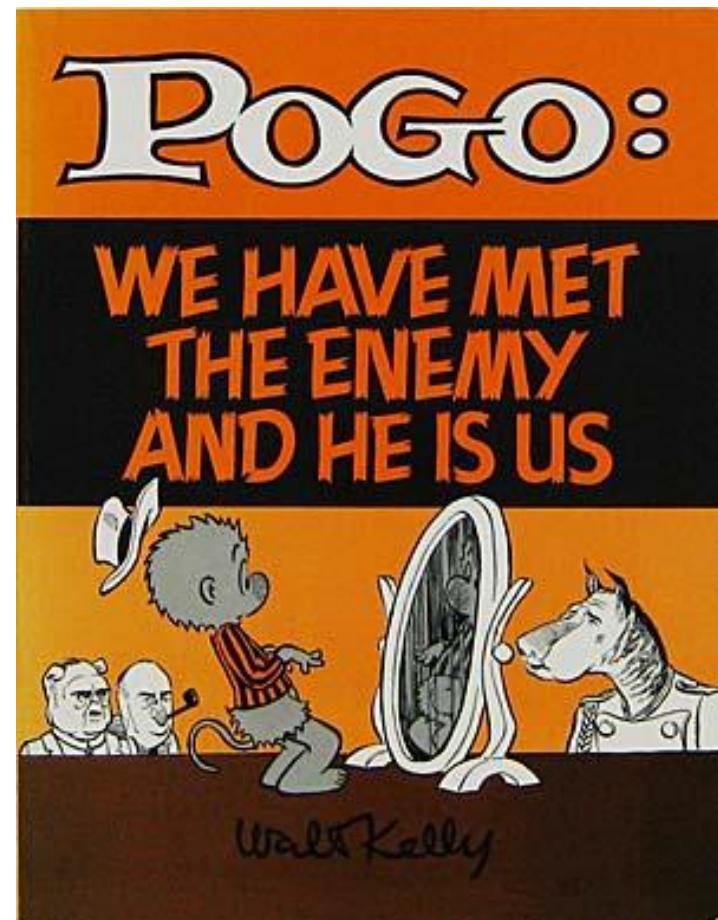
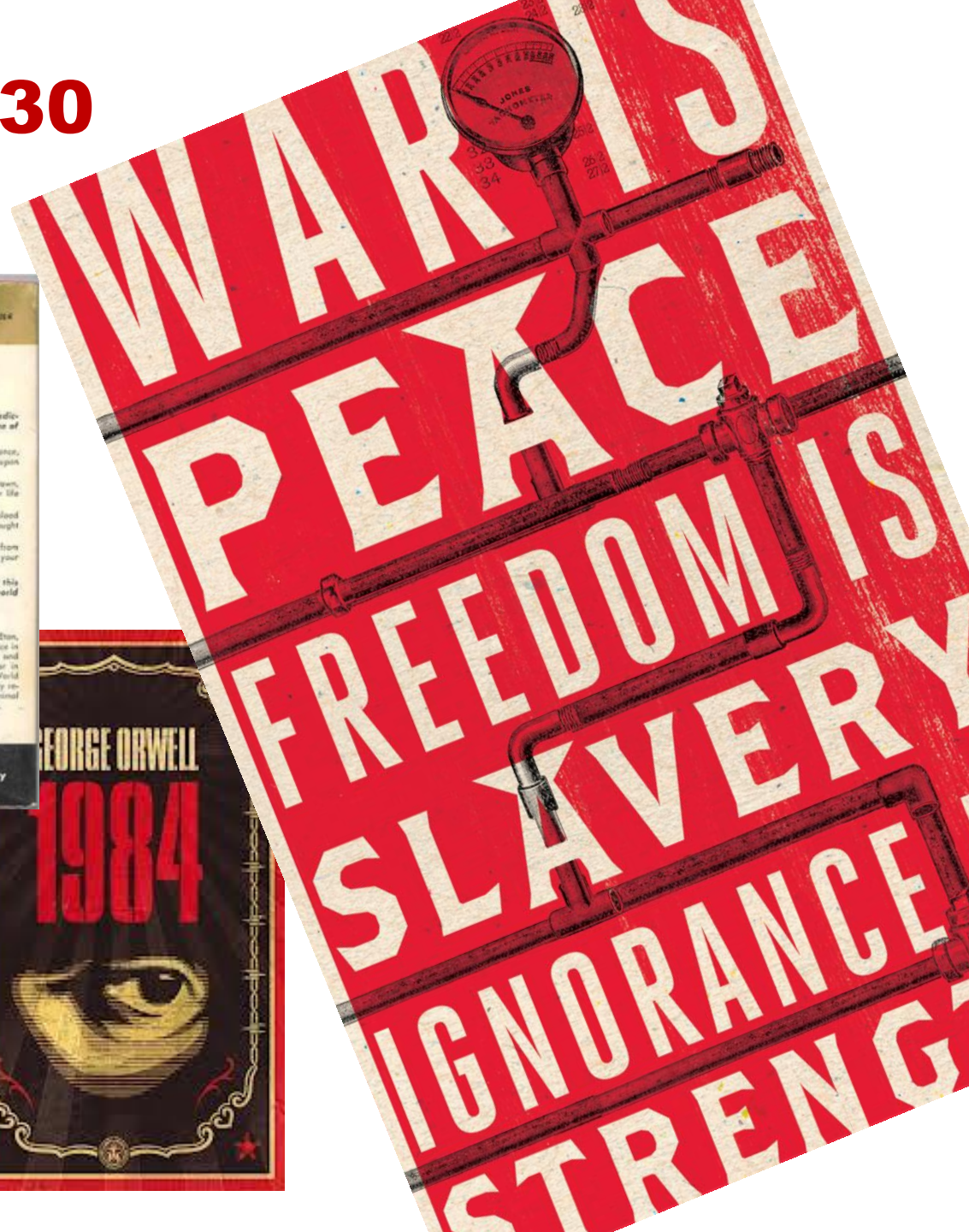
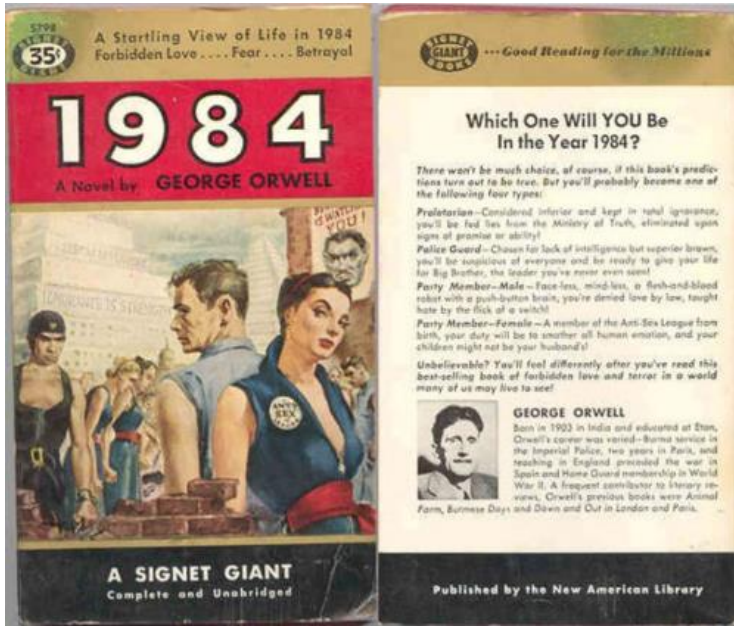


ILL FARES THE LAND: AN ERA OF NATIONAL CIVIC CATASTROPHE or “LIFE ON OUR PLANTATION”

- Jeffry B. Gordon, MD, MPH
- paradocs2@hotmail.com



WAS ORWELL 30 YEARS OFF??





Fla. gov. bans the terms climate change, global warming, USA TODAY

Republican politicians overwhelmingly oppose any action to limit emissions of greenhouse gases, and that the great majority reject the scientific consensus on **climate change**. [Last year PolitiFact](#) could find only eight Republicans in Congress, out of 278 in the caucus, who had made on-the-record comments accepting the reality of man-made global warming. **All of the contenders for the Republican presidential nomination are solidly in the anti-science camp.** And climate-denial orthodoxy doesn't just say that the scientific consensus is wrong. Senior Republican members of Congress routinely indulge in wild conspiracy theories, alleging that all the evidence for climate change is the product of [a giant hoax](#) perpetrated by thousands of scientists around the world. And they do all they can to [harass and intimidate](#) individual scientists. - Paul Krugman THE NEW YORK TIMES, Dec. 4, 2015

I. LIVING IN A "BANANA REPUBLIC" THE BASIC FACTS of INCOME INEQUALITY

Ratio of Top 10% Income to Bottom 10% Income
(2011)

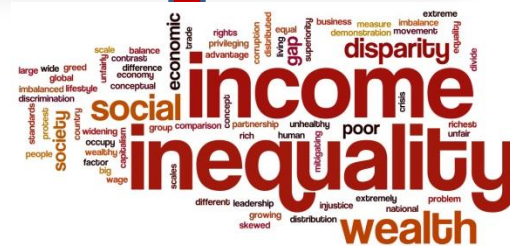
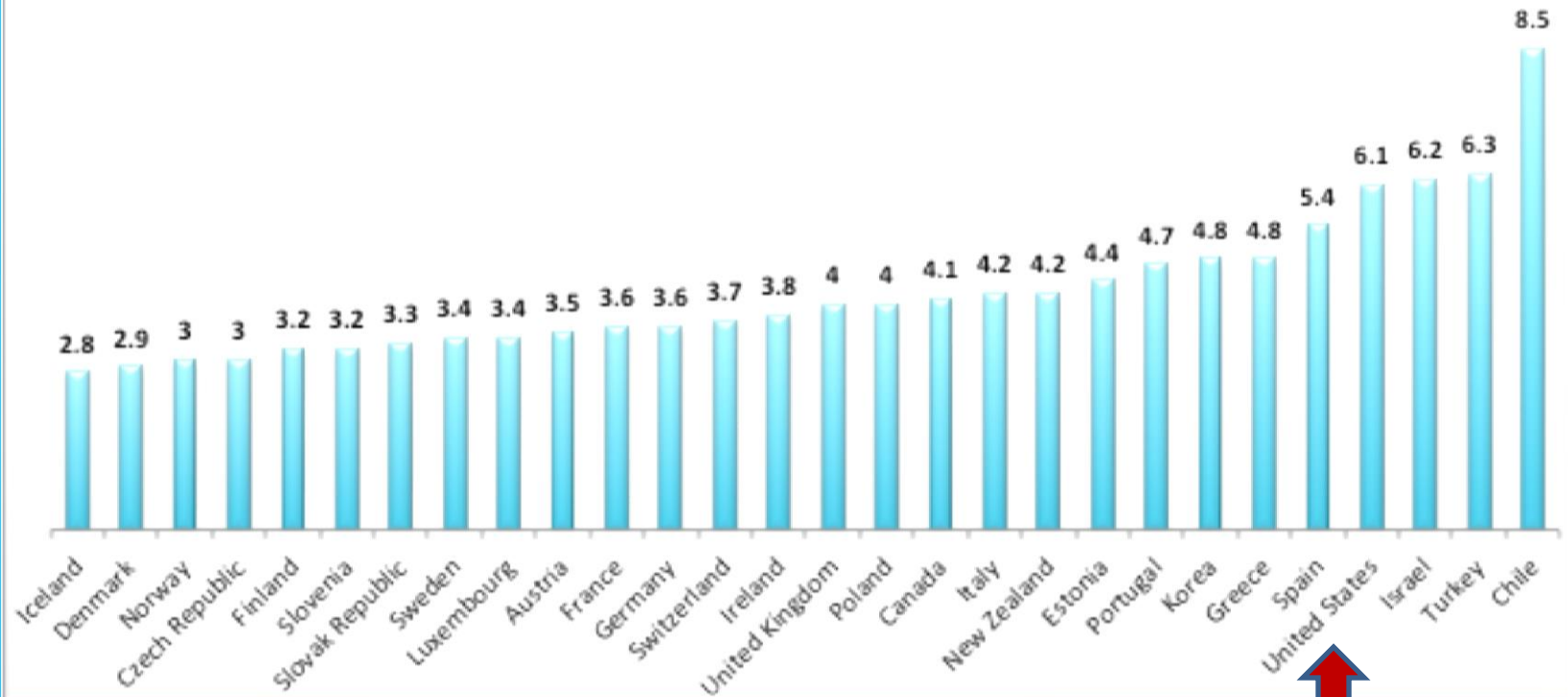
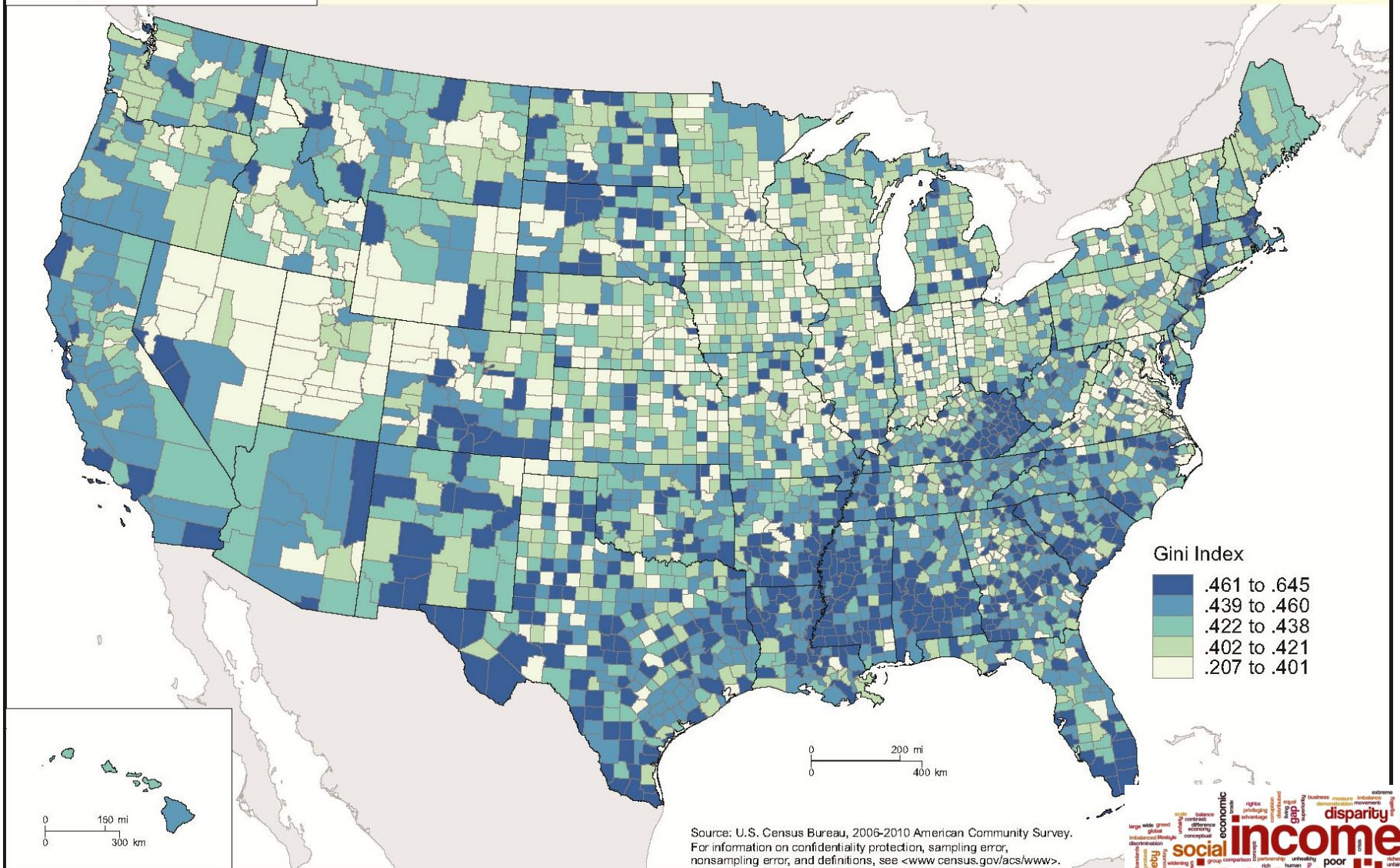


