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Wonk Room THINK PROGRESS

V.P.

**THE DEBATE
STUDY GUIDE**

EDITION



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Here is a by-the-numbers examination of what a third term of the Bush-McCain-Palin agenda would mean for the people of Missouri.

HEALTH CARE

- There are 730,000 people without health insurance in Missouri. This is 13 percent of the population, up from 9 percent (511,000 people) in 2000.¹
- 3.2 million people in Missouri, including approximately 1.2 million women, have employer-based health insurance and are at risk of losing it under Sen. John McCain's health care plan.²
- 1.1 million people in Missouri, including around 600,000 women, with pre-existing conditions, currently covered by their employer, would find it particularly expensive or even impossible to get coverage under Sen. McCain's plan.³
- A Missouri couple making \$60,000 a year will see their taxes go up by \$540 by 2013 under Sen. McCain's health plan.⁴

ECONOMY

- The average Missouri worker has seen their real wages decrease by \$560 since 2000. In contrast, from 1992 to 1999 real median family income rose \$12,000 across the Midwest. (Missouri-only data unavailable.)⁵
- There are 300,000 more people living in poverty in Missouri than there were in 2000, up from 8 percent of Missouri's population in 2000 to 13 percent of Missouri's population in 2007.⁶
- In Missouri, one house in every 700 fell into foreclosure in August, 2008.⁷
- Missouri taxpayers will spend \$580 million on subsidies for big oil and gas companies under Sen. McCain's energy plan over the next five years.⁸

• Missouri lost 60,000 jobs from August 2001 to August 2008 under the economic stewardship of President George W. Bush. In contrast, from August 1992 to August 2000, Missouri gained 370,000 jobs.⁹

• Missouri's unemployment rate is almost 7 percent, up from 4 percent in August, 2001.¹⁰

THE IRAQ WAR

- Missouri taxpayers are paying approximately \$150 million a month for the war in Iraq.¹¹
- Since 2003, Missouri taxpayers have paid \$9.8 billion for the Iraq war.¹²

Endnotes

1 U.S. Census Bureau

2 Center for American Progress Action Fund. "McCain's Radical Health Care Plan: State-by-State Analysis," August 2008; Center for American Progress Action Fund and Planned Parenthood. "Worse for Women: An Analysis of the Effects Senator McCain's Health Plan Would Have On Women," September, 2008

3 Ibid.

4 Center for American Progress Action Fund. "McCain's Radical Health Care Plan: State-by-State Analysis," August 2008

5 U.S. Census Bureau

6 Center for American Progress Action Fund analysis of U.S. Census Bureau data

7 RealtyTrac, "Foreclosure Activity Up 14 Percent In Second Quarter," July 2008

8 Center for American Progress Action Fund, "The True Cost of McCain's Oil Industry Subsidies for Every State," August, 2008

9 Bureau of Labor Statistics

10 Bureau of Labor Statistics

11 Based on a Center for American Progress Action Fund analysis of a Center for Arms Control and Non-Proliferation study of Congressional Research Service data.

12 Ibid.

Governor Palin vs. REALITY

Twenty Things Palin Gets Wrong

THE ECONOMY

1 Palin claims that she is a “hard core fiscal conservative,” while McCain presents her as a “tough minded budget cutter.” [The Politico, 9/2/08; McClatchy, 8/31/08]

REALITY When Palin was mayor of Wasilla, Alaska, the town racked up almost \$20 million in long-term debt, which amounts to \$3,000 of debt per resident. Under Palin’s administration, the town’s operating budget, aside from capital projects and long-term debt, climbed to \$5.8 million from \$3.9 million. The town is still facing budget shortfalls from a failed land deal that Palin initiated. [The Politico, 8/29/08; The Frontiersman, 1/31/08]

2 McCain claims Palin didn’t request any earmarks, while Palin says she will end the “abuses of earmark spending in Congress.” During an interview on CBS’s The View, McCain pushed back on the assertion that Palin requested earmarks as governor of Alaska, saying “not

as governor, she didn’t.” Palin has also repeatedly asserted that she said “thanks, but no thanks” to the federally funded “Bridge to Nowhere.” [CBS, 9/12/08]

REALITY For fiscal year 2009, Palin sent 31 earmark requests to Washington, for a total of \$197 million.

