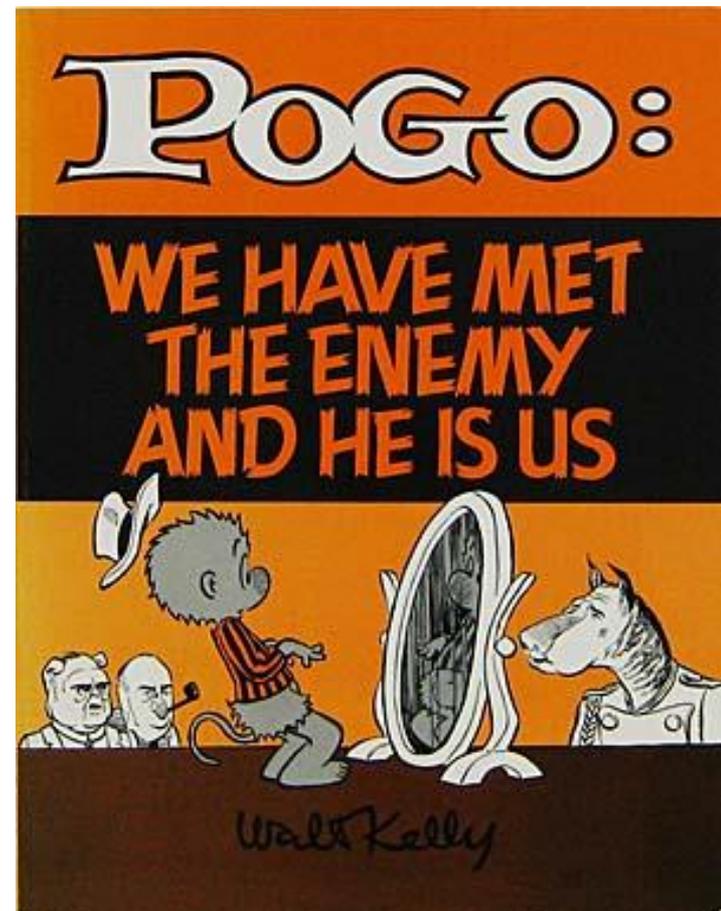
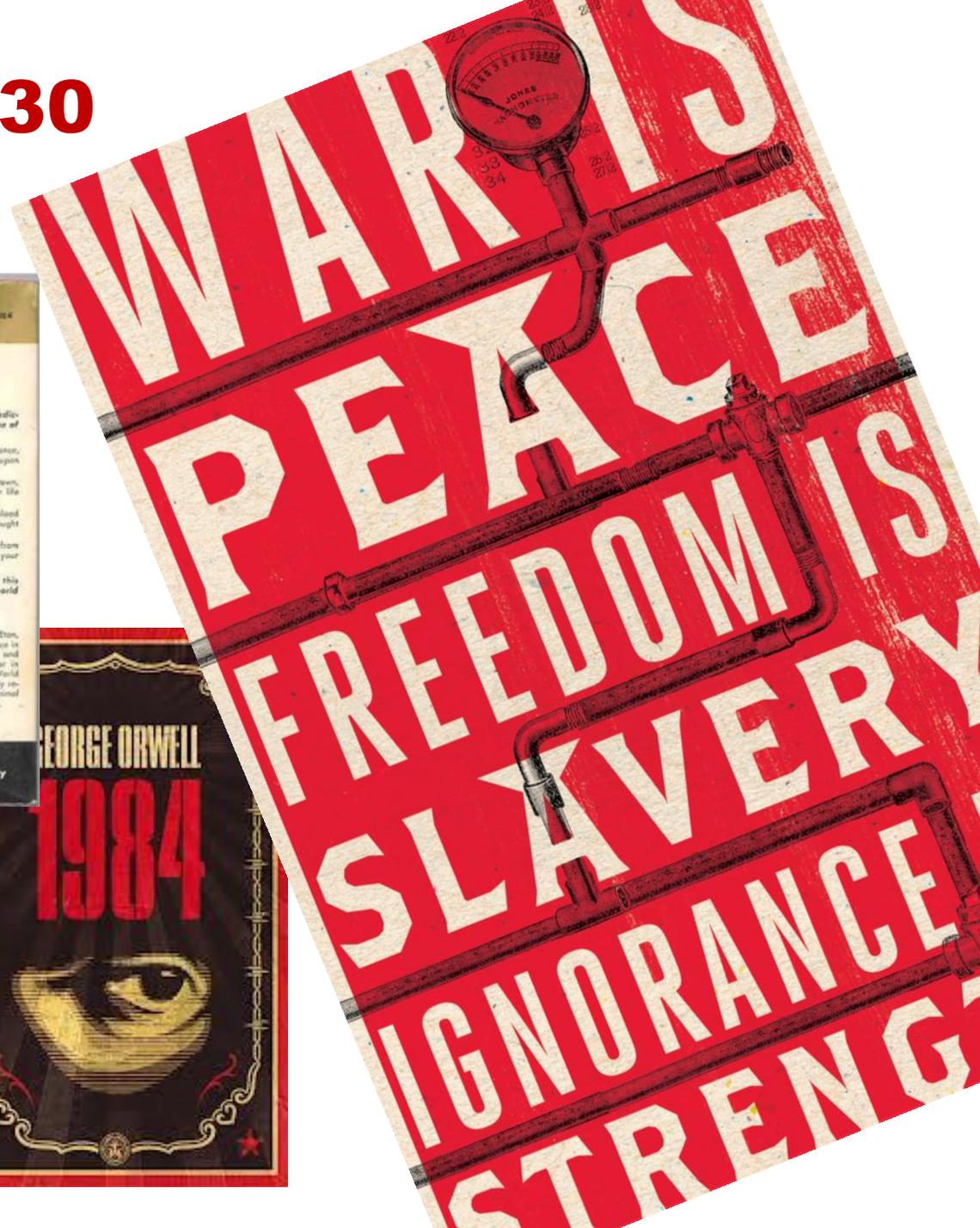