Figure 1.
Quintiles of Gini Index by County: 2006–2010



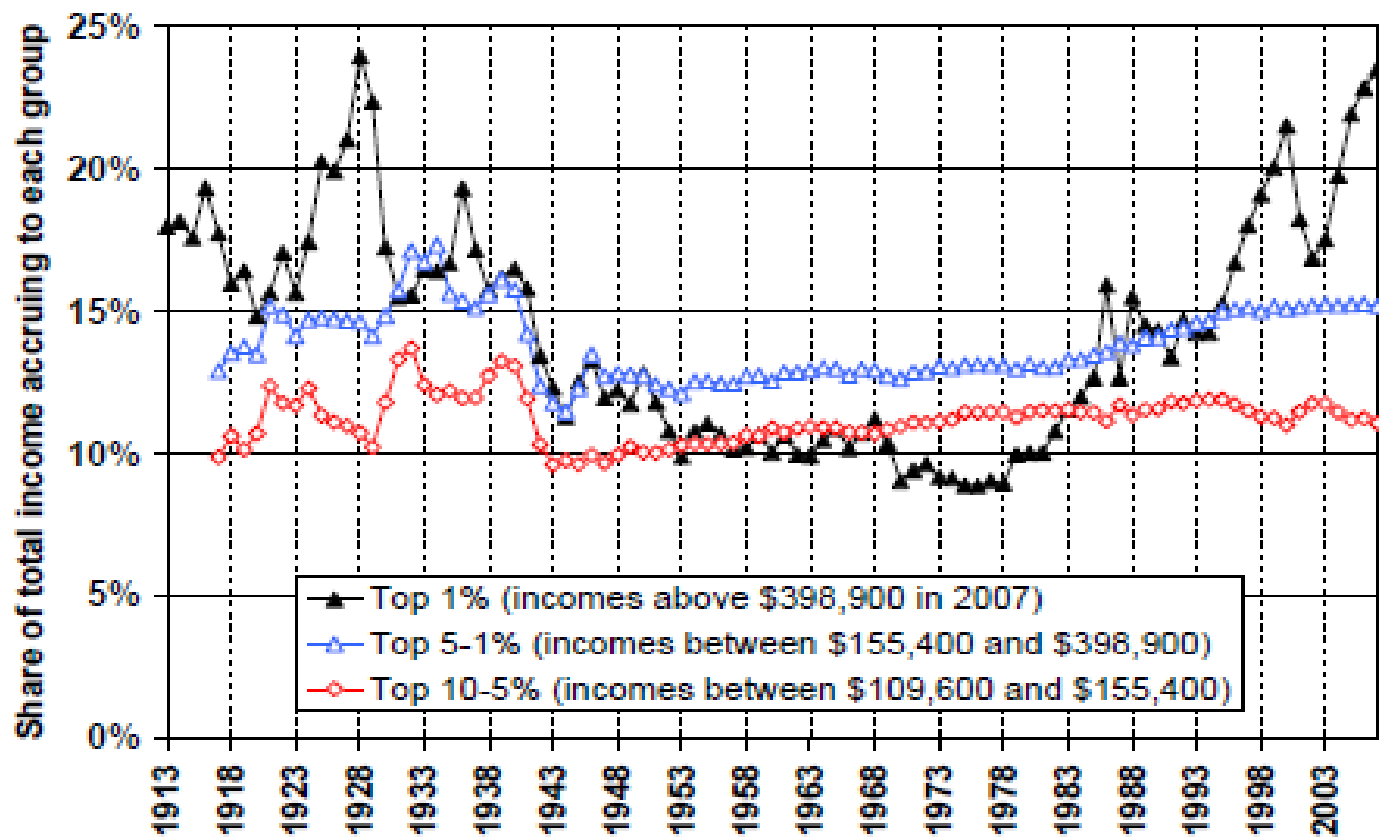


FIGURE 2

Decomposing the Top Decile US Income Share into 3 Groups, 1913-2007

Source: Piketty and Saez (2003), series updated to 2007.

Income is defined as market income including capital gains.

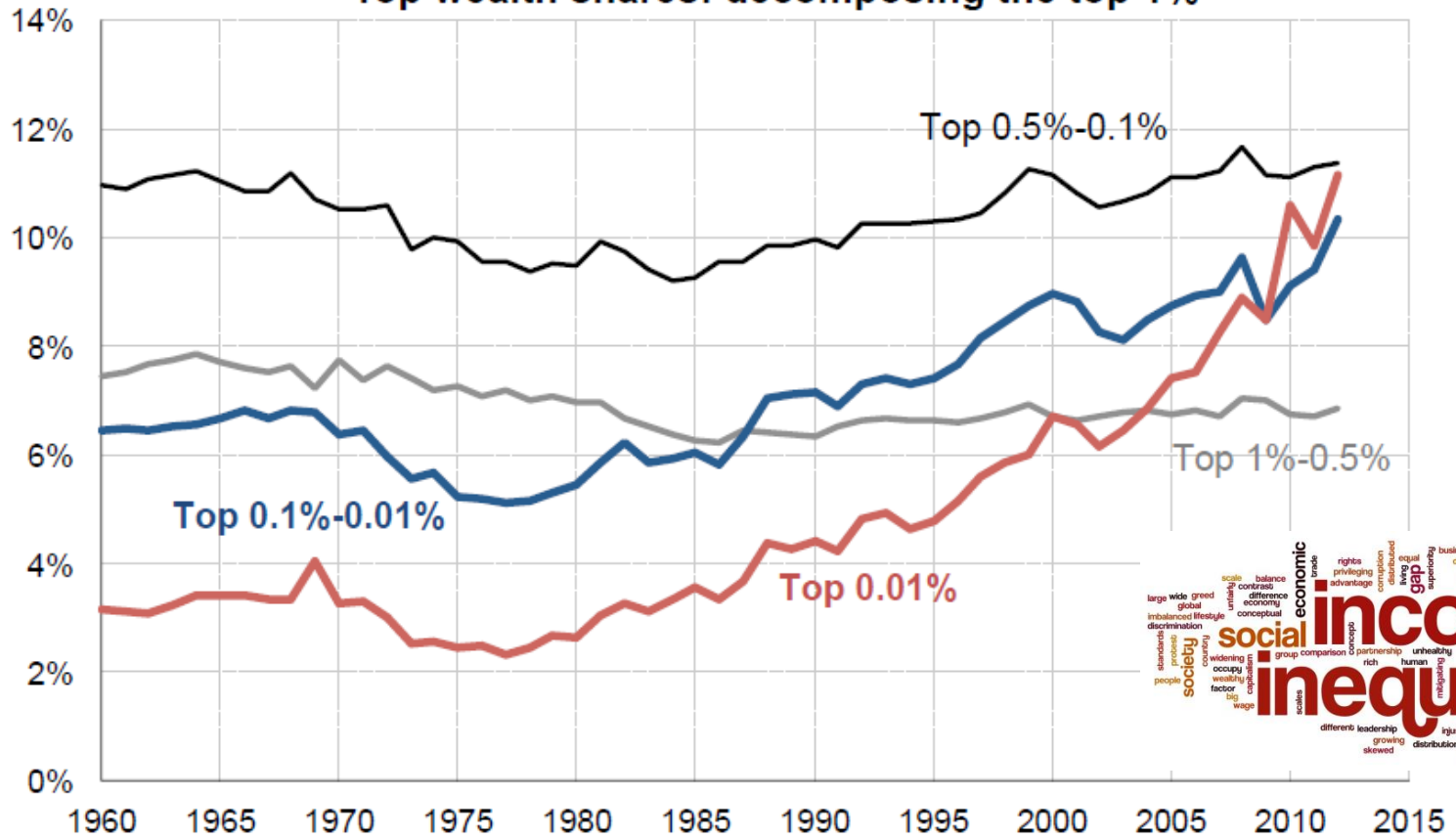
Top 1% denotes the top percentile (families with annual income above \$398,900 in 2007)

Top 5-1% denotes the next 4% (families with annual income between \$155,400 and \$398,900 in 2007)

Top 10-5% denotes the next 5% (bottom half of the top decile, families with annual income between \$109,600 and \$155,400 in 2007).



Top wealth shares: decomposing the top 1%



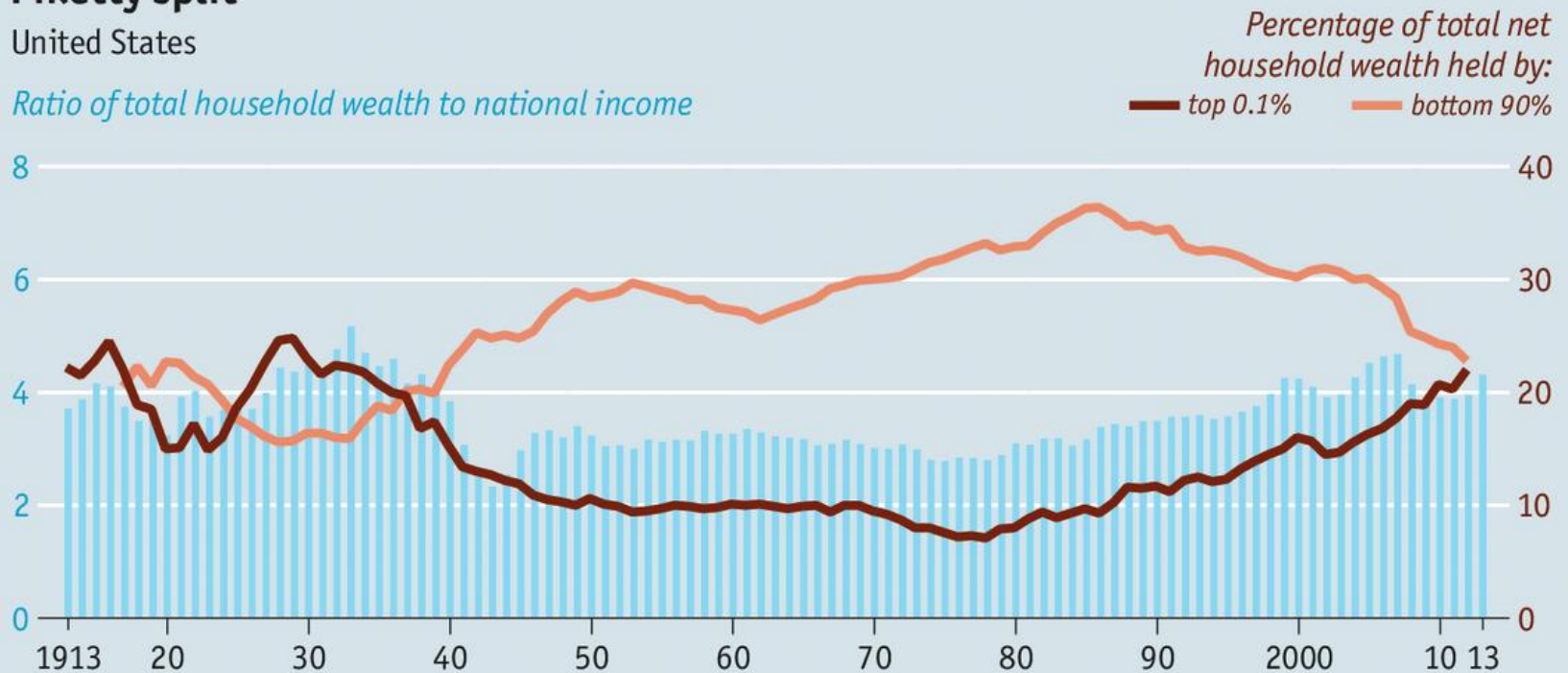


The Stock/Equity Wealth of the Richest 12,000 Households Has Surpassed Housing Wealth of 108,000,000 Households

Piketty split

United States

Ratio of total household wealth to national income



Source: Emmanuel Saez and Gabriel Zucman. NBER working paper 20625

The Great Prosperity: 1947-79

Pay Rose With Productivity ...

Wages and overall compensation, for production and non-supervisory workers (now about 82 percent of the private sector work force), tracked steadily upward alongside gains in productivity.

The rising value of goods and services per worker meant rising pay. But that relationship ended in the 1970s.

BASELINE IS 1947

'50 '60 '70 '80 '90 '00

The Great Regression: 1980-Now

... And Then It Didn't

CHANGE, 1947-79
+119%

+100%

+72%

CHANGE, 1979-2009
+80%

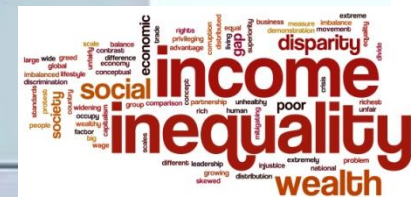
CHANGE, 1979-2009
+8%

+7%

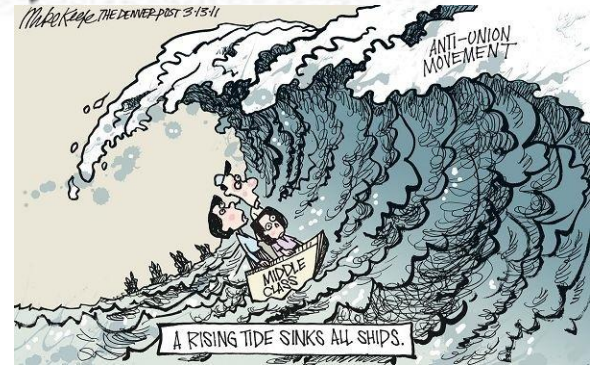
PRODUCTIVITY

AVG. HOURLY COMPENSATION

AVG. HOURLY WAGE



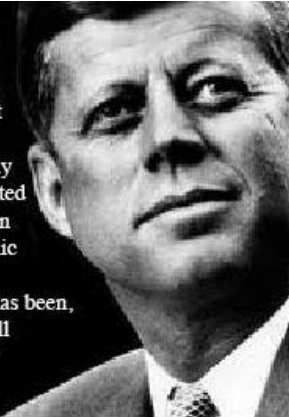
As union membership decreases, middle class income shrinks



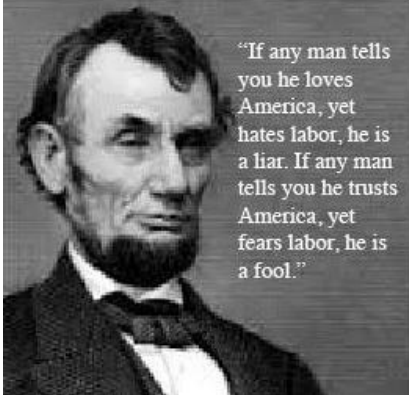
“Only a fool would try to deprive working men and women of the right to join the union of their choice.”



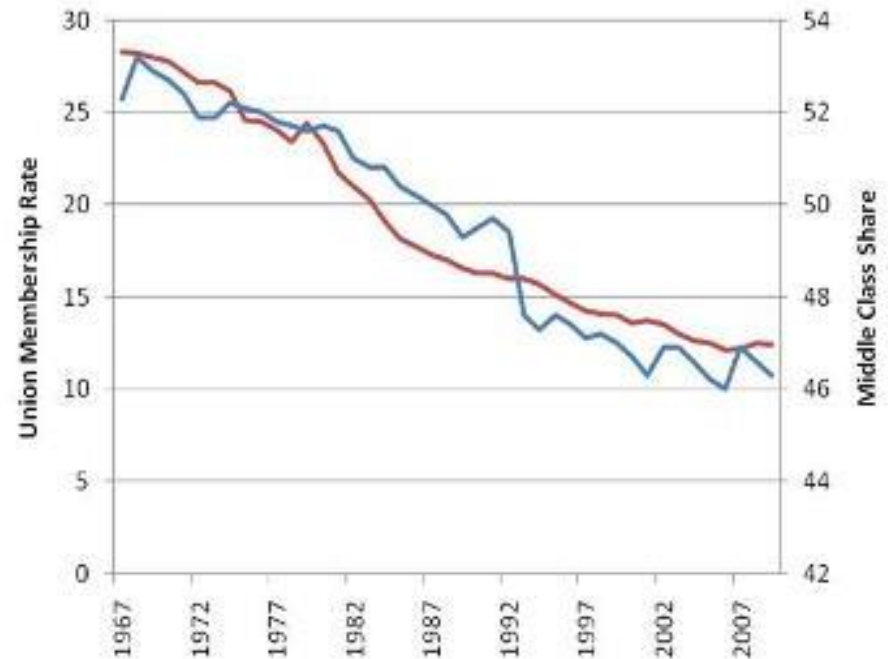
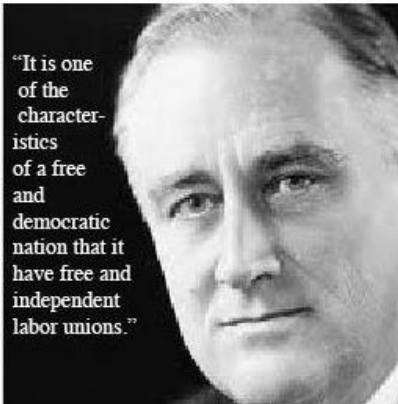
“The American Labor Movement has consistently demonstrated its devotion to the public interest. It is, and has been, good for all America.”



“If any man tells you he loves America, yet hates labor, he is a liar. If any man tells you he trusts America, yet fears labor, he is a fool.”

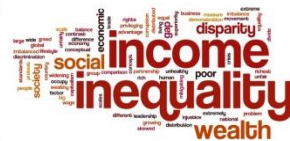


“It is one of the characteristics of a free and democratic nation that it have free and independent labor unions.”