The amount received by Alaska’s citizens per capita in 2008 was ten times the national average. [Seattle Times, 9/2/08; Center for American Progress Action Fund, 9/4/08] Palin also openly supported the Bridge to Nowhere. In 2006, when asked if she was in favor of continuing state funding for the project, she said “yes,” noting specifically her desire to renew congressional support. “The window is now—while our congressional delegation is in a strong position to assist,” she said. Her special counsel, John Katz, also wrote in a March 2008 op-ed that earmarks “represent a legitimate exercise of Congress’ constitutional power to amend the budget proposed by the president.” [Anchorage Daily News, 10/22/06; Juneau Empire 3/18/08]

3 McCain and Palin claim that their tax plan “does not cut taxes for the wealthy.”

McCain senior economic adviser Douglas Holtz-Eakin, who also advises Palin on domestic issues, insists that tax cuts for the wealthy are “not anywhere” in the McCain/Palin tax plan. [CNN Late Edition, 6/22/08]

REALITY McCain and Palin significantly cut taxes for the wealthy.

McCain’s plan involves a doubling of the Bush tax cuts. The Tax Policy Center writes that “Senator McCain’s tax cuts would primarily benefit those with very high incomes, almost all of whom would receive large tax cuts.” Under McCain’s plan, the top 0.1 percent of households will receive a nearly \$1 million tax cut. [Tax Policy Center, 7/23/08].

Meanwhile, the plan does not cut taxes for 100 million middle class households. And if McCain’s health care plan raises taxes enough to avoid blowing a hole in the deficit, it would raise taxes by \$1,100 on a family making \$60,000 within five years. [Center for American Progress Action Fund, 7/2/08]

4 McCain and Palin want to cut corporate taxes, because they claim that the United States has the second-highest business tax in the world.

“We now have the second-highest corporate tax rate in the world, making America a less attractive place for companies to do business,” says their economic plan, Jobs for America. McCain continually cites Ireland’s 12 percent rate as competitive. [www.johnmccain.com; Center for American Progress Action Fund, 9/29/08]

REALITY While the nominal rate for the U.S. corporate tax is the second-highest in the industrialized world, the United States actually ranks “below average” due to tax loopholes and keeping profits offshore.

An analysis by the Center for American Progress Action Fund shows that U.S. tax revenue as a share of the economy is below the average share among member industrialized nations in the Organization for Economic Cooperation and Development. While the U.S. revenue is about 2.2 percent of GDP, Ireland’s revenue is 4 percent. [Center for American Progress Action Fund, 8/12/08; OECD Statistics] Furthermore, corporate revenue is down from just a year ago, when it was 2.7 percent of GDP. Congressional Budget Office Director Peter Orszag said recently that falling corporate tax revenue is “a big part of why” the federal deficit exploded this year to a near-record \$407 billion. [Center for American Progress Action Fund, 9/10/08; OECD Statistics]

5 McCain and Palin continually say that they will balance the budget by the end of their first term.

Senior policy adviser Nancy Pfotenhauer said that the budget would be balanced and that no “real cuts would even be required.” [Wall Street Journal 9/2/08; Fox News, 9/17/08]

REALITY McCain and Palin spend so much on tax cuts for the wealthy and corporations that they could eliminate 10 cabinet agencies and still not balance the budget.

Their proposed budget actually creates the largest deficit in 25 years through \$300 billion in tax breaks for corporations and the wealthiest Americans. McCain backs up his budget claim by saying that he will cut \$160 billion of discretionary spending from the federal budget, but to do so would require a 30 percent cut in every federally funded program. [Center for American Progress Action Fund, 7/7/08, 5/15/08; ABC 4/20/08]

6 McCain and Palin believe that private accounts are vital part of Social Security reform.

McCain has said that he is “totally in favor of personal savings accounts...along the lines that President Bush proposed” and has said that “without privatization, I don’t see how you can possibly, over time, make sure that young

Americans are able to receive Social Security benefits.” [Wall Street Journal, 3/3/08; C-SPAN, 11/18/04]

REALITY Private accounts are risky, expensive, and undermine rather than shore up the long-term solvency of Social Security.

According to a 2005 analysis by Robert Shiller of Yale University, a lifetime private account, as envisioned by Bush and McCain, loses money about one-third of the time because of market volatility. While draining money from Social Security, creating a need for benefit cuts, these accounts would add an additional \$17.7 trillion to the national debt by 2050 and give a boon to Wall Street firms who would manage the accounts. [CBPP, 5/27/05; CBPP, 3/31/08; Washington Post, 1/7/97]

HEALTH CARE

7 McCain and Palin promise to build on the current health care system by eliminating “the current tax exclusion of the value of health insurance from employees’ taxable compensation.”

[New England Journal of Medicine, 9/24/08]

REALITY McCain’s plan places 158 million Americans who receive their health care through their jobs in danger of losing coverage.