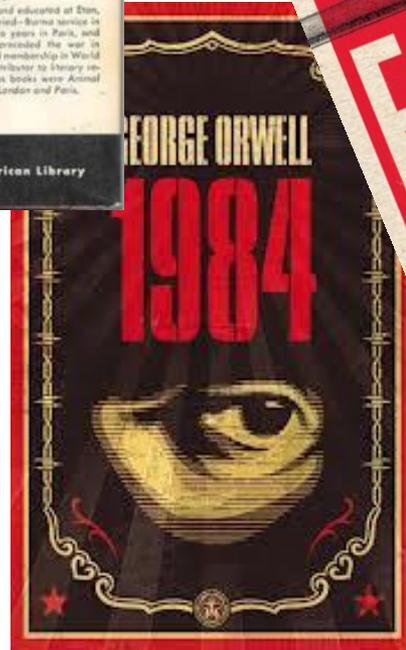
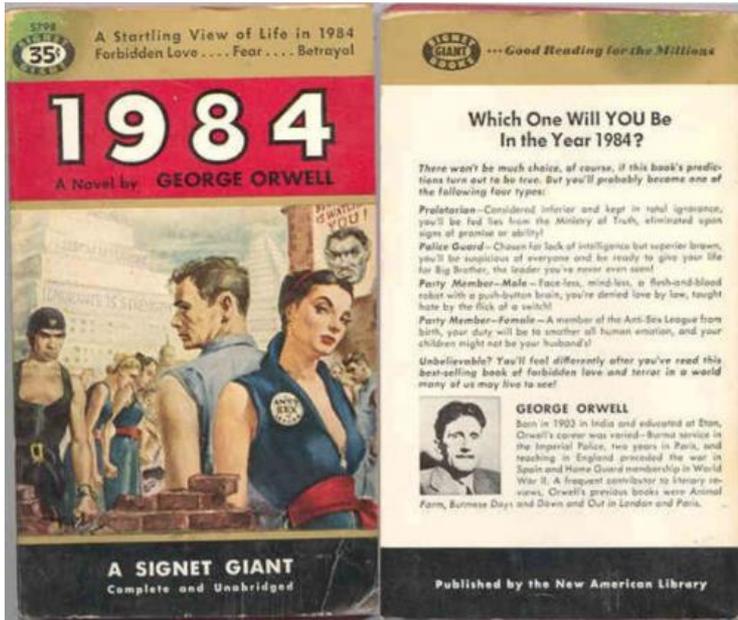