— Union Membership Rate

— Middle Class Share of National Income



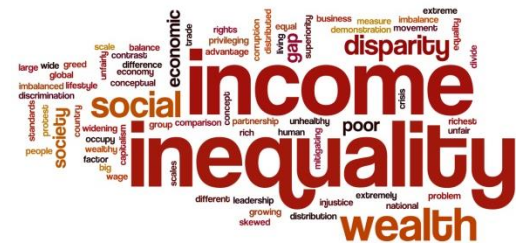


***** In 2014 top 7 Wall Street hedge fund managers earned more than the total annual salary of all the kindergarten teachers in the USA**



Hedge funds manage to collect hefty fees:
***“two and twenty” fee structure: investors must pay a management fee of 2%, and then a performance fee of 20% on any returns above a set target.**

***carried interest loophole: By act of Congress hedge fund managers pay taxes at a 20% capital gains rate on their profit, rather than the normal 39.6% rate. This incredibly generous loophole will cost taxpayers \$180 billion in lost revenue over the next ten years.**



Panama Papers Could Lead to Capitalism's Great Crisis TIME, April 4, 2016



The **Panama Papers**, an analysis of 11.5 million leaked documents from global law firm **Mossack Fonseca** revealed by the International Consortium of Investigative Journalists (ICIJ) shows that the [shadow financial system](#) was growing. Mossack Fonseca was working with big name financial groups to help global financiers hide cash in offshore havens around the world. The **Panama Papers illuminate a key aspect of why the system isn't working—because globalization has allowed the capital and assets of the 1 % (be they individuals or corporations) to travel freely, while those of the 99 % cannot.** Globalization is set up to enable that mobility mainly for the rich (or for large corporations). The result is [global tax evasion](#), the offshoring of labor, and an elite that flies 35,000 feet over the problems of nation states and the tax payers within them. Global Financial Integrity **found developing economies lost \$7.8 trillion in cash** because of maneuvers like those allegedly done by Mossack Fonseca, between 2004 and 2013.



After 15 Years, Argentina Agrees To Pay Back U.S. Creditors: Singer Makes 369% of Principal on Argentine Bonds in Debt Offer

Argentina's debt crisis is finally over. The Argentine Senate voted 54-16 to issue \$12.5 billion in bonds. Part of the money raised will be used to [pay](#) back \$4.65 billion to U.S. hedge funds, most notably **Paul Singer's** NML Capital, an offshore subsidiary of Elliott Management. *Argentina's 2005 restructuring imposed losses of about 70 percent on investors' claims, and Argentina made a similar offer in 2010. While about 92 percent of creditors tendered their debt in those two restructurings, Singer and other holdouts pursued better terms in the U.S. courts which backed him.*

According to a Bloomberg estimate, **Elliott Management will get back \$2.28 billion, or about 369 percent of the firm's \$617 million investment in distressed bonds; Singer [paid](#) just \$117 million for them 15 years ago.**

The new Gilded Age: Close to half of all super-PAC money comes from 50 donors, THE WASHINGTON POST, April 15, 2016

Close to half the money — 41 percent — raised by super PACs for the 2016 elections to the end of February came from just 50 mega-donors and their relatives, according to the Washington Post. Thirty-six of those are Republican supporters trying to shape the GOP nomination contest — accounting for more than 70 percent of the money from the top 50. In all, **donors this cycle have given more than \$607 million to 2,300 super PACs**, which can accept unlimited contributions from individuals and corporations.

The Top 10

<u>Rank</u>	<u>Name</u>	<u>Total Donations</u>	<u>Supporting</u>
1	Tom Steyer (D)	\$17 million	climate change
2	The Wilks family (R)	\$15.3 million	Ted Cruz
3	Maurice "Hank" Greenberg (R)	\$15 million*	Bush & Rubio
4	Robert Mercer (R)	\$14.6 million	Ted Cruz
5	Toby Neugebauer (R)	\$10.1 million	Ted Cruz
6	Paul Singer (R)	\$9.9 million	Marco Rubio
7	Ronald Cameron (R)	\$8.6 million*	Huckabee & Rubio
8	Kenneth C. Griffin (R)	\$8.3 million	Koch/Rubio
9	George Soros (D)	\$8 million	Hillary Clinton
10	Elizabeth and Richard Uihlein (R)	\$7.5 million	Walker & Rubio



Wall Street bonuses in 2015 were double the earnings of all full-time minimum wage workers

Wall Street bonuses

\$25B

172,400 employees

Annual earnings of all full-time minimum wage workers

\$12B

895,000 workers

Source: Institute for Policy Studies analysis of New York State Comptroller and BLS data.



The Wall Street bonus pool is large enough to lift millions of low-wage workers to \$15 p/hr

\$25B

Bonuses for 172,400 Wall Street employees

Cost of lifting workers to \$15 per hour

\$15B

2.6 mill restaurant servers and bartenders

\$13B

1.6 mill home health and personal care aides

\$21B

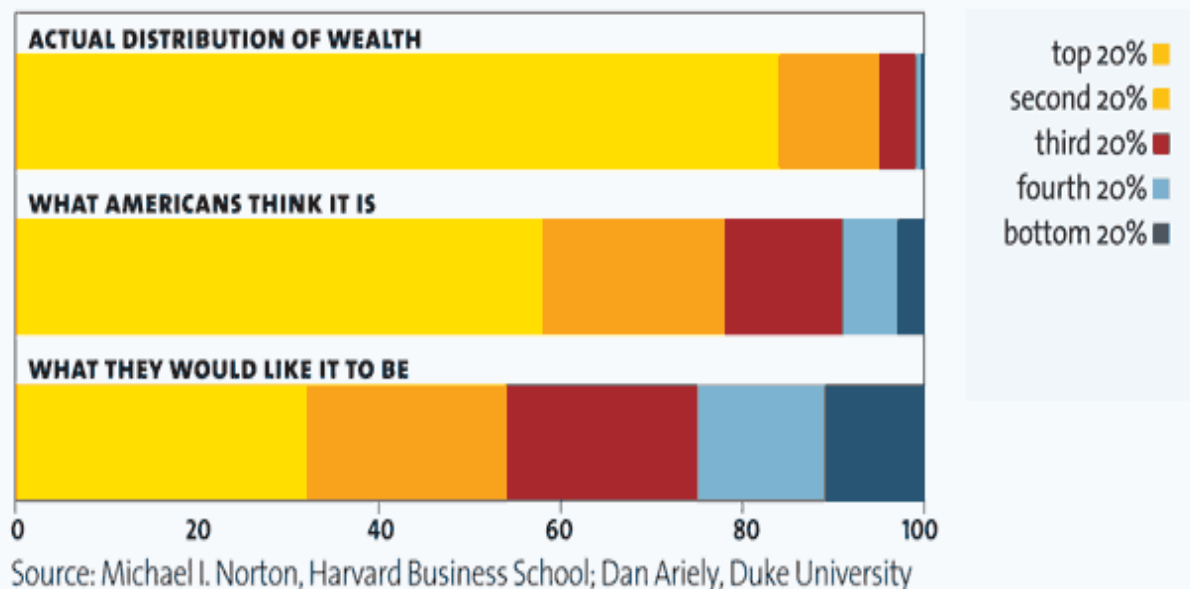
2.6 mill fast food prep and serving workers

Source: Institute for Policy Studies analysis of New York State Comptroller and BLS data.

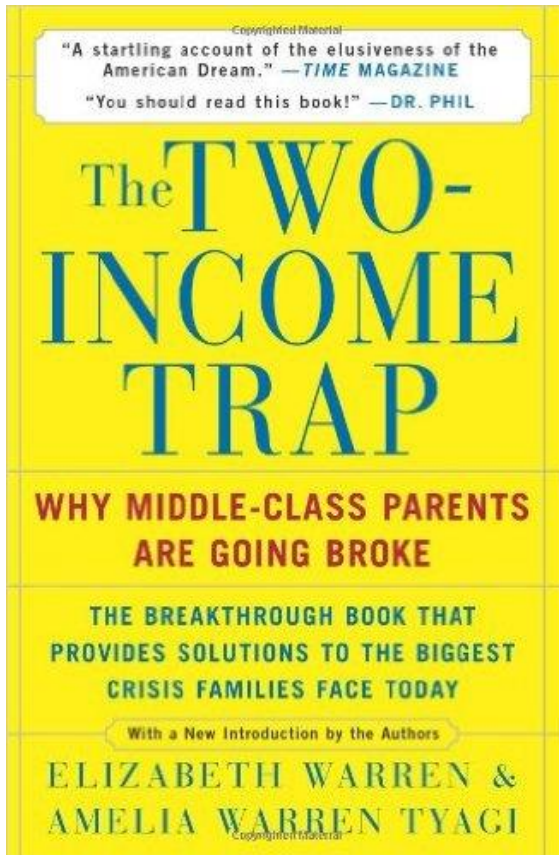


Rising Wealth Inequality: Should We Care? The Lottery Mentality

Americans actually live in Russia, although they think they live in Sweden. And they would like to live on a kibbutz.

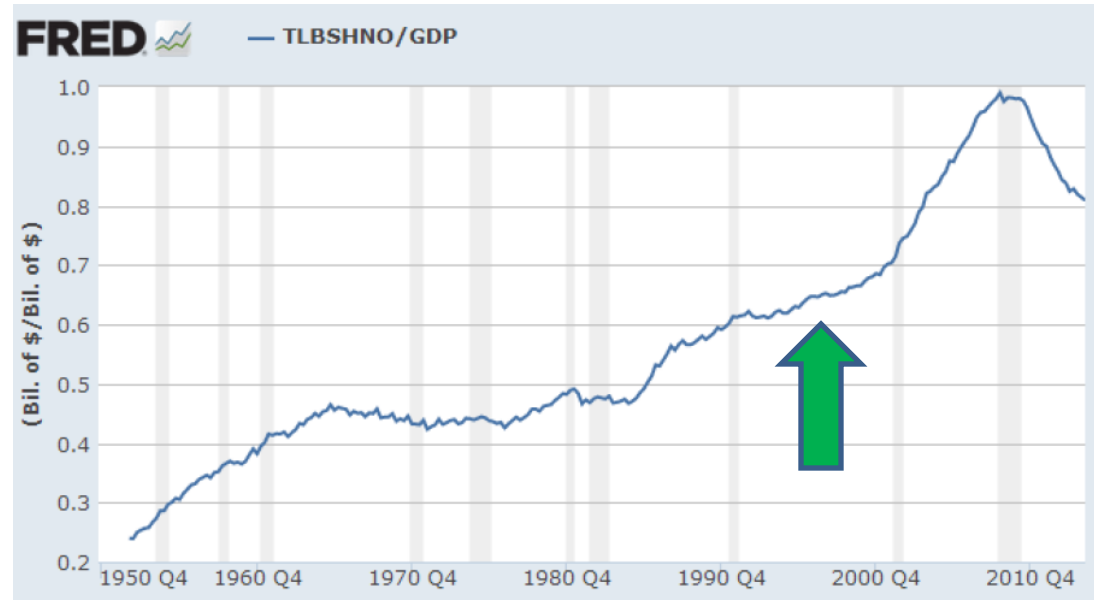
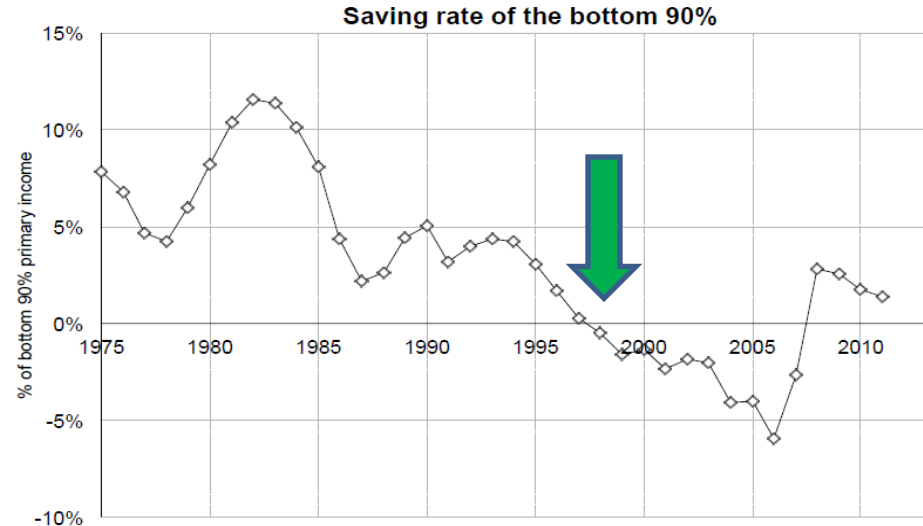


Culturally Americans have not raised income inequality as an issue in the past because Americans don't begrudge the rich so much as they want to join them. The Norton and Ariely (2011) study suggests otherwise. Given a choice, Americans would prefer to live in a society more equal than even highly egalitarian Sweden.

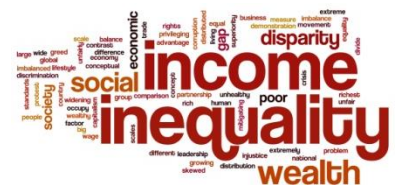


Written by a law school professor and her daughter in 2003 and outlining and predicting the current and future exploitation of the middle class

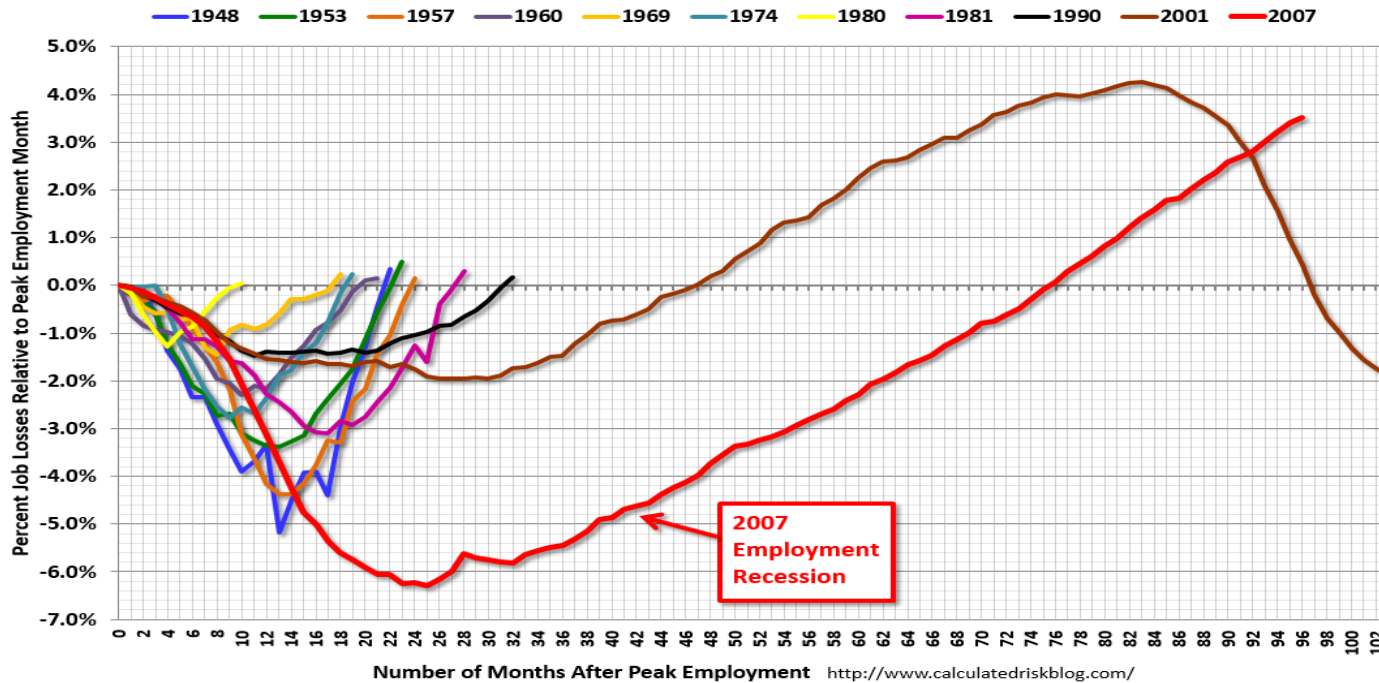
The bottom 90% massively dis-saved in the decade preceding the crisis



- ** 8.3 million jobs lost 2008-09, total 26.2 million unemployed**
- ** 10% white unemployment rate, 16% Black unemployment rate, 13.2% Hispanic unemployment rate**
- ** 17% underemployment rate**
- ** 17.4 million U.S. families went hungry at some point in 2009, according to the USDA which also found that 6.8 million households with up to 1 million children had continuing financial problems that left them unable to eat regularly**
- ** 5.4 million people have been added to federal disability rolls as discouraged workers give up looking for work**
- ** GDP fell 6% in 2008, 2.6% in 2009 (total US GDP, 2008 \$14.4 T)**
- ** \$17 trillion (22% of all value) lost in net household worth (\$5.6 T in lost home prices)**
- ** 3.1 million foreclosure filings during 2008 (one of every 54 households) 861,664 families lost their homes in 2008, 5 million foreclosures total. Another 2,824,000 foreclosure filings in 2009**
- ** Stock market fell by 1/3 (retirement funds lost \$2.8T)**
- ** Household bankruptcies 2.5 million in 2008-09**

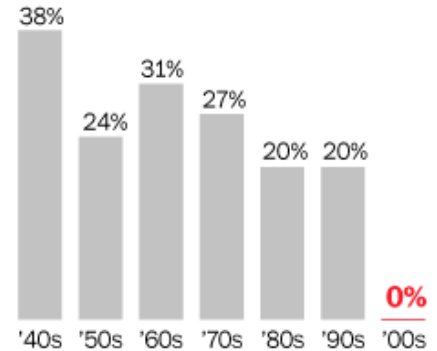


Percent Job Losses in Post WWII Recessions



There was **zero net job creation** in the first decade of the new millennium, compared to healthy job growth in each of the previous six decades.

