## AT: Corporate Tax Cuts

### Keynesian Economics Good

#### Obama stimulus package proves that Keynesian economic policies are supieror

Paul Krugman, columnist, 12-30-11, “Keynes Was Right,” NYTimes, http://www.nytimes.com/2011/12/30/opinion/keynes-was-right.html, ZM

“The boom, not the slump, is the right time for austerity at the Treasury.” So declared John Maynard Keynes in 1937, even as F.D.R. was about to prove him right by trying to balance the budget too soon, sending the United States economy — which had been steadily recovering up to that point — into a severe recession. Slashing government spending in a depressed economy depresses the economy further; austerity should wait until a strong recovery is well under way.¶ Unfortunately, in late 2010 and early 2011, politicians and policy makers in much of the Western world believed that they knew better, that we should focus on deficits, not jobs, even though our economies had barely begun to recover from the slump that followed the financial crisis. And by acting on that anti-Keynesian belief, they ended up proving Keynes right all over again.¶ In declaring Keynesian economics vindicated I am, of course, at odds with conventional wisdom. In Washington, in particular, the failure of the Obama stimulus package to produce an employment boom is generally seen as having proved that government spending can’t create jobs. But those of us who did the math realized, right from the beginning, that the Recovery and Reinvestment Act of 2009 (more than a third of which, by the way, took the relatively ineffective form of tax cuts) was much too small given the depth of the slump. And we also predicted the resulting political backlash.¶ So the real test of Keynesian economics hasn’t come from the half-hearted efforts of the U.S. federal government to boost the economy, which were largely offset by cuts at the state and local levels. It has, instead, come from European nations like Greece and Ireland that had to impose savage fiscal austerity as a condition for receiving emergency loans — and have suffered Depression-level economic slumps, with real G.D.P. in both countries down by double digits

#### Keynesian policies are better than others

Michael Corcoran, political analyst, 10-18-11, “Democrats and the Death of Keynesian Economics,” Truthout, http://truth-out.org/index.php?option=com\_k2&view=item&id=4027:democrats-and-the-death-of-keynesian-economics, ZM

As frightening and tragic as the economic crisis of 2008 was, having these widely held doctrinal assumptions about the power of the so-called "free market" spun on their head did provide some hope. Maybe there could be some sort of shift toward a more humane mixed economy that reined in the horrific excesses of contemporary capitalism. The country was optimistic; a new president had just been elected and his chief of staff Rahm Emanuel, famously said that he "never wanted a serious crisis to go to waste." The Nation magazine even called for a "New New Deal."¶ What followed, unfortunately, was a very underwhelming flirtation with Keynesian policies (such as the too-small stimulus bill in 2009), which was then swiftly overwhelmed with bipartisan discussions about how to gut government spending and create on austerity movement. This occurred despite the fact that the need for Keynesian economic policies are just as great now, in the face of crippling unemployment, as they were in 2008-09.¶ Somewhere shortly after being elected, it seems, Obama and Democrats closed the book on Keynes and opened one on Herbert Hoover - who famously helped spawn the Great Depression with austerity measures in the 1920s. "This is truly a tragedy," wrote The New York Times' Paul Krugman, responding to an Obama speech in July 2011, in which he reiterated classic right-wing talking points about the need for cutting spending. "The great progressive hope is falling all over himself to endorse right-wing economic fallacies." Indeed, the language of austerity has been dominant among both parties in Washington for a year, as has also been the case in the mainstream media. The Keynesian Resurgence, referenced above, is completely dead in the nation's capital. The crisis Rahm Emanuel so wanted to take advantage of has indeed gone to waste.

#### Moving away from Keynesian economics will lead to increased unemployment

Michael Corcoran, political analyst, 10-18-11, “Democrats and the Death of Keynesian Economics,” Truthout, http://truth-out.org/index.php?option=com\_k2&view=item&id=4027:democrats-and-the-death-of-keynesian-economics, ZM

The death of Keynesian economic policies in Washington is a cause of major concern. As Kevin Young recently expressed in blunt terms, "Cutting the deficit and the national debt at the present time is stupid and will only exacerbate unemployment." Economist Robin Hahnel notes, "[Keynes] is surely rolling over in his grave at what amounts to global economic suicide and a return to misguided, nineteenth century economics ... This was the advice of Treasury Secretary Andrew Mellon which Herbert Hoover acted on in 1929." Even the neoliberal International Monetary Fund has confessed that "the idea that fiscal austerity stimulates economic activity in the short term finds little support in the data."¶ The death of Keynesian policies in the US demonstrates the pervasive stranglehold the wealthiest corporations have over our government and, notably, the Democratic Party (which often claims to be the party that represents the middle class). Keynesian economics once was at the heart of the Democratic Party's platform. Now, as blogger Atrios observed, "It's the austerity party vs. the austerity party." Conservative Market Watch writer, Stephen Stanley, (in an article aptly titled "The Death of Keynesianism,"), celebrated that "[a]dministration officials are finally willing to own up to the fact that Keynesian prescriptions have been a) a dismal failure and b) a massive waste of money." Stanley is wrong about the economics, but right in his assessment of Obama's approach, which is a rare reprieve from right wingers constant and absurd insistence that Obama is a far-left socialist.

#### The public supports Keynesian economic policies

Michael Corcoran, political analyst, 10-18-11, “Democrats and the Death of Keynesian Economics,” Truthout, http://truth-out.org/index.php?option=com\_k2&view=item&id=4027:democrats-and-the-death-of-keynesian-economics, ZM

The good news is that the public, finally, is demanding change via the Occupy Wall Street protests. And unlike in previous years, they are taking it to the streets, as opposed to merely donating money and time to Democrats and hoping for the best. In fact, the abandonment of Keynes has also changed the game for many radical activists, who can now find common cause with more moderate activists and labor unions. As Robin Hahnel observes, given how no political parties in Washington are fighting for Keynesian policies, radical activists and socialists find themselves in the odd position of having to advocate, not merely for alternatives to capitalism, but also for liberal Keynesian policies in the short term. He writes:¶ While socialists should not have to lead the charge for Keynesian policies to ameliorate capitalist crises, unfortunately that is the position we find ourselves in. Right now we must not only do our own work - explaining why all versions of capitalism are far less desirable than participatory, democratic socialism - but do the work of Keynesian reformers as well who have lost influence in all major political parties ... there is no road to participatory, democratic socialism that does not run through many successful reform campaigns to bring Keynesian policies back in vogue."¶ The reality is that our economy has been so bad for the working class, that the public is quite united in the desire for a fundamental change to the way wealth is distributed. This helps explain why a serious protest movement has sprung up this year and not in year's past. While protests were once dominated by people who read Marx, now they are also made up of people who are reading their pay stubs, if they are fortunate enough to have one.¶ It is rather depressing that in the midst of such economic turmoil that both political parties are promoting insane, counterproductive economic policies that will cut social services, worsen unemployment and keep demand low. But the good news is that the public has expressed complete support for the preservation and protection of social programs and the people are beginning to resist the narrow adherence to neoclassical economics that exists in Washington. In sum, we must all be Keynesians now, to some extent. The only choice we have is to demand that the government preserves and expands on our safety net and works to prevent mass unemployment. This can only be achieved through struggle, protest and disobedience. If the working class can win some of these battles - no easy task given current realities in Washington - it will serve in raising class consciousness, mobilizing workers and could help initiate more fundamental change in the future.