By equalizing the tax treatment of employer and individual plans and enticing healthy workers to buy cheaper but less substantive insurance in the individual market place, McCain's tax reform would increase costs for sicker workers and may force some workers to opt out entirely. Among those who would lose their health care are 56 million Americans with pre-existing chronic health conditions. The entire employer health insurance system could unravel, ending this as an option for Americans who prefer it. ["State Health Facts," Kaiser Foundation, 9/26/08; Center for American Progress Action Fund, 4/29/08] In fact, a recent survey of benefits officers at large U.S. companies found that 74 percent of firms believe that a repeal of the employee tax exclusion for employer-sponsored health coverage "would have a strong negative impact on their workforce." [Business Week, 9/18/08]

8 McCain says he would provide a "refundable credit amounting to \$5,000 for all families and \$2,500 for individuals purchasing health insurance—regardless of the source of that coverage, regardless of how one purchases it, and regardless of one's income." [American Academy of Actuaries, 10/08] Palin presumably supports this statement; she has not detailed her position on her running mate's plan.

REALITY Problem is, McCain's tax credits will not cover the average cost of insurance premiums. According to the Kaiser Family Foundation, "the total cost for family coverage now averages \$12,680 a year, up 5 percent from 2007," and \$4,704 for single coverage. Annual premiums for non-group coverage vary widely, currently ranging from \$1,163 to \$5,090 for singles, and \$2,325 to \$9,201 for family coverage. [Kaiser Foundation, 9/25/08; Kaiser Foundation, 2/04/08]

Not only will McCain's credits not pay for a comprehensive plan, but they also will diminish in proportion to growing health care premiums. This is because McCain indexes the growth of his initial \$5,000 offering to inflation, not premiums. And, since premiums grow at a higher rate than inflation, McCain's proposal imposes a \$3.6 trillion tax increase on the consumer. [Center for American Progress Action Fund, 4/30/08]

For a couple earning \$40,000 and paying \$13,800 for insurance, "McCain's new tax credit would cut their taxes by \$50 in 2009, but because the credit quickly falls behind rising premiums that are the basis of the current tax break, the family would pay \$1,169 more in taxes in 2013... [and] would pay \$2,809 more in taxes by 2018." [Center for American Progress Action Fund, 7/08]

9 McCain “believes that Americans should be able to purchase health insurance in a national market, across state lines, should they so desire.” [BlogHer, 8/01/08] Palin presumably supports this statement.

REALITY McCain’s market permits insurance companies to deny coverage to Americans with pre-existing conditions and dismantles important consumer protections. Under McCain’s plan, insurance companies “would have little incentive to continue doing business” under certain state rules that “require that companies issue coverage to all new customers and not set higher rates for people who are already sick.” [Slate, 5/19/08]

Ultimately, “insurance companies could sell plans across the country that deny coverage altogether to high-cost cases. Healthy “individuals, regardless of their state of residence, could move to cheaper (albeit less comprehensive) plans based in states with fewer protections. Plans based in states with more rigorous insurance regulations would be left with sicker, more expensive patients—and higher rates.” [Center for American Progress Action Fund, 9/10/08]

Insurance providers could also have an incentive to develop “bare-bones” insurance policies costing little more than the \$5,000 tax credit for

families, however, for most uninsured families, the benefits of such policies in terms of protection from financial risk and access to medical care would likely be very small.” [Health Affairs, 9/16/08]

10 McCain says that “no American should be denied access to affordable coverage simply because of a preexisting condition such as cancer” and promises to “work with states to create guaranteed-access plans that will ensure high-quality coverage, with reasonable premium limits, for these Americans and additional help for low-income individuals.” [New England Journal of Medicine, 9/24/08] Palin presumably supports this statement.

REALITY McCain’s plan to shore up state-run high-risk pools is an extremely expensive, inefficient, and ineffective way of providing health care. Financing insurance for the millions of Americans with pre-existing conditions who would lose employer-based coverage under McCain’s plan would cost \$100 billion a year—far more than the \$10 billion McCain has proposed spending on shoring-up high risk programs. [Tax Policy Center, 7/23/08]

Moreover, the high cost of insuring a large pool of sick people has forced states to limit eligibility. As a result,

the 33 states that run high-risk pools “exclude from coverage the pre-existing condition that made you eligible for it in the first place,” and maintain many of the same draconian limitations as the unregulated private market, such as waiting periods, premiums that are out of reach for many families, substantial deductibles and co-pays, and limits on mental health and maternity care. [“State Health Facts,” Kaiser Foundation, 9/26/08]

McCain’s proposal “could only cover three million people and leave millions without affordable insurance.” [Health Affairs, 9/16/08]

11 McCain says that “every American should have access to quality and affordable coverage of their choice” and argues that “the key to real reform is to strengthen the doctor-patient relationship.” [New England Journal of Medicine, 9/24/08] Palin presumably supports this statement.