Job growth: percent change in payroll employment.*



*2000s extends through Nov. 2009

THE WASHINGTON POST

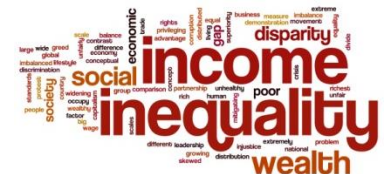
THE WAGE-LESS JOBS RECOVERY

United States: Average Hourly Earnings

(year-over-year percent change)



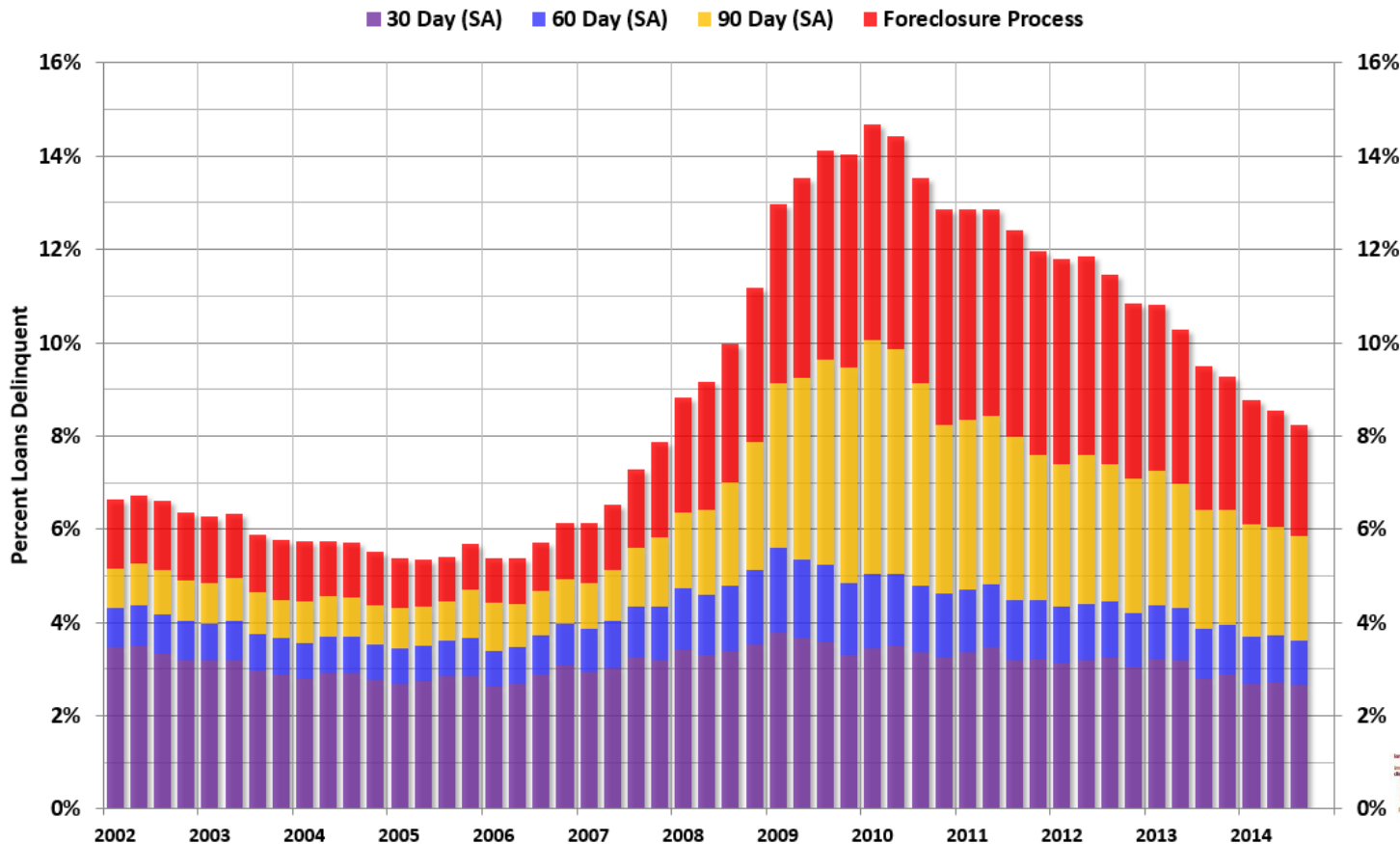
Notes:
Source: Bureau of Labor Statistics, Haver Analytics
Shaded regions represent periods of U.S. recession



From January 2007 to December 2011 there were **more than four million completed foreclosures (over \$6 trillion in lost value)** and **more than 8.2 million foreclosure starts** As of May 2012, approximately 1.4 million homes, or **3.4 percent** of all homes with a mortgage, were in the national foreclosure inventory.



Mortgage Delinquencies and Foreclosures by Period Past Due, All Loans



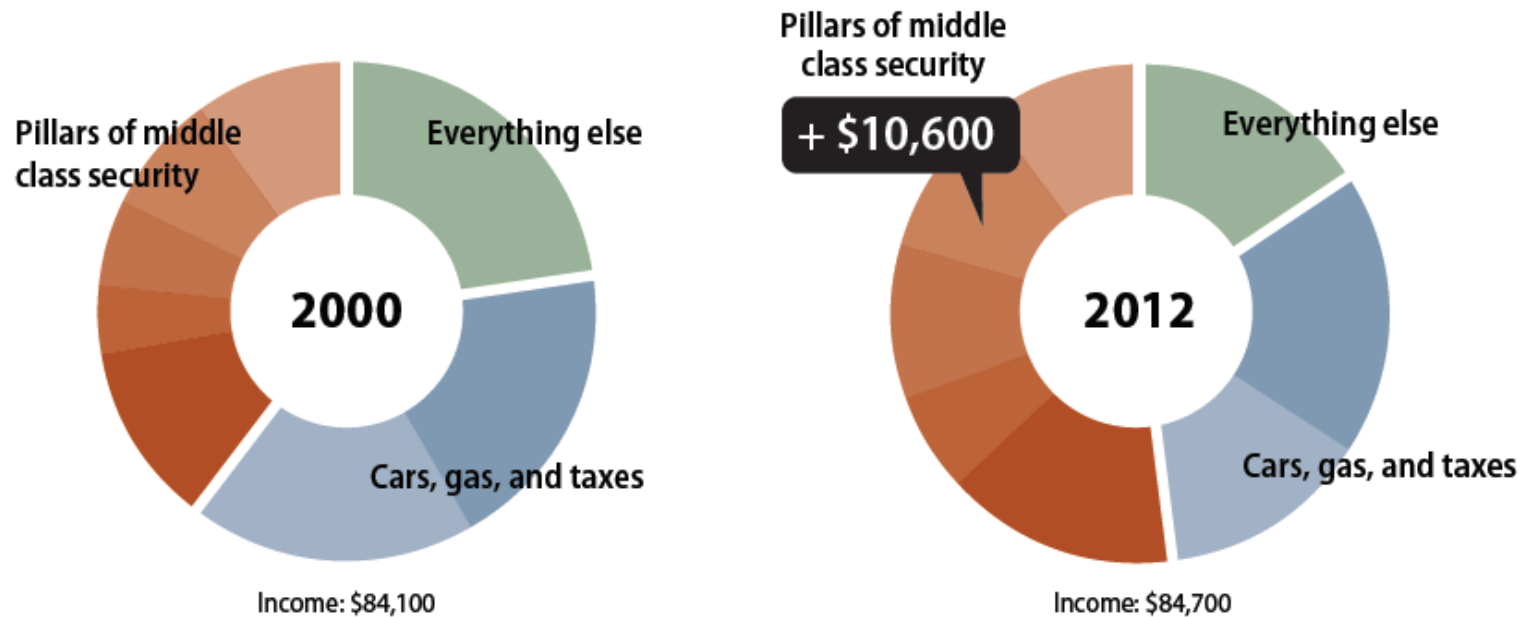
Source: MBA

<http://www.calculatedriskblog.com/>



The cost of middle class security surged over \$10,000 in 12 years

How much the squeeze cost the median married couple with two kids



Pillars of middle class security			
	2000	2012	
Housing	\$10,200	\$13,000	
College Savings	\$3,800	\$5,300	
Health	\$4,600	\$8,600	
Childcare	\$6,400	\$8,700	
Retirement Savings	\$8,400	\$8,500	
Total	\$33,400	\$44,000	+\$10,600

Cars, gas, and taxes			
	2000	2012	
Two cars and gas	\$15,900	\$15,400	
Taxes	\$15,600	\$11,700	
Total	\$31,500	\$27,100	-\$4,400

Everything else			
	2000	2012	
Everything Else	\$19,200	\$13,600	
Includes groceries, clothing, telephone, and emergency savings			
Total	\$19,200	\$13,600	-\$5,500

Notes: Numbers may not add up due to rounding. Select data are estimated for 2000 and 2012 based on the closest available data. See Methodology section for more information.

Source: See Methodology section.

Rising health care spending—both on premiums and out-of-pocket costs—totally erased wage gains for a typical family from 1999 to 2009.

D. Blumenthal and D. Squires, "Do Health Care Costs Fuel Economic Inequality in the United States?" *The Commonwealth Fund Blog*, Sept. 9, 2014.

2002–2012: Health care costs for middle-class families rose by \$9,000

Annual health care costs for the average family of four in an employer-sponsored PPO plan, 2002 vs. 2012

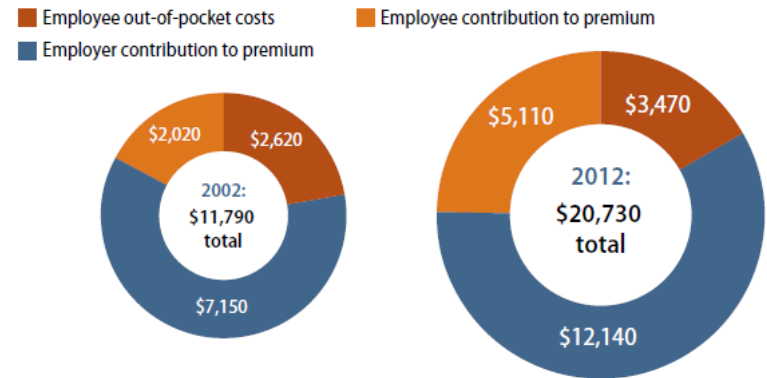
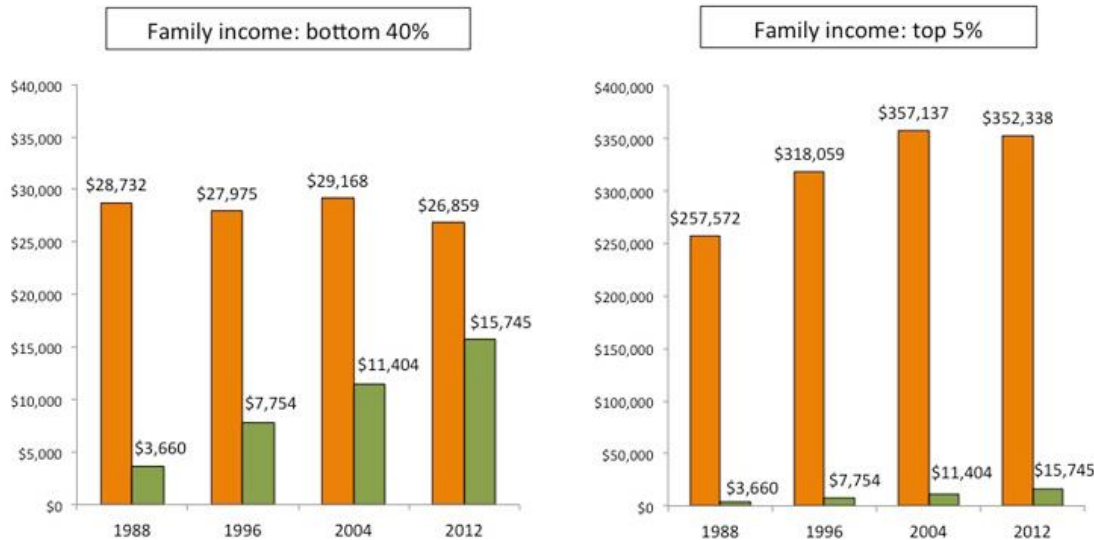


Exhibit 1. Rising Health Insurance Premiums Disproportionately Affect Low-Wage Workers

Family income (orange bar) Average employer-sponsored family premium (green bar)



Notes: All figures are adjusted for inflation (2012 dollars; BLS Urban Consumer Price Index).

Sources: *Family income*—U.S. Census Bureau; includes only "money income" and not employer benefits. *Average employer-sponsored family premium*—Kaiser Family Foundation/HRET Survey of Employer-Sponsored Health Benefits, 2004 & 2012; KPMG Survey of Employer-Sponsored Health Benefits, 1996; Health Insurance Association of America, 1988.

all figures in 2012 dollars.
Calculations based on data available at <http://www.kff.org>

Chattanooga Times Free Press
Illustration by [unintelligible] in the United States

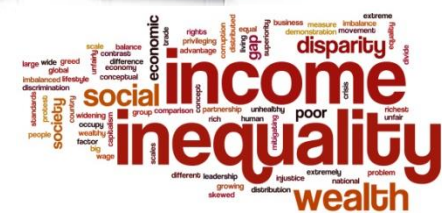
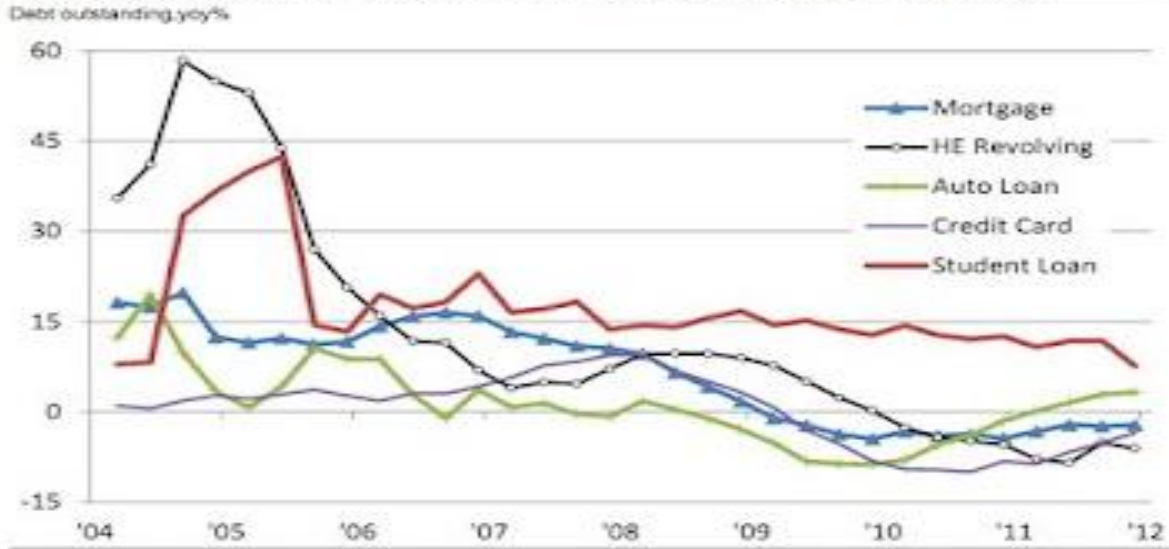


Exhibit 3: Student Loans Fastest-Growing Category of Household Debt



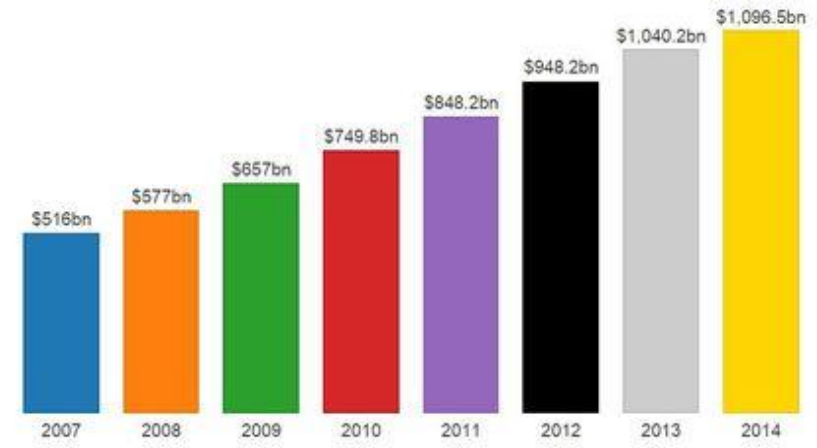
Source: Federal Reserve Bank of New York, Credit Suisse

80 years ago Social Security system's benefits were intended as an unbreakable commitment based on a lifetime of work. Social Security benefits could not be taken away by banks or other creditors. That **changed in 1996 when Newt Gingrich's Congress added a loophole allowing outstanding student loans to override Social Security's guarantee.** This April the U.S. Department of Education took actions that could result in the discharge of **over \$7 billion worth of student loan debt, helping 387,000 Social Security recipients with disabilities.**

Outstanding Federal Student Loans

Annual figures as of Sept. 30. 2014 data as of June 30.

