

June 02, 2011



## For the Virtual Green Room: June 2, 2011

Rebuttals to right-wing fake talking points and misinformation that I want to have at the forefront of my brain--for when I am surprised, as I will be, by an unexpected question from an unexpected direction while talking to reporters, phone callers, passers-by, radio interviewers, cable TV interviewers, etc....

A baker's dozen:

1. **STUPIDEST RIGHT-WING CLAIM OF THE DAY: Robert Lucas's claim that Barack Obama's election has permanently depressed U.S. real GDP by 8%:** Matthew Yglesias: "What's happened, according to Lucas, is that Obama's policies have caused us to deviate permanently to a lower, European-style growth path. The initiation of Social Security didn't do that. Nor did its expansion in the 1950s. Nor did the creation of Medicare, Medicaid, Title I federal aid to schools or the War On Poverty. The Clean Air Act didn't do it. Nor did the Clean Water Act or the Americans With Disabilities Act. George W Bush's expansion of Medicare didn't do it. Nothing about the growth of the welfare state in postwar America was able to jar America off the American-style growth path and put it on the European path. And then along came Barack Obama, the Affordable Care Act and a few other bills, and like magic we're Sweden..... A leading economic scholar thinks Obama's domestic agenda has been far-and-away the most consequential in American history. It's kind of a big deal..."
2. The Ryan plan: Michael Gerson paddles away from it as fast as he can: "Rep. Paul Ryan's Medicare reform plan is admirable, even courageous, but not the final word. The subsidies he proposes may well be too small to be a realistic alternative to the current system. Republican presidential candidates will need some leeway to make their own recommendations. This is not heresy; it is strategy.... Triangulation is different from trash talk..."
3. **Douglas Holtz-Eakin's claim that it would be reckless to pass a clean increase in the debt ceiling:** Let's quote right-leaning Clive Crook again: "Tea Party true believers may be salivating.... Shutting down the government [by blocking the debt-ceiling increase is a button [Republicans] dare not press.... To do it in 2011, with the economy laid low and financial markets still twitchy, would be the limit of irresponsibility. It would be betting the recovery to make a point. This time, political annihilation might follow, and the party would deserve it..."
4. Yuval Levin's claim that the Ryan plan would protect seniors with pre-existing conditions: Michael F. Cannon, director of health policy studies at the Cato Institute: "All seniors under the chairman's proposal, as I understand it, will be able to obtain health insurance coverage... [payments will be] risk-adjusted so that people with severe illnesses will get larger vouchers." The problems are that (a) the voucher will be too small for the average senior to purchase a policy that offers Medicare benefits, and (b) for many with pre-existing conditions the risk-adjustment will not work--risk adjustment is not an exact science.
5. George Melloan's\*\* claim that markets are nervous about the Fed's inflationary policy and that the Fed will bankrupt itself if it raises interest rates: Markets that are nervous about inflation are not demanding a 2.94%/year interest rate on 10-year Treasury bonds. The ten-year breakeven inflation rate from the TIPS and the 10-year Treasury bond is 2.17%/year. That is not a market worried about inflation.
6. **Ruth Marcus's claim that Democrats refuse to acknowledge the need for any changes in the path of Medicare spending:** Matthew Yglesias: When Will DC Pundits Acknowledge That The Affordable Care Act Contains Cost Control Efforts?: "[T]he vast majority of House Democrats... voted "yes" and... the

Senate Democrats... all voted for [the Affordable Care Act]. The story about Republicans backing savage cuts while Democrats are in denial about the need for restraint is a comfortable one, but it bears no relationship to reality. Not only did the Affordable Care Act include specific cuts in Medicare subsidies to private insurers, it establishes a wide array of mechanisms that its authors believe will reduce the growth rate of health care spending, including in public sector programs. Hospitals were squealing about this just yesterday on the front page of The New York Times.... [Marcus is] just pretending that Obama forgot to address the issue..."