REALITY McCain’s plan would cover only 5 million uninsured Americans and give insurance companies unprecedented control over an individual’s health care choices.

According to a recent report from the Tax Policy Center, the McCain plan would decrease the number of uninsured by 5 million in 2013. In fact, under McCain’s proposal, there

would still be 55 million without insurance, 8 million more than today, with fewer covered every subsequent year. [Tax Policy Center, 7/23/08]

Moreover, by creating a deregulated national marketplace in which insurers no longer have to comply with rules that require they provide cancer screenings, maternity care, mammograms, and emergency services, or abide by rules that “limit the rates that can be charged to higher-cost consumers and that limit who can be excluded for a health plan,” McCain’s plan discourages preventive care and chronic disease management. [Health Affairs, 9/16/08]

While McCain supported the Patients’ Bill of Rights in 2001, he hasn’t mentioned the legislation on the campaign trail and is now proposing a health care plan that would allow insurance companies to undermine the doctor-patient bond. [Time, 6/20/01]

12 McCain promises to “work closely with non-profit, government, and private sector stakeholders to continue the fight against HIV/AIDS.” [AFP, 8/4/08] Presumably, Palin supports this statement.

REALITY McCain rarely supports initiatives to prevent new HIV infections, opposes federal funding for syringe exchange programs, and has yet to

call for a national AIDS strategy. In 2007, McCain admitted that he has “never gotten into these issues or thought much about” the effectiveness of condoms in stopping sexually transmitted disease.” McCain “voted for a Jesse Helms strategy to cut off funding for prevention efforts aimed at the gay community” and “voted against HIV/AIDS programs, funding and research at least seven times.” [Washington Post, 3/16/07; HRC PAC, 2008; Progressive Accountability, 7/7/08]

McCain also opposes lifting the ban on federal funding for syringe exchange programs, even though “eight federally funded research reports concluded that needle and syringe programs, as part of a comprehensive HIV prevention strategy, are an effective public health intervention that reduces HIV transmission without increasing the use of illicit drugs.” [Black AIDS Institute, 12/07; Market Watch, 7/30/08]

ENERGY

13 Palin says that we can “drill our way out of our problem” and claims that drilling in the Arctic National Wildlife Refuge would produce oil in “five years,” and “should help reduce price volatility.” [IBD, 7/11/08; Letter to Sen. Daniel Akaka, 11-09-2007; IBD, 7/11/08]

REALITY U.S. Energy Information Administration analyses reject her claims that additional drilling will produce oil quickly or reduce prices.

EIA determined that offshore oil drilling in currently protected Pacific, Atlantic, and eastern Gulf regions “would not have a significant impact on domestic crude oil and natural gas production or prices before 2030.” [2007]

EIA concluded that “ANWR oil production would begin 10 years after” approval. It also found that oil from the Arctic would reduce prices by “\$0.75 per barrel in 2025.” [EIA, 5/08]

14 Palin told Charles Gibson of ABC that her state “produces nearly 20 percent of the U.S. domestic supply of energy.” [ABC News, 9/11/08]

REALITY Alaska produces 3.5 percent of U.S. domestic energy, and only 13 percent of U.S. oil, according to the Energy Information Administration. [Factcheck.org, 9/17/2008; EIA]

15 Palin believes that “alternative-energy solutions are far from imminent and would require more than 10 years to develop.” [Charleston Post & Courier, 8/16/08]

REALITY Companies in the United States and Europe are deploying clean alternative technologies today.

Over the past two years, U.S. wind energy doubled. Solar energy will also grow rapidly. “More than 4,000 megawatts (MW) of installed capacity is in the pipeline and scheduled to come on-line in the next five to ten years.” [Solar Energy Institute of America, 5/06/08; AWEA, 9/03/08]

Clean alternative fuel production has also rapidly expanded. EIA predicts that production of both biodiesel and ethanol will double from 2006 to 2010. [Annual Energy Outlook; EIA]

Many of our allies will generate significant amounts of additional energy from renewable sources in the coming years. European production of electricity from solar photovoltaic cells will nearly double between 2008 and 2010. [Photovoltaic Energy Barometer, 4/08]

16 On global warming, Palin says she is “not one though who would attribute it to being man-made.”

[Newsmax, 08/29/08; Fairbanks Daily News-Miner, 12/4/07]

REALITY The world’s best scientists believe that global warming is “extremely likely” to be caused by human activity.