Total due Recipients Average Per Recipient



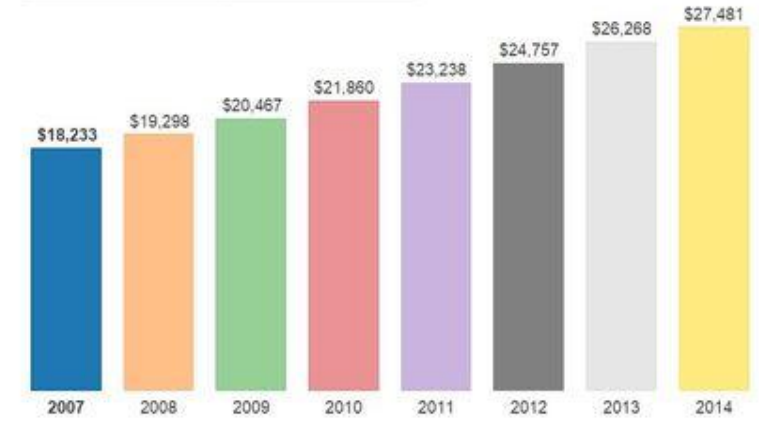
Created with [Datawrapper](#)

Source: [U.S. Department of Education](#). [Get the data](#)

Outstanding Federal Student Loans

Annual figures as of Sept. 30. 2014 data as of June 30.

Total due Recipients Average Per Recipient

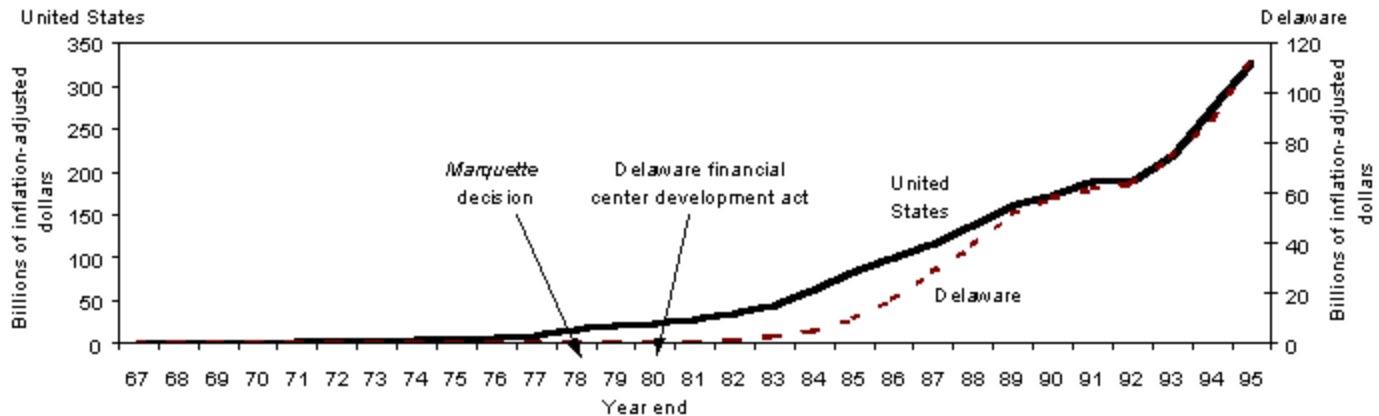


Created with [Datawrapper](#)

Source: [U.S. Department of Education](#). [Get the data](#)

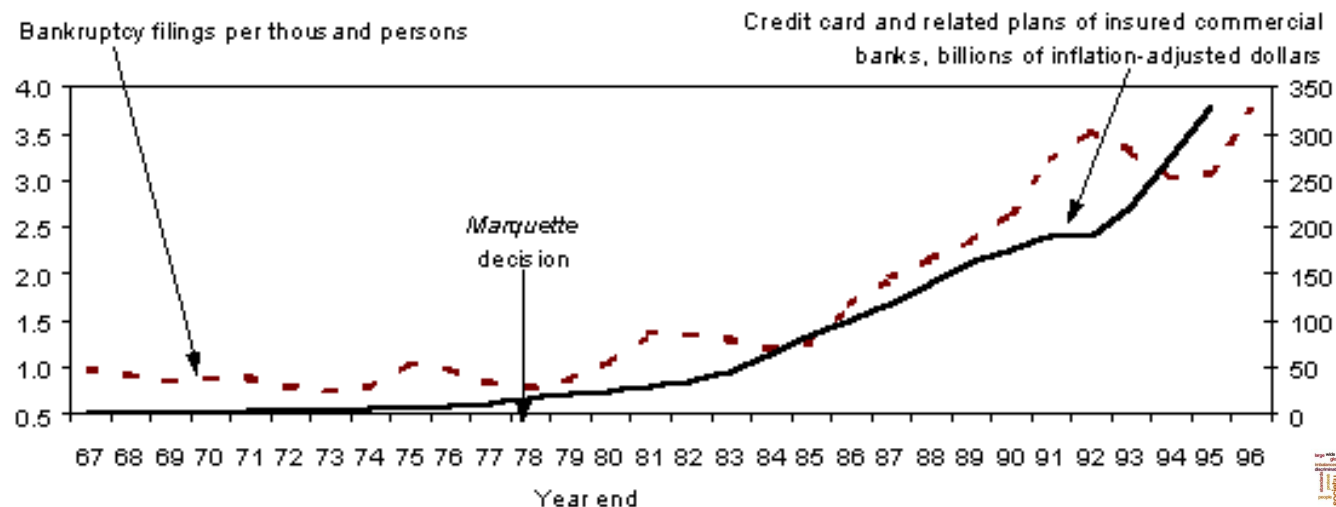
Marquette Nat. Bank of Minneapolis v. First of Omaha Service Corp. (439 U.S. 299 (1978)), is a unanimous U.S. Supreme Court decision holding that state anti-usury laws regulating interest rates cannot be enforced against nationally chartered banks based in other states.

Credit Card Volumes* in Delaware Increased Dramatically after Interest Rate Deregulation

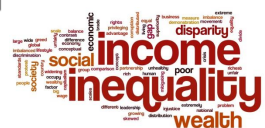


Source: Bank call reports (credit card and related plans of insured commercial banks). Does not include off-balance sheet securitizations.

The Long-Term Rise in the Personal Bankruptcy Rate Started Shortly after Interest Rate Deregulation



Source: Bank call reports, Administrative Office of the U.S. Courts, and Census Bureau



New School Year Brings Steep Cuts in State Funding for Schools

Center on Budget and Policy Priorities, October 7, 2011

Of 46 states that publish education budget data in a way that allows historic comparisons:

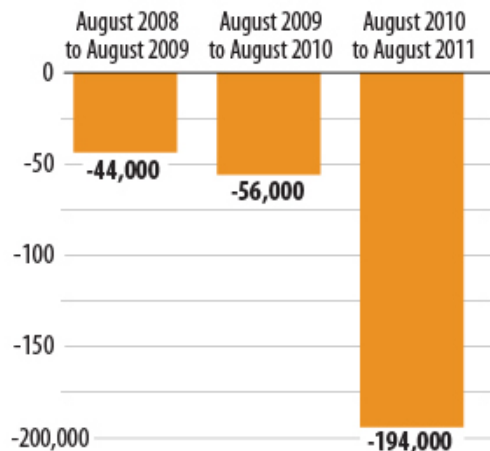
**** 37 states are providing less funding per student to local school districts in the new school year than they provided last year.**

**** 30 states are providing less than they did four years ago.**

**** 17 states have cut per-student funding by more than 10 percent from pre-recession levels.**

Four states— South Carolina, Arizona, California, and Hawaii — each have reduced per student funding to K-12 schools by more than 20 percent.

Three Years of School Job Cuts
Change in number of local education jobs



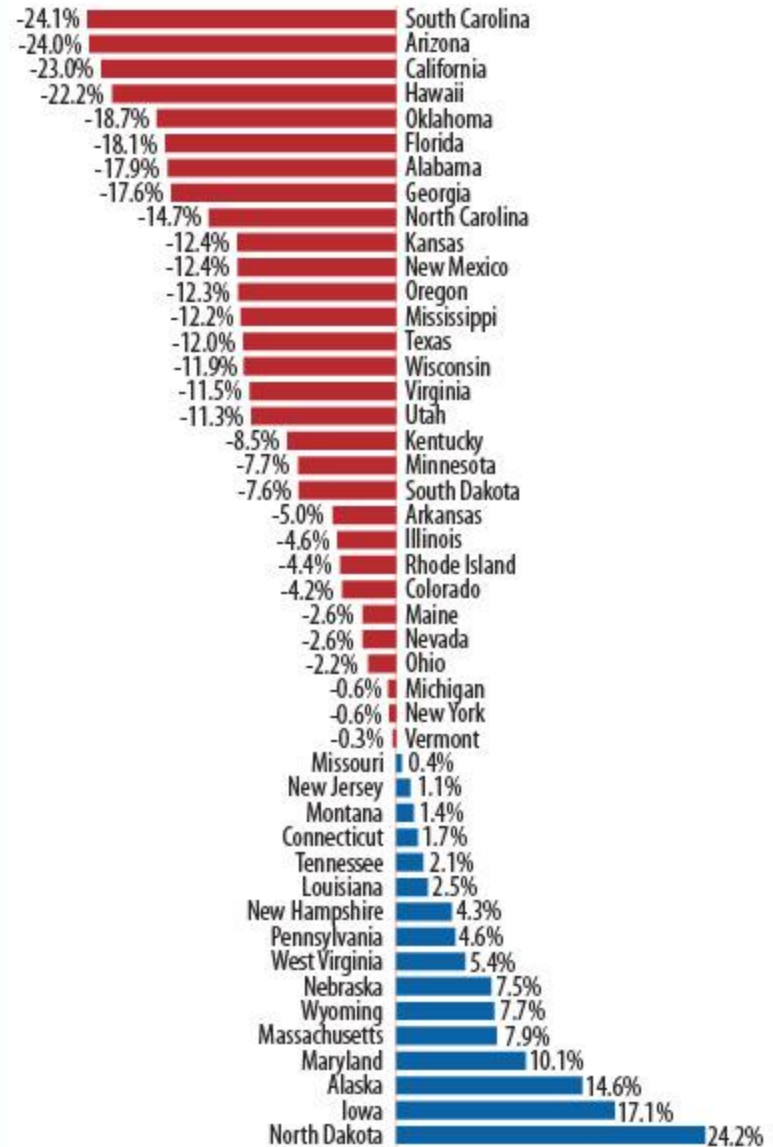
Source: Bureau of Labor Statistics, seasonally adjusted data.

Center on Budget and Policy Priorities | cbpp.org

Figure 1:

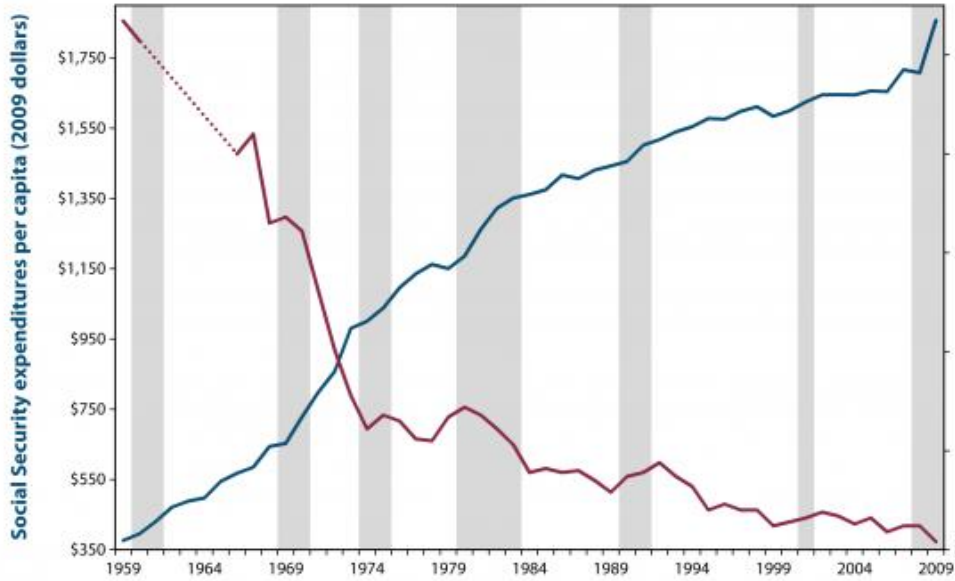
School Funding Remains Below 2008 Levels in Most States

Percent change in spending per student, inflation-adjusted, FY08 to FY12



Source: CBPP budget analysis and National Center for Education Statistics enrollment estimates

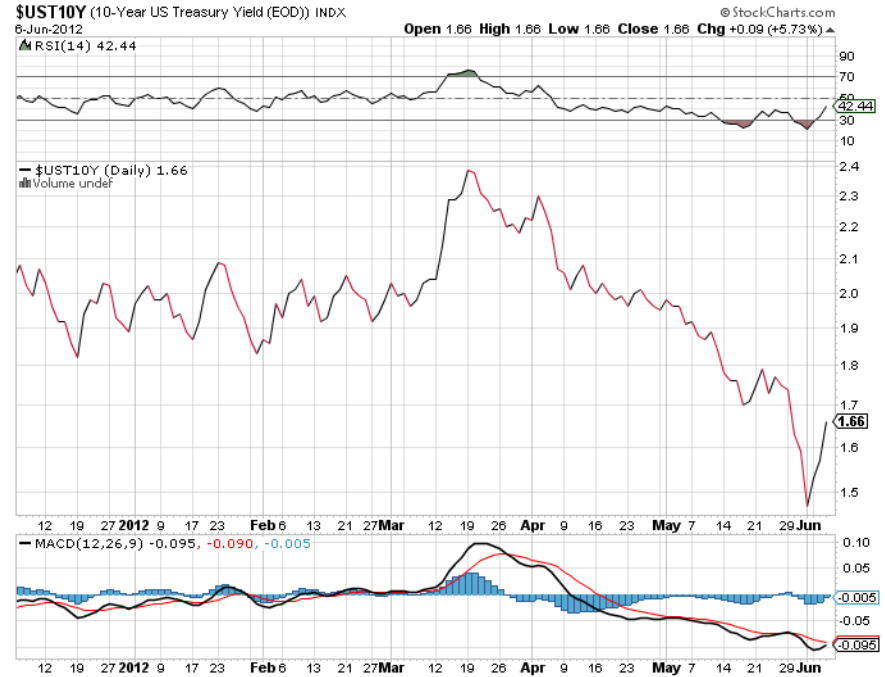
Center on Budget and Policy Priorities | cbpp.org



Share of the elderly population below the poverty line

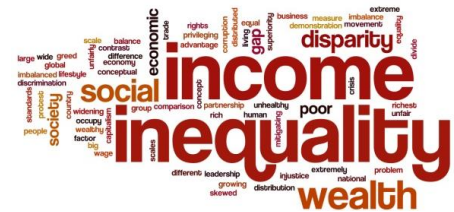


Note: Shaded areas denote recession.
Source: U.S. Census Bureau, Historical Poverty Tables, Persons, Tables 2 and 3, and U.S. Treasury, Social Security Administration, Trustees Report 2009, Annual Statistical Supplement.
Note: No formal data exists in the years between 1959 and 1966 for the percentage of elderly persons living in poverty. The dotted line denotes a linear extrapolation between the earliest data point (1959) and the beginning of the complete series (1966).