7. **RERUN: Republican smears of Elizabeth Warren--and journalistic complicity:** Ryan Chittum: Elizabeth Warren Is Smeared, and the Press Is Along for the Ride: "You'd think the press could resist the he said-she said copy when the truth is easy to discern. Congressman Patrick McHenry's smearing of Elizabeth Warren is a good test of how the press handles dishonest politicians and their lies. And most of the press gets a big fat F on this one. On Tuesday, McHenry, a North Carolina Republican, called Warren a liar, both on CNBC before she testified and during her actual testimony. Here's how The New York Times, with its delicate sensibilities, put it: "Decorum Breaks Down at House Hearing." Goodness! Pass the smelling salts!... But for anyone half paying attention, much less a beat reporter, this is not a close call: McHenry is full of it..."
8. **RERUN: Stephen Moore's 62% top marginal tax rate again:** Ryan Chittum: "Zombie Lie Laboratory Creates 62 Percent Tax Rate Plan: CJR: Stephen Moore of The Wall Street Journal editorial board hacks out an instant classic on how to mislead people with numbers. The question-as-headline is your second red flag that this just might be a deeply disingenuous op-ed (the first is that it's on The Wall Street Journal op-ed page): "A 62% Top Tax Rate?" The top marginal tax rate is just 35 percent now, of course. So how does Moore come up with the idea that Obama and the Democrats are pitching a 62 percent tax rate for the rich? Disingenuously..."
9. **RERUN: On Republican claims that 51% of households don't pay any taxes:** Mark Thoma sends us to Chuck Marr and Brian Highsmith: "The 51 percent figure is an anomaly that reflects the unique circumstances of 2009.... In a more typical year, 35 percent to 40 percent of households owe no federal income tax.... The 51 percent figure... ignores the substantial amounts of other federal taxes... households pay.... [O]nly about 14 percent of households paid neither federal income tax nor payroll tax in 2009.... Most of the people who pay neither federal income tax nor payroll taxes are low-income people who are elderly, unable to work due to a serious disability, or students, most of whom subsequently become taxpayers..."
10. **RERUN: On the Republican claim that Obama has increased nondefense discretionary spending by 80%:** Paul Krugman: "The number comes from taking nondefense discretionary spending as reported — which rose 26 percent from 2008 to 2010 (Table 8.7) — and then adding the entire discretionary spending part of the stimulus.... [N]ot all of the stimulus funds were spent in 2010... [and] stimulus spending is already in those discretionary spending numbers. So this GOP talking point is a complete fraud; it's based on counting the same spending several times over." This is not a mistake you can make by accident.
11. **RERUN: On Tim Pawlenty's claim that President Obama is setting up this false choice between default and raising the debt ceiling:** Pawlenty claims "you can take away that false choice by ordering the Treasury to pay the obligations to outside creditors first..." Failing to pay people inside the United States to whom the U.S. government owes money has a name, Tim. It's name is "default." It's not an alternative to default, it's a type of default.
12. **RERUN: On Glenn Hubbard's claim that Obama has "ruled out long-term entitlement spending restraint":** Nancy Ann Min De Parle: "[T]he tools in the Affordable Care Act and other steps... already taken will save nearly \$120 billion for Medicare over the next five years.... While we've made real and significant progress, there is more work to do... the President's framework... includes reforms that would save

at least an additional \$200 billion for Medicare over the next decade. The framework would: (i) Bend the long-term cost curve by setting a more ambitious target of holding Medicare cost growth per beneficiary to GDP per capita plus 0.5 percent beginning in 2018, through strengthening the Independent Payment Advisory Board (IPAB). (ii) Reduce Medicare's excessive spending on prescription drugs and lower premiums for beneficiaries without shifting costs to seniors or privatizing Medicare..."

13. **SPEAKS FOR ITSELF:** Kevin D. Williamson: "Witches and Lutherans today stand on equal footing, at least under the law (the law is a ass), since nobody much thinks that sort of thing is terribly important anymore.... It was a new dawn, a day of hope and change, the ancien régime and the theocrats and the plutocracy having been supplanted by fresh new faces dedicated to Reason and promising to fundamentally change France.... The government decided upon a stimulus package.... The problem was that the Jacobins were, perforce, marginally less irresponsible than, say, the present government of the United States..."