The Nobel Prize-winning Intergovernmental Panel on Climate Change released four exhaustive studies on global warming in 2007 that documented in great detail that

there was a 90 percent likelihood that global warming is due to man made greenhouse-gas pollution. [Climate Change 2007: Synthesis Report]

When accepting the Nobel Prize on behalf of the IPCC, Chair Dr. R. K. Pachauri warned that “anthropogenic factors could lead to some impacts that are abrupt or irreversible.” [Nobelprize.org, 12/1/07]

FOREIGN POLICY

17 Sarah Palin opposes talks with Iran, calling the idea “beyond naive” and “beyond bad judgment.”

[ABC News, 9/25/08]

REALITY Even the Bush administration now recognizes the necessity of talking with Iran.

The Bush administration has “abandoned its longstanding position that it would meet face to face with Iran only after the country suspended its uranium enrichment,” sending Undersecretary of State William Burns to accompany a European Union delegation during a meeting with Iran’s top nuclear official. At a CNN forum on September 15, five former U.S. secretaries of state—Colin Powell, Madeleine Albright, Warren Christopher, James Baker, and Henry Kissinger—all said they favored talking to Iran as part of

a strategy to stop Tehran's development of a nuclear weapons program. Henry Kissinger, an unofficial adviser of the McCain-Palin campaign, specifically advocated negotiating with Iran "without conditions," something both McCain and Palin have rejected. [New York Times, 7/17/08; CNN, 7/16/08; Reuters, 9/16/08; ABC, 9/16/08]

18 On the seventh anniversary of 9/11, Palin linked the war in Iraq with the Sept. 11 terrorist attacks, telling an Iraq-bound brigade of soldiers that they would "defend the innocent from the enemies who planned and carried out and rejoiced in the death of thousands of Americans." [Washington Post, 9/12/08]

REALITY The 9/11 Commission concluded definitively that Saddam Hussein's Iraq had no connection to the 9/11 attacks. There was no Al Qaeda in Iraq before there was America in Iraq. The U.S. invasion has radicalized scores of young Muslims, who have traveled to Iraq and learned terrorist tactics, which they have now begun to bring back to their home countries. The 9/17/08 attack on the U.S. embassy in Sanaa, Yemen, was the work of terrorists who had fought in Iraq, using tactics developed in Iraq. [Washington Post, 6/17/04; Christian Science Monitor, 7/18/05; Washington Post, 9/18/08]

19 Palin said that she believes "a surge in Afghanistan ... will lead us to victory there." [CBS News, 9/25/08]

REALITY Without withdrawing a significant number of troops from Iraq, something McCain has consistently opposed (and which Palin presumably also opposes) there are no troops to send for an Afghanistan surge. In July, Adm. Mike Mullen, the chairman of the Joint Chiefs of Staff, told reporters, "I don't have troops I can reach for, brigades I can reach to send into Afghanistan, until I have a reduced requirement in Iraq." Journalist Fred Kaplan wrote "there is *no* way to put more boots in Afghanistan without taking boots out of Iraq. As one senior Army officer put it to me, having it both ways is, 'in a word, impossible,' and anyone who thinks otherwise, he added, is 'dreaming.'" [ThinkProgress, 7/2/08; Salon, 7/16/08; Slate, 5/5/08]

20 Palin claimed that the surge "has proven to have" led us to victory in Iraq. [CBS News, 9/25/08]

REALITY The goal of the Iraq "surge" was to create space for Iraqi political reconciliation, which has yet to occur. The "surge" has not delivered on its central objective: achieving a sustainable power consolidation among Iraq's different political

forces. The surge has frozen into place the accelerated fragmentation that Iraq underwent in 2006 and 2007 and has created disincentives to bridge central divisions between Iraqi factions. These factions remain at loggerheads over the extremely significant issues such as the oil law, constitutional reform, and the status of the city of Kirkuk, to name only the most contentious. ["Iraq's Political Transition After the Surge," Center for American Progress, 9/10/08]

Palin has also not demonstrated that she understands the various factors that have contributed to the drop in violence. A broad consensus of

national security analysts recognizes that the 2007 troop "surge" was just one of several factors contributing to the reduction in violence. Other factors were the revolt of Sunni tribal leaders against Al Qaeda; The decision by Shia cleric Muqtada al-Sadr to "freeze" his powerful Mahdi Army militia in August 2007; and the completion of large-scale cleansing of neighborhoods by sectarian militias, and the separation of Sunni and Shia into heavily guarded enclaves separated by concrete barriers [CBS News, 7/22/08; Military Review, March/April 2008; Salon, 7/25/08; The American Prospect, 7/28/08; Wonk Room, 4/3/08].



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