Only one in 10 families in the bottom 20 percent of income earners have retirement savings accounts. This is because lower-income workers receive skimpier matching contributions from employers, can least afford to contribute or bear investment risks, and receive little or no tax benefit – but still face a penalty if they need to tap their savings early. Conversely, **nine in 10 families in the top 20 percent have a retirement savings account and make up 74 percent of the TOTAL retirement savings in America.**

Two-thirds of seniors rely on Social Security for the majority of their income. And, as Americans face an unprecedented \$7.7 trillion retirement savings gap – meaning that ***for the first time in our country's history, current and future retirees are preparing for a lower standard of living in retirement than their parents***

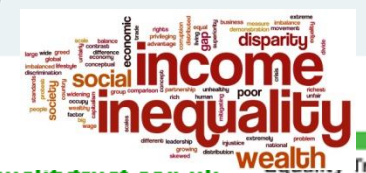
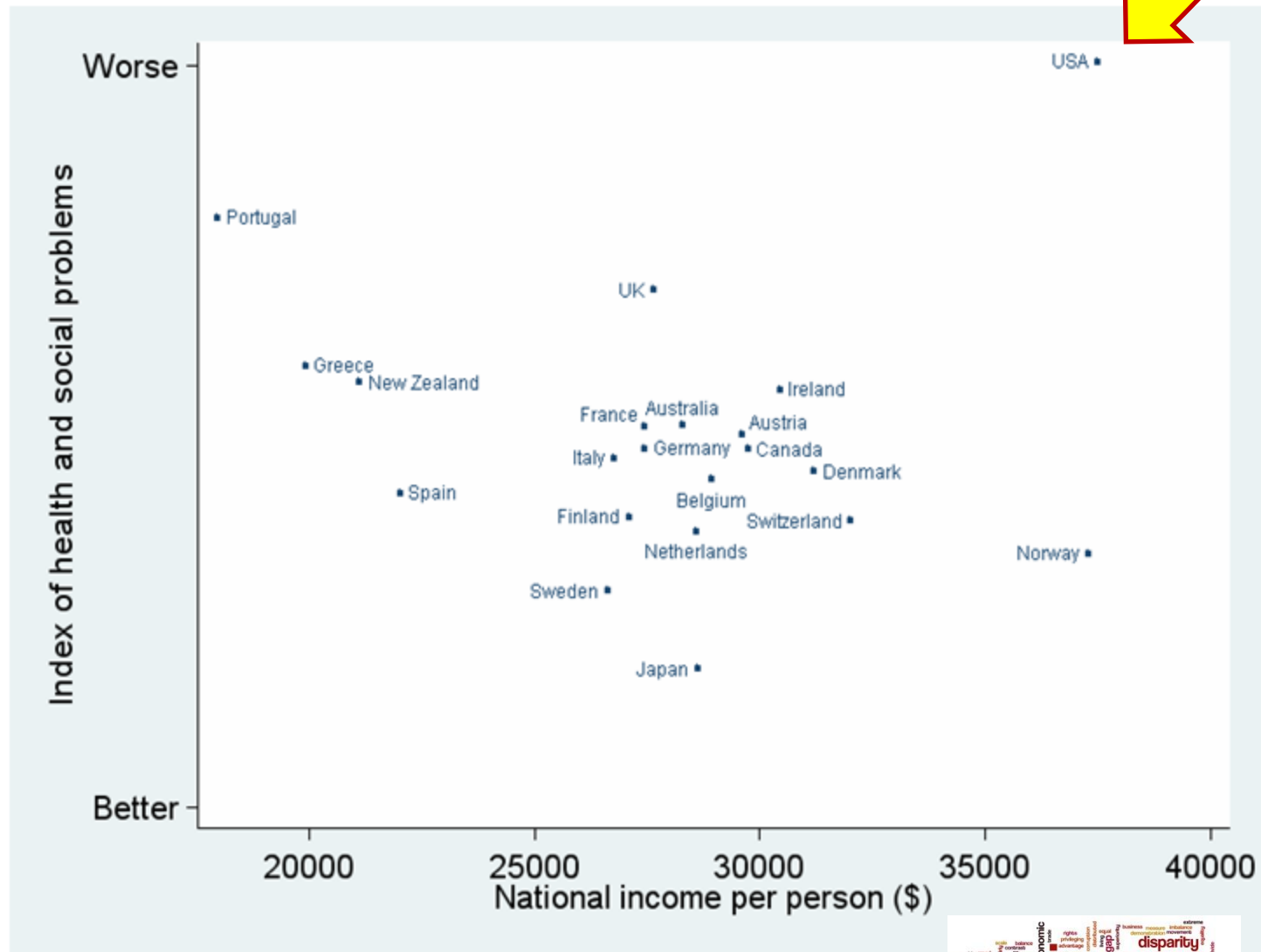


Health and Social Problems are not Related to Average Income in Rich Countries



Index of:

- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



OPTIMAL HEALTH OUTCOMES DEPEND ON SOCIAL and ECONOMIC JUSTICE

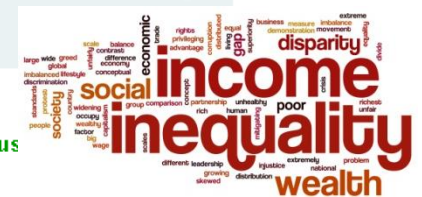
Health and Social Problems are Worse in More Unequal Countries

Index of:

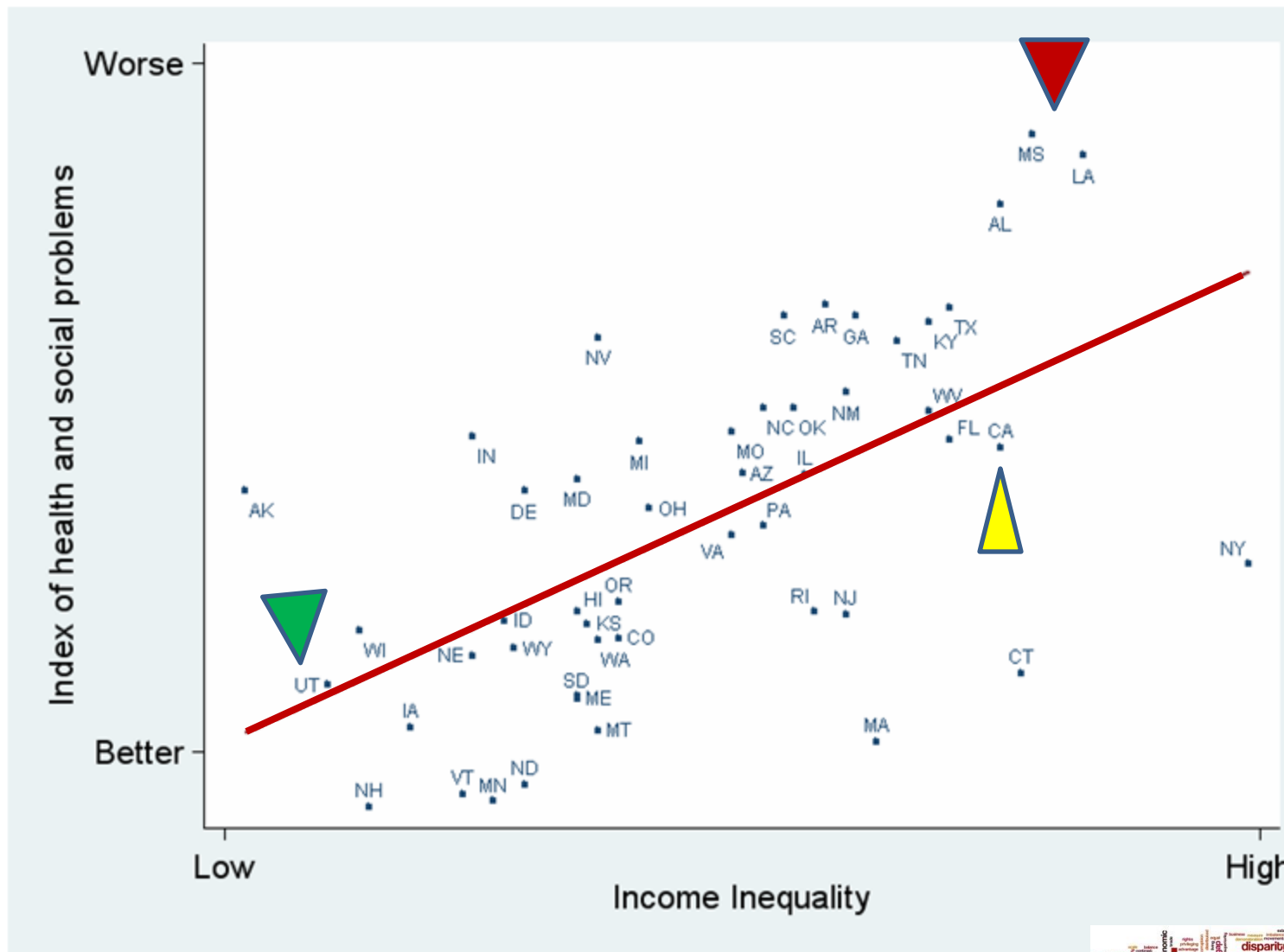
- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



Source: Wilkinson & Pickett, *The Spirit Level* (2009)



Health and Social Problems are Worse in More Unequal US States



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- Life expectancy
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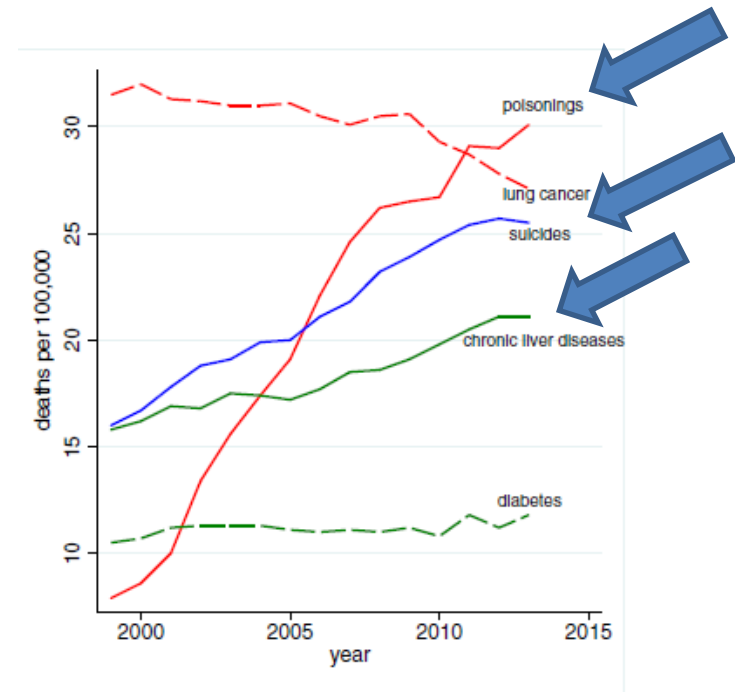
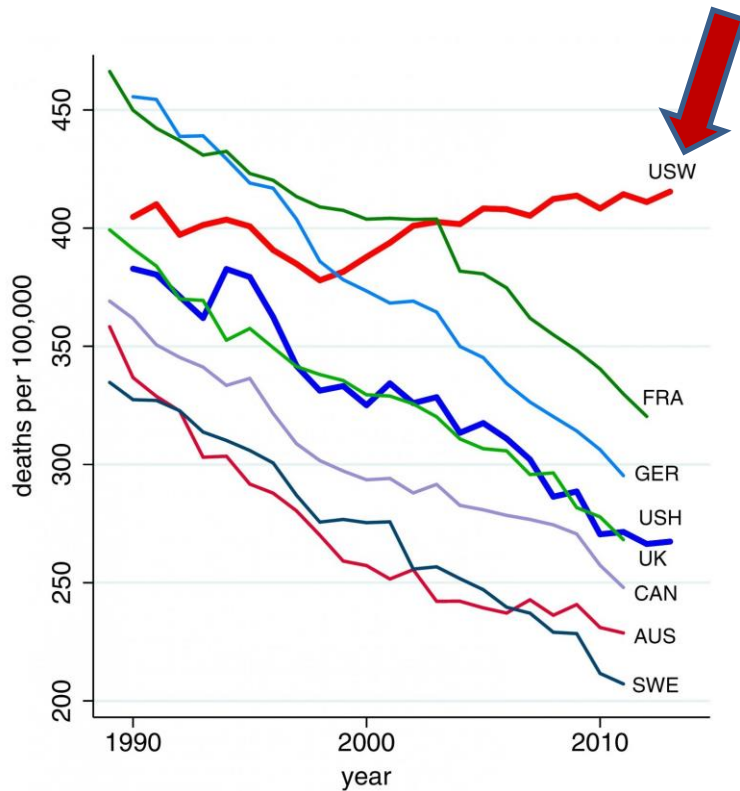


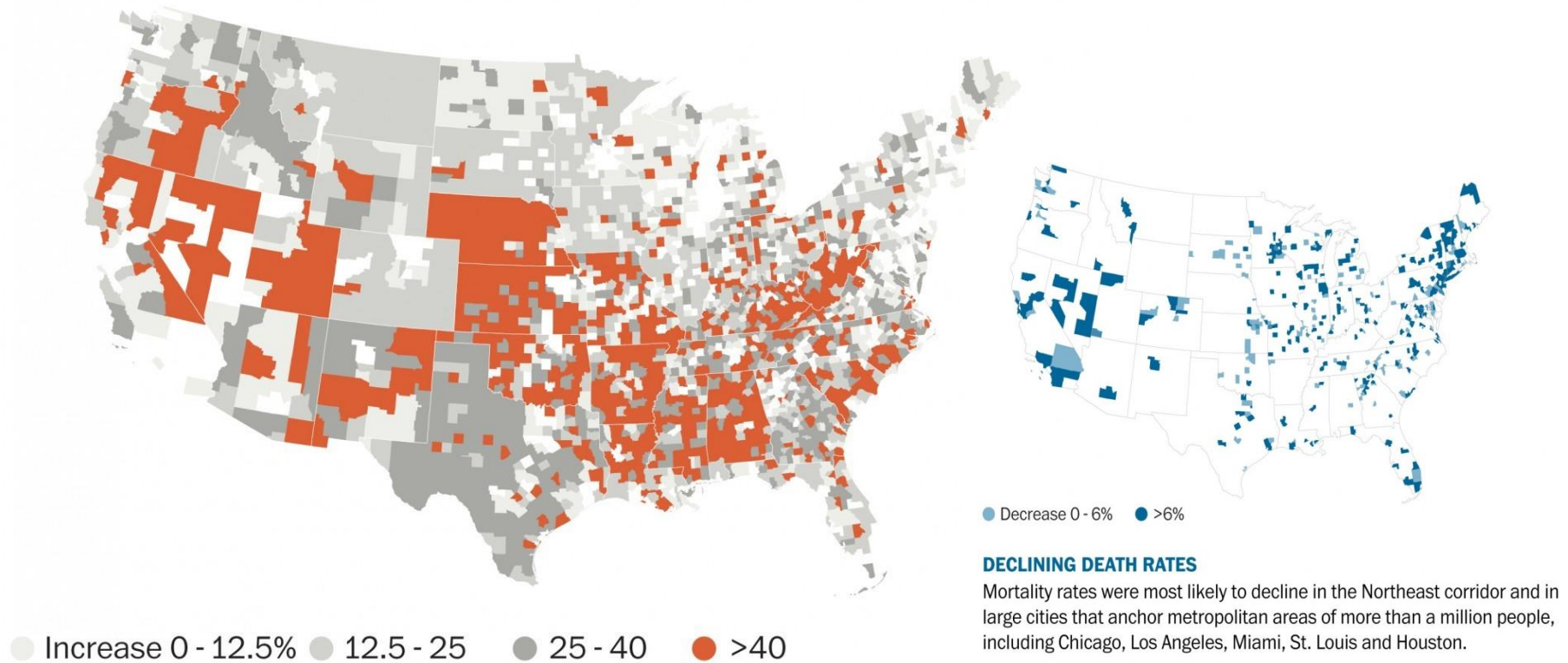
Fig. 2. Mortality by cause, white non-Hispanics ages 45-54.

Death rate for U.S. non-Hispanic whites (USW), U.S. Hispanics and six comparison countries, aged 45-54. (Source: Proceedings of the National Academy of Sciences.)

White middle-aged Americans have suffered a startling rise in death rates between 1999 and 2013, showing a sharp reversal in decades of progress toward longer lives. The mortality rate for white men and women ages 45-54 with less than a college education increased markedly, most likely because of problems with legal and illegal drugs, alcohol and suicide. An increase in the mortality rate for any large demographic group in an advanced nation has been virtually unheard of in recent decades, with the exception of Russian men after the collapse of the Soviet Union.

“Drugs and alcohol, and suicide . . . are clearly the proximate cause,” said **Angus Deaton**, the 2015 Nobel laureate in economics, who co-authored the paper with his wife, Anne Case. Both are economics professors at Princeton University. **“Half a million people are dead who should not be dead.”**

Changes in death rates for white women ages 35 to 54 since 1990



DECLINING DEATH RATES

Mortality rates were most likely to decline in the Northeast corridor and in large cities that anchor metropolitan areas of more than a million people, including Chicago, Los Angeles, Miami, St. Louis and Houston.

Source: Washington Post analysis of Centers for Disease Control and Prevention mortality data

INCREASING DEATH RATES

From 1990 through 2014, the mortality rate for white women rose in most parts of the country, particularly around small cities and in rural areas. Rates often went up by more than 40 percent and, in some places, doubled.

