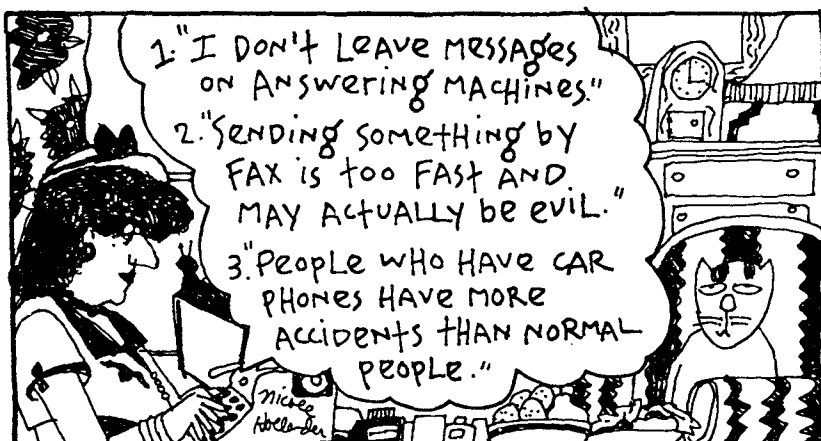
Correction

There was an error in the "Everybody's Business" column, by David Kotz, appearing in the August 2 issue of *ITT*. The figure of \$135 billion, reported as the officially estimated funds required to pay off the depositors of insolvent savings and loans over the next decade, should have been \$115 billion. The rest of the \$157.6 billion total bailout cost, or about \$42.6 billion, is interest payments.

Editor's note: Please try to keep letters under 250 words in length. Otherwise we may have to make drastic cuts, which may change what you want to say. Also, if possible, please type and double-space letters—or at least write clearly and with wide margins.

SYLVIA

Release Saturday



by Nicole Hollander

IN THESE TIMES SEPTEMBER 27-OCTOBER 3, 1989 15