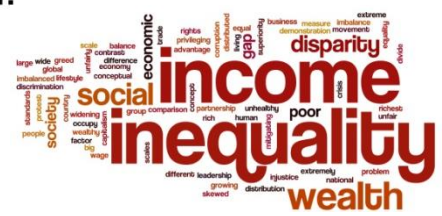
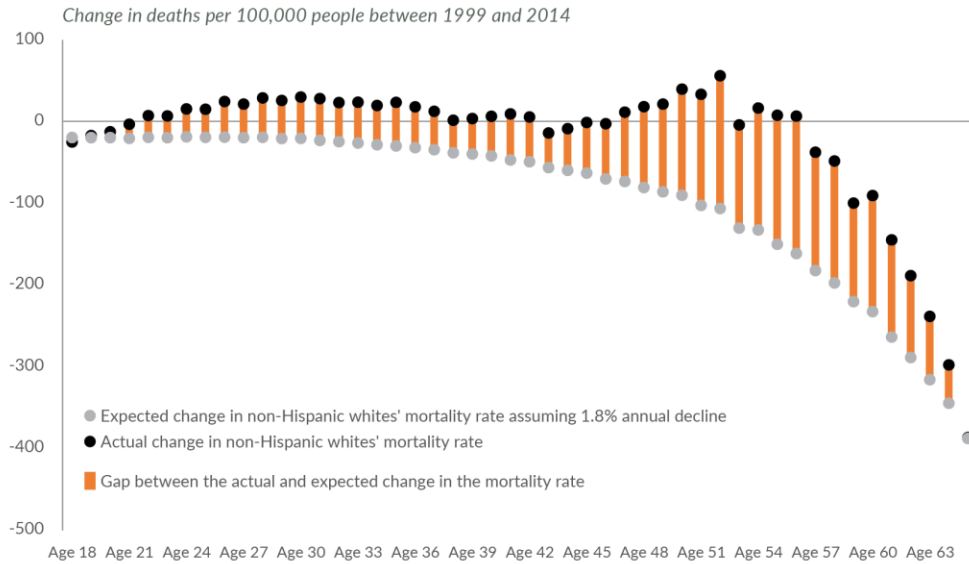
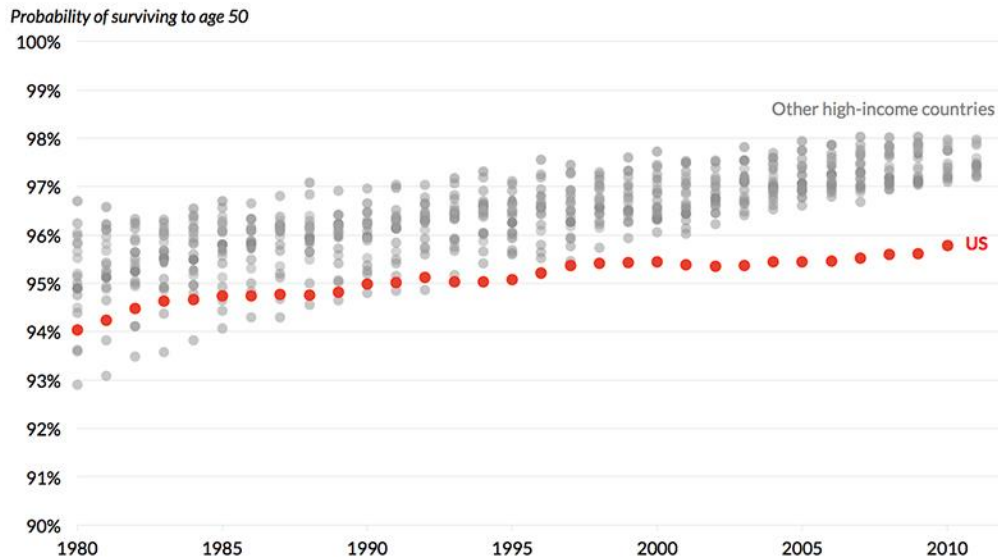


Exhibit 2. The “Mortality Gap” for Whites Spanned All Working-Age Years, But Was Most Severe at Middle Age



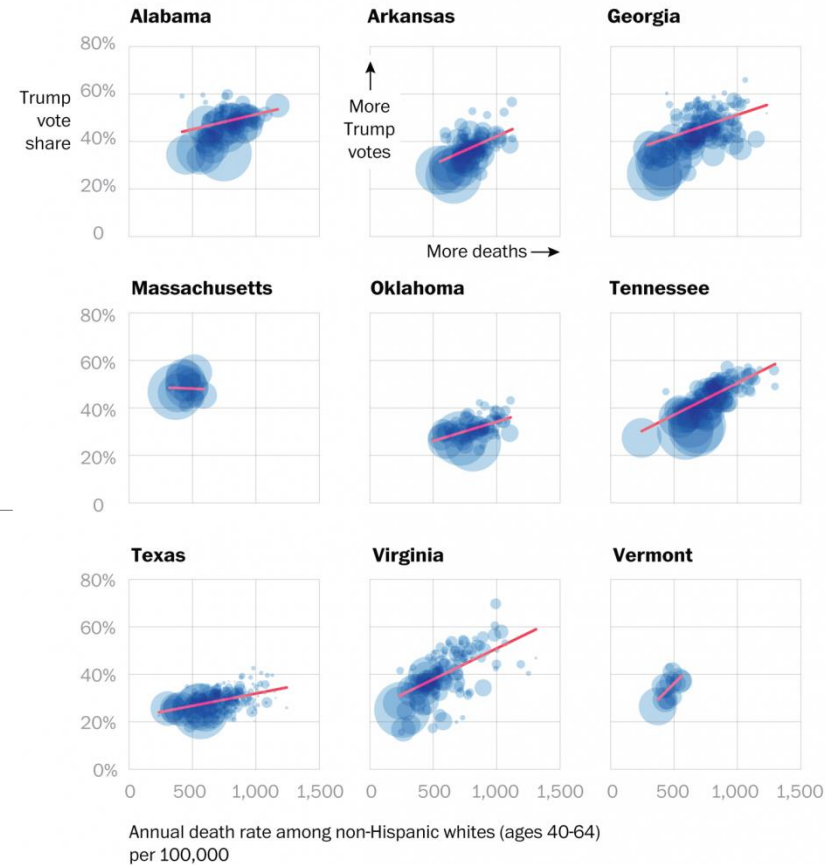
Chances of Women Surviving to Age 50: US Women are Falling Far Behind



Source: Authors calculations using data from The Human Mortality Database (www.mortality.org/), updating an earlier analysis performed by Barney Cohen at the National Academies.

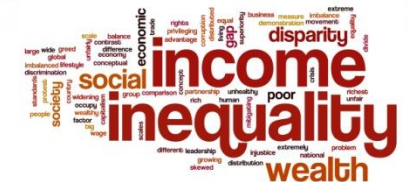
URBAN INSTITUTE

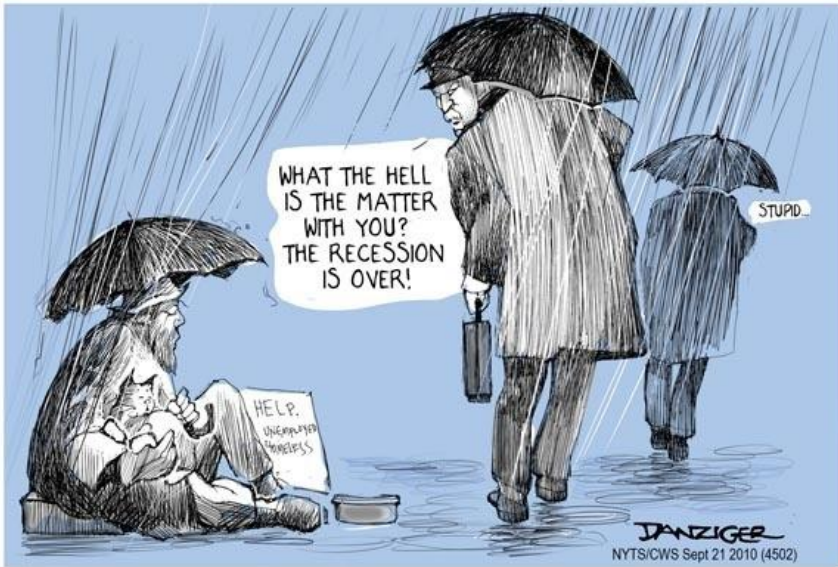
In counties that went for Trump on Super Tuesday, middle-aged whites die at a faster rate



WAP0.ST/WONKBLOG

Source: AP, CDC data from 2011-2014, and 5-year 2010-2014 ACS





Robert Rubin: 'Virtually Nobody' Saw Crisis Coming, Bush Deserves Much Of The Blame Huffington Post Grace Kiser

03- 3-10

Robert Rubin, the former Clinton-era Treasury Secretary and noted champion of deregulation, told a New York City audience last night that "virtually nobody" -- himself included -- foresaw the financial meltdown....Rubin touched on the financial crisis, Obama's economic policies and America's potential in the new global economy -- but *not* on financial reform or the deregulatory agenda of the 1990s.

Greenspan reflects on crisis, deflects blame

By [Dana Milbank](#) Washington Post

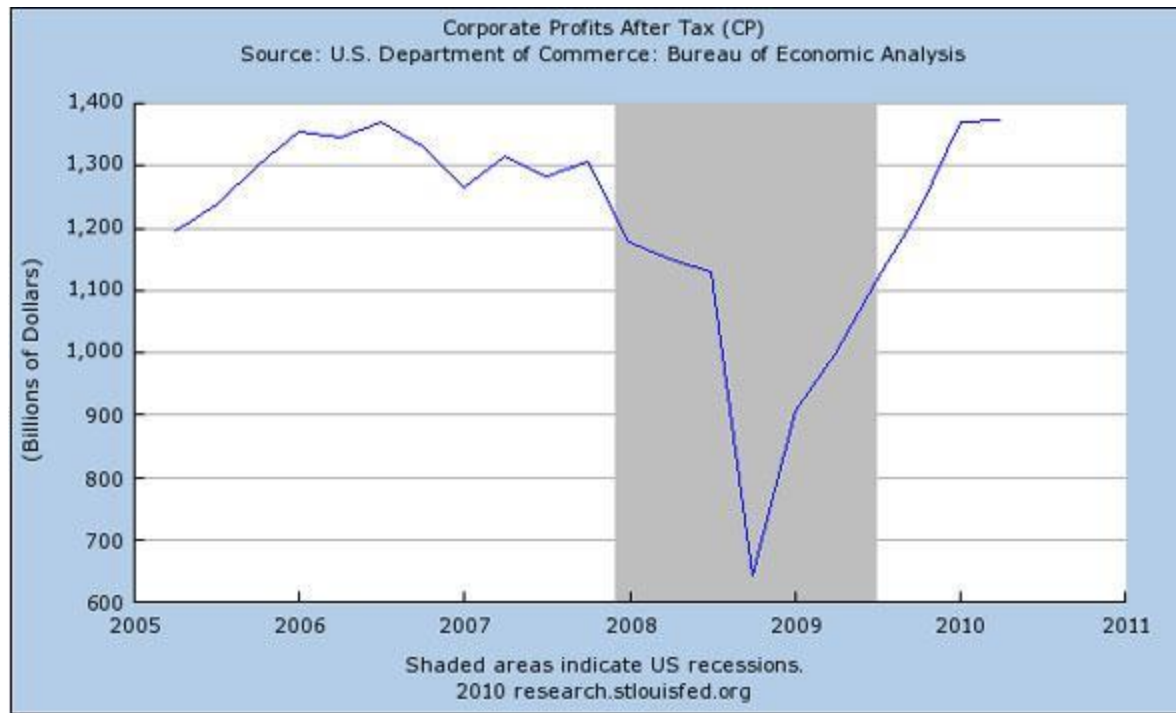
Thursday, April 8, 2010

While finding himself blameless, he assigned fault to, among others, Congress, the Bush and Clinton administrations, Fannie Mae and Freddie Mac, the Europeans, other regulators, and one of his Fed colleagues. They all contributed to what Greenspan, in his testimony, called "the most prominent global bubble in generations...." When the collapse finally came, Greenspan acknowledged "a flaw" in his philosophy that unfettered free markets are best and regulations don't work.



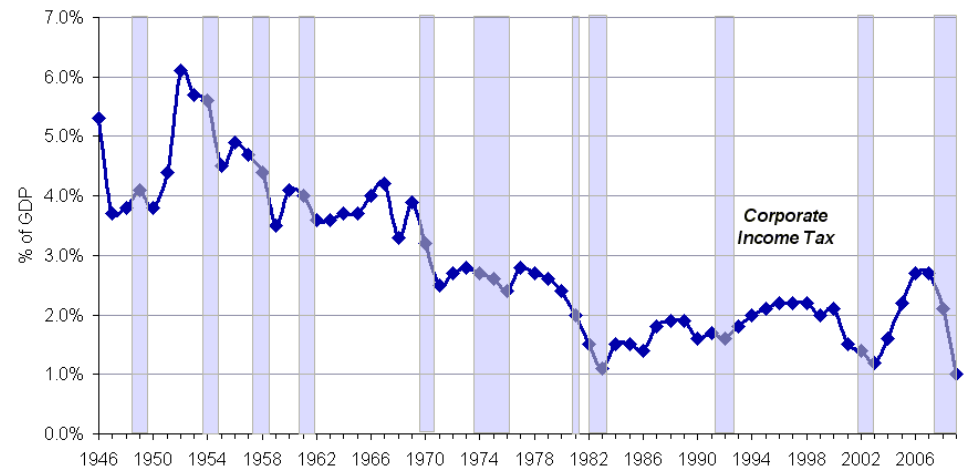
**ICELAND'S PRESIDENT EXPLAINS HOW HIS
COUNTRY RECOVERED SO QUICKLY FROM THE
RECESSION:**

**"THE GOVERNMENT BAILED OUT THE PEOPLE AND
IMPRISONED THE BANKSTERS--THE OPPOSITE OF
WHAT AMERICA AND THE REST OF EUROPE DID."**



15-Apr-10

Corporate Income Tax as a Share of GDP, 1946 - 2009



Notes: Shaded areas represent recessionary periods as recorded by the National Bureau of Economic Research. Miscellaneous taxes such as estate and gift taxes are omitted for the sake of clarity, and comprise a very small fraction of total revenues in any case.

Source: Budget of the United States Government, Historical Tables, FY 2011.
Based on Adam Carasso, "The Corporate Income Tax In the Post-War Era," Tax Facts Column, Tax Notes Magazine, March 03, 2003

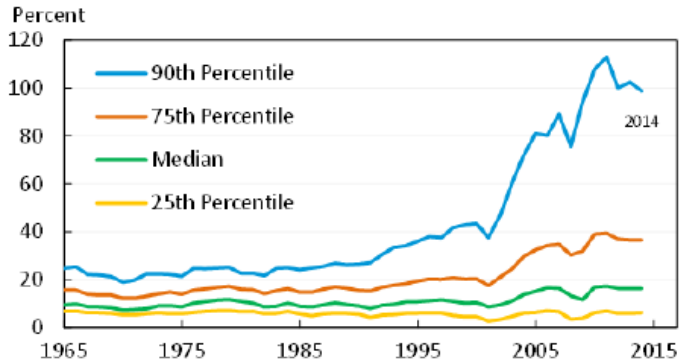
THE BIGGEST 5 OIL COMPANIES MADE 135 BILLION IN PROFIT LAST YEAR



WHY IN THE WORLD ARE WE GIVING THEM AT LEAST 10 BILLION IN SUBSIDIES WHILE WE ARE CLOSING PUBLIC SCHOOLS?

BENEFITS OF COMPETITION AND INDICATORS OF MARKET POWER

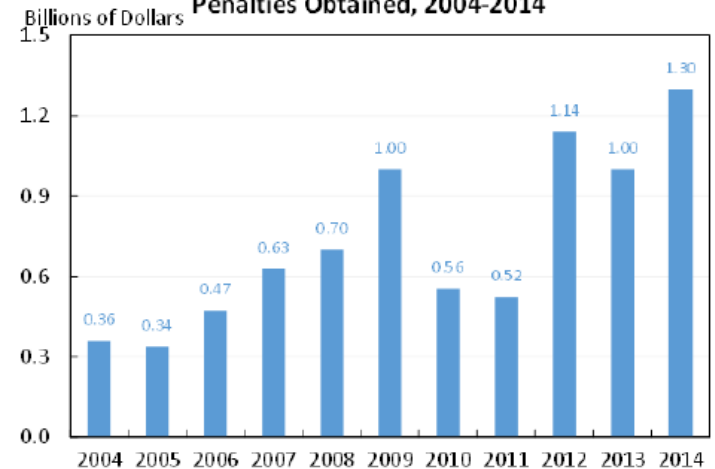
Figure 1: Return on Invested Capital Excluding Goodwill,
U.S. Publicly-Traded Nonfinancial Firms, 1965–2014



Note: The return on invested capital definition is based on Koller et al (2015), and the data presented here are updated and augmented versions of the figures presented in Chapter 6 of that volume. The McKinsey data includes McKinsey analysis of Standard & Poor's data and exclude financial firms from the analysis because of the practical complexities of computing returns on invested capital for such firms.

Source: Koller et al. (2015); McKinsey & Company; Furman and Orszag (2015).

Figure 6: Criminal Antitrust Fines and
Penalties Obtained, 2004-2014



Source: U.S. Department of Justice, Antitrust Division

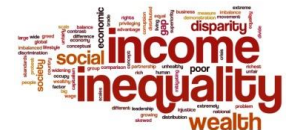
**** Big firms in the United States have never had it so good.**

**** American capitalism has a corrosive lack of competition: their returns on equity are 40% higher in the United States than they are abroad. Aggregate domestic profits are at near-record levels relative to GDP.**

**** The excess cash generated domestically by American firms beyond their investment budgets is running at \$800 billion a year, or 4% of GDP.**

**** The tax system encourages them to park foreign profits abroad.**

**** Were America's firms to cut prices so that their profits were at historically normal levels, consumers' bills might be 2% lower.**



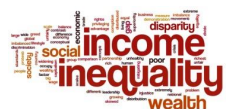
“When [Verizon](#) workers [went on strike](#) last week, they were angry about the company’s unwillingness to invest in its own business. In particular, Verizon has shown a remarkable lack of interest in expanding its Fios high-speed Internet network, despite strong demand. Verizon does not want to invest because it doesn’t have to: many customers have no place else to go, so the company can treat its broadband business as a cash cow,

Corporate profits are at near-record highs, thanks to a substantial decline in the percentage of G.D.P. going to workers. You might think that these high profits imply high rates of return to investment. But corporations themselves clearly don’t see it that way: their investment in plant, equipment, and technology (as opposed to mergers and acquisitions) hasn’t taken off, even though they can raise money, whether by issuing bonds or by selling stocks, more cheaply than ever before.

Suppose that those high corporate profits don’t represent returns on investment, but instead mainly reflect growing monopoly power. In that case many corporations would be able to milk their businesses for cash, but with **little reason to spend money on expanding capacity or improving service.** The result would be what we see: an economy with high profits but low investment, even in the face of very low interest rates and high stock prices.

And such an economy wouldn’t just be one in which workers don’t share the benefits of rising productivity; it would also tend to have trouble achieving or sustaining full employment.

We aren’t just living in a second Gilded Age, we’re also living in a second robber baron era.” --- Paul Krugman, NYT, April 18, 2016



“NEARLY SEVEN YEARS INTO THE US RECOVERY, THE ECONOMIES OF THE INDUSTRIAL WORLD ARE IN A PERIOD OF **SECULAR STAGNATION**, SUFFERING FROM AN IMBALANCE RESULTING FROM AN INCREASING PROPENSITY TO SAVE AND A DECREASING PROPENSITY TO INVEST. **THE MAIN CONSTRAINT ON THE INDUSTRIAL WORLD’S ECONOMY TODAY IS ON THE DEMAND**, RATHER THAN THE SUPPLY, SIDE.



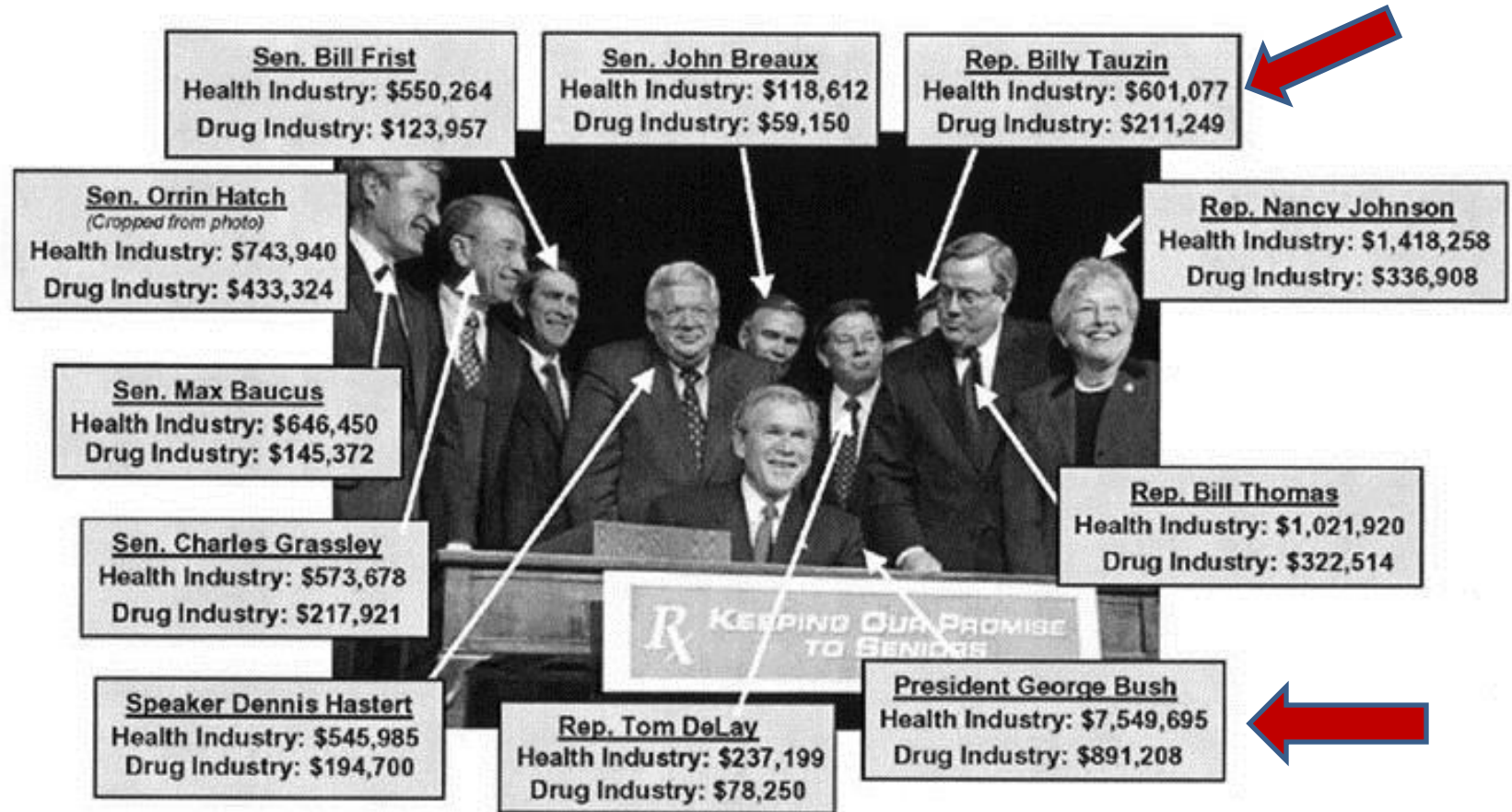
(According to the OECD, the percentage of GDP invested in a category that is mostly plant and equipment has fallen: in the US, it fell from 8.4% in 2000 to 6.8% in 2014; in the EU, it fell from 7.5% to 5.7% over the same period.) **AN EXPANSIONARY NATIONAL FISCAL POLICY, PARTICULARLY WHEN PURSUED THROUGH PUBLIC INVESTMENT, CAN STIMULATE GROWTH.** IT IS **TRAGIC** THEREFORE, THAT IN THE US TODAY, FEDERAL INFRASTRUCTURE INVESTMENT, NET OF DEPRECIATION IS RUNNING CLOSE TO ZERO, AND NET GOVERNMENT INVESTMENT IS LOWER THAN ANYTIME IN NEARLY SIX DECADES. OTHER STRUCTURAL POLICIES THAT WOULD PROMOTE DEMAND INCLUDE MEASURES TO RAISE THE SHARE OF TOTAL INCOME GOING TO THOSE WITH A HIGH PROPENSITY TO CONSUME, SUCH AS SUPPORT FOR UNIONS AND INCREASED MINIMUM WAGES.”

---- Larry Summers March, 2016



A PICTURE THAT'S WORTH \$14 MILLION

The total amount the health industry gave to these lawmakers who celebrated the signing of the drug/HMO industry-backed Medicare bill.



CLAIM: "A lot of this happened - this bill happened because of grassroots work. A lot of our fellow citizens took it upon themselves to agitate for change, to lobby on behalf of what's right." - President George W. Bush, 12/08/03

FACT: "Drug companies and their trade associations deployed nearly 700 lobbyists to stamp out any proposals that would result in the federal government negotiating the cost of drugs or otherwise limiting the industry's astronomical profits." - Public Citizen Report, June 2003

**In one year, the average
American taxpayer making
\$50,000 a year pays:**

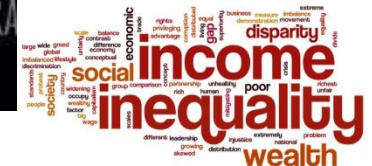
**\$36 towards food stamps,
\$6 for other safety net programs,**

**\$870 for corporate subsidies,
\$1600 to offset corporate tax loopholes,
and \$1231 to offset losses from corporate
overseas tax havens.**

**WE CAN AFFORD TO HELP THE POOR,
NOT CORPORATE WELFARE.**

Sources: The Tax Foundation, Citizens for Tax Justice

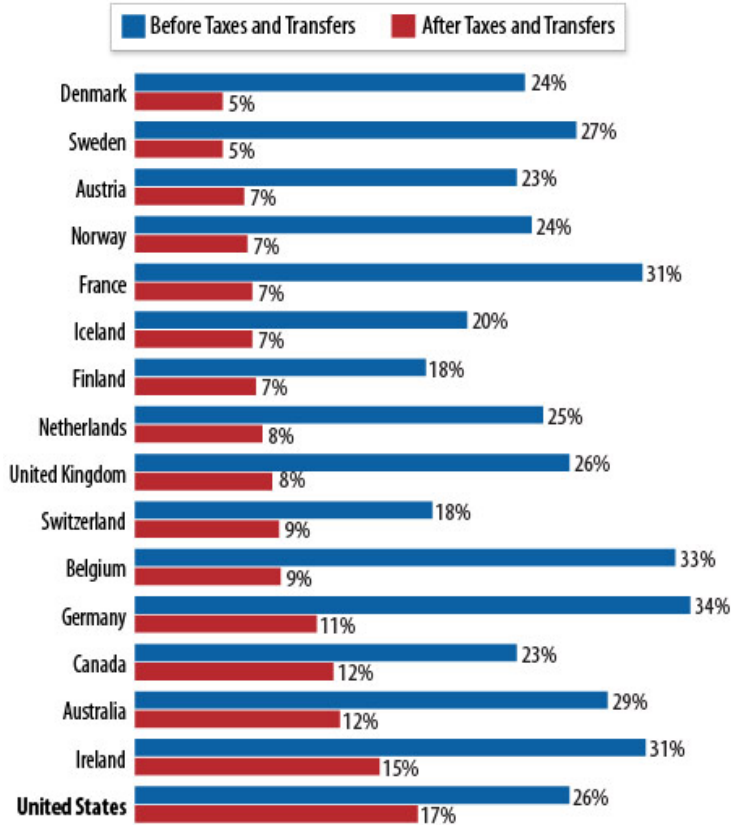
OCCUPY
DEMOCRACY



INEQUALITY IS THE RESULT OF PUBLIC POLICY AND POLITICAL DECISIONS

U.S. Poverty Rate Is High After Taxes and Transfers Compared to Similarly Wealthy Countries*

Poverty rate according to common international standard, 2005

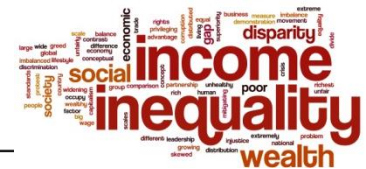
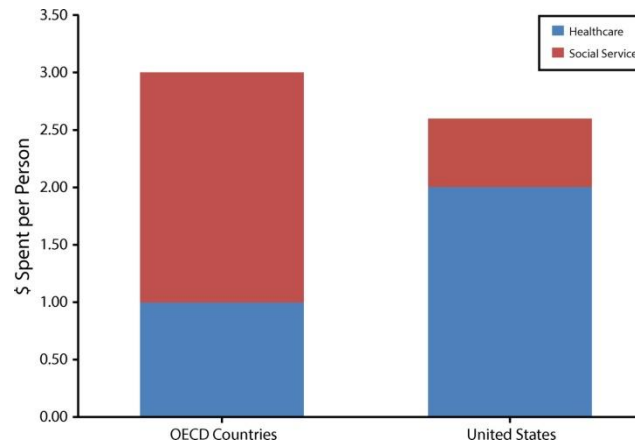
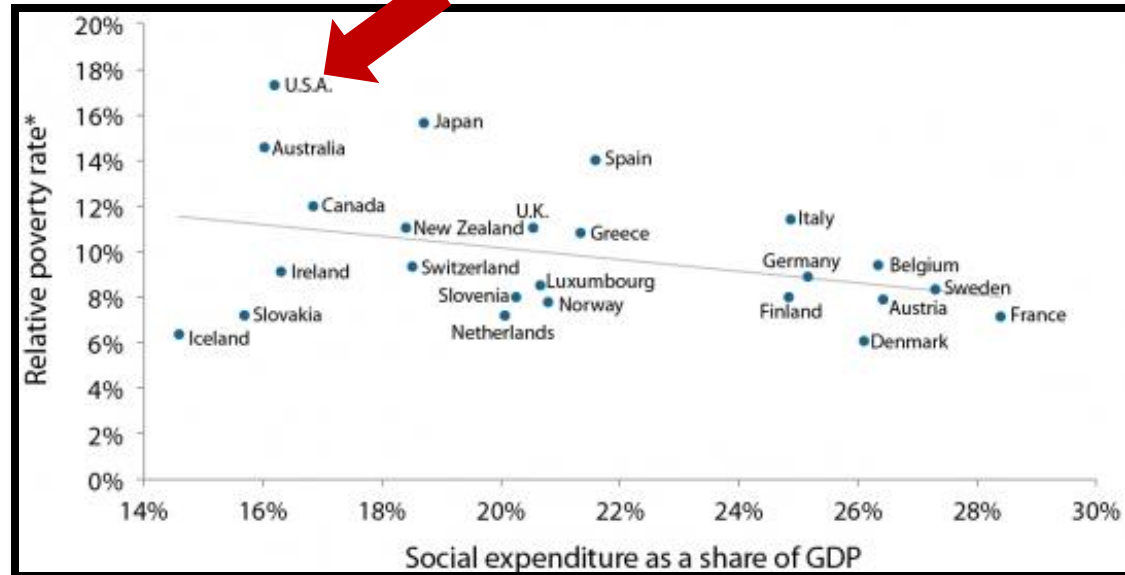


*Note: The poverty threshold is defined as 50% of national median income, a widely accepted international standard. The comparison includes countries (for which comparable data are available) with median equivalized individual disposable incomes within 25% of US median income (\$26,990) in 2005 US dollars converted by purchasing-power parity. The lowest and highest were France (\$20,660) and the Netherlands (\$28,032).

Source: OECD, Growing Unequal?: Income Distribution and Poverty in OECD Countries, 2008.

Center on Budget and Policy Priorities | cbpp.org

Social expenditure and relative poverty rates in selected OECD countries, late 2000s





Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens

Martin Gilens and Benjamin I. Page

Elite Interests vs. Public Priorities

Why are the opinions of the majority so widely misrepresented or overlooked? Perhaps it is that the emerging populist attitudes of the Populist Majority contrast starkly with those of American elites.

The following contrasts elite opinion with that of majority opinion on a range of issues, in a recent survey funded by the Russell Sage Foundation.³⁷ Unless otherwise stated, elites are defined as at or near the top 1 percent of U.S. wealth-holders and have an average income of more than \$1 million annually. Public opinion was calculated by averaging polls together from various mainstream firms, such as Gallup and Pew, on a wide range of issues:

	Elites in favor of expanding or cutting (a)	Public in favor of expanding or cutting
Environmental Protection	-8	+29 (b)
Health care	-19	+44 (c)
Social Security	-33	+46 (c)

Notes: Each entry is the percentage of respondents that say a given program should be "expanded," minus the percentage saying it should be "cut." "Kept about the same" is treated as neutral and "don't know" responses were excluded. (a) N=83. Mean wealth=\$14,006,338; median=\$7,500,000. (b) Chicago Council on Global Affairs, June 2010. (c) Princeton Survey Research Associates International for Pew & American Association for the Advancement of Science, June 2009.

	% Elite in Favor	% Public in Favor
Government must see that no one is without food, clothing or shelter	43%	68%
Minimum wage should be high enough so that no family with a full-time worker falls below official poverty line	40%	78%
The government should provide a decent standard of living for the unemployed	23%	50%
The government in Washington ought to see to it that everyone who wants to work can find a job	19%	68%
The Earned Income Tax Credit (EITC) should be increased rather than decreased or kept the same	13%	49%
The federal government should provide jobs for everyone willing to work who cannot find a job in private employment	8%	53%
Favor cuts in spending on domestic programs like Medicare, education, and highways in order to cut federal budget deficits	58%	27%
The federal government should spend whatever is necessary to ensure that all children have really good public schools they can go to	35%	87%
The federal government should make sure that everyone who wants to go to college can do so	28%	78%
The federal government should invest more in worker retraining and education to help workers adapt to changes in the economy	30%	57%
Our government should redistribute wealth by heavy taxes on the rich	17%	52%
Responsibility of the government to reduce the differences in income between people with high incomes and those with low incomes	13%	46%
Cutting Social Security	33%	10%
Willing to pay more taxes in order to provide health coverage for everyone	41%	59%
Favor national health insurance, which would be financed by tax money, paying for most forms of health care	32%	61%
The government's top policy priority should be protecting the jobs of American workers	29%	81%
More U.S. companies setting up operations overseas	73%	23%
Approve of trade relations with China	69%	30%

Notes: All percentages on trade come from the Pew Research Center in partnership with the Council on Foreign Relations (CFR). (a) CFR members include government officials, scholars, business executives, journalists, lawyers and nonprofit professionals in the field of international affairs; N=1,838. November 2013. (b) N=2,003. November 2013.

Ill Fares the Land,

By [Tony Judt](#), THE NEW YORK REVIEW OF BOOKS, APR 29, 2010

•Something is profoundly wrong with the way we live today.

*For thirty years we have made a virtue out of the pursuit of material self-interest: indeed, this very pursuit now constitutes whatever remains of our sense of collective purpose.

We know what things cost but have no idea what they are worth. We no longer ask of a judicial ruling or a legislative act: Is it good? Is it fair? Is it just? Is it right? Will it help bring about a better society or a better world? Those used to be *the* political questions, even if they invited no easy answers.

*The obsession with wealth creation, the cult of privatization and the private sector, the growing disparities of rich and poor and the rhetoric that accompanies these: uncritical admiration for unfettered markets, disdain for the public sector, the delusion of endless growth.

*We cannot go on living like this....But if we do no more than pick up the pieces and carry on as before, we can look forward to greater upheavals in years to come.



It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to heaven, we were all going direct the other way - in short, the period was so far like the present period.

Charles Dickens, *A Tale of Two Cities*
English novelist (1812 - 1870)