# ILL FARES THE LAND: AN ERA OF NATIONAL CIVIC CATASTROPHE or “LIFE ON OUR PLANTATION”

- Jeffry B. Gordon, MD, MPH
- [paradocs2@hotmail.com](mailto:paradocs2@hotmail.com)



# WAS ORWELL 30 YEARS OFF??



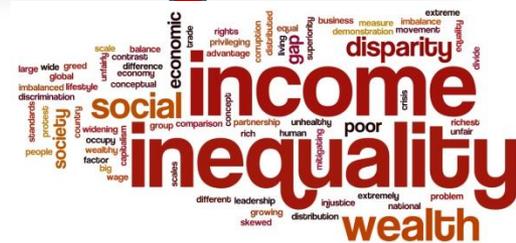
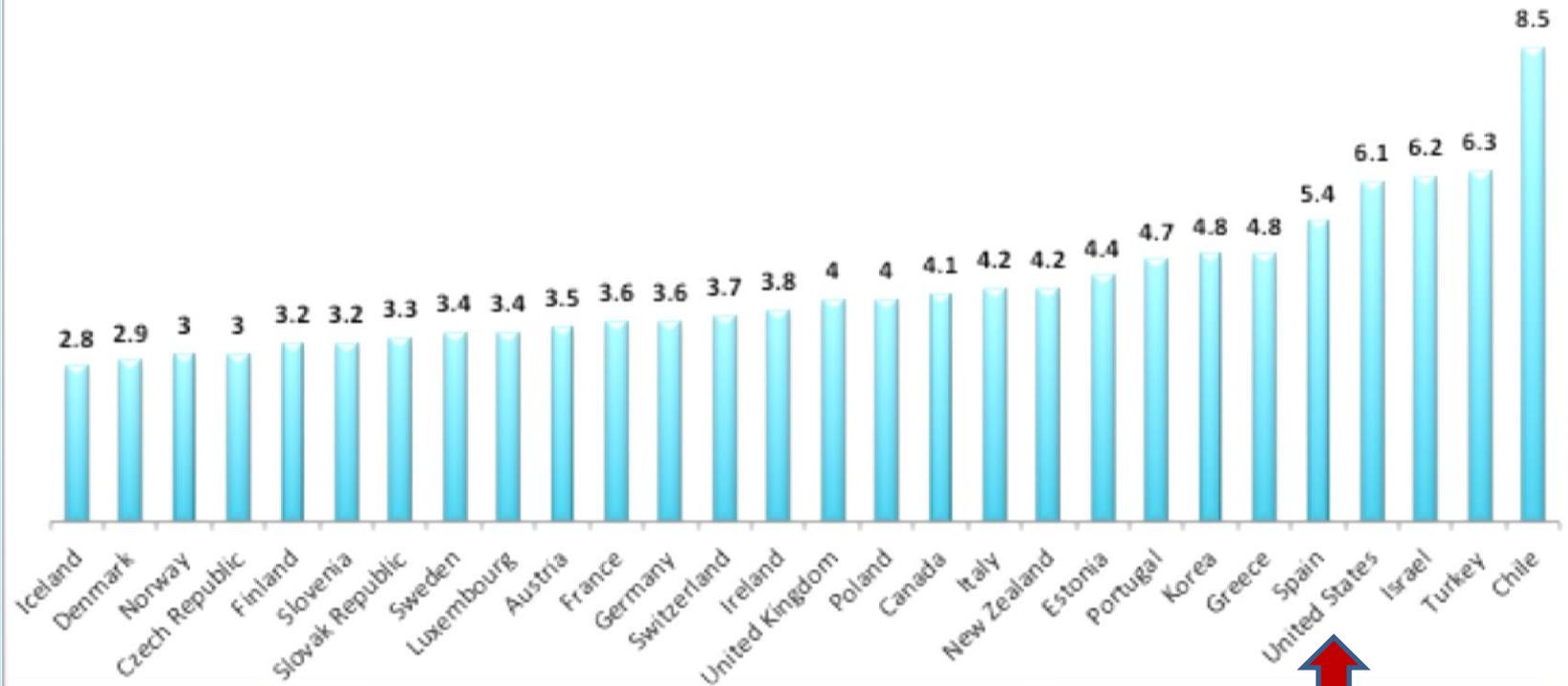


Fla. gov. bans the terms climate change, global warming, USA TODAY

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)



Below are the 25 metropolitan areas, ranked in order of the salary needed in those areas to afford a median-priced home (in January, 2014)

1. Cleveland: \$19,435.17
2. Cincinnati: \$22,226.95
3. St. Louis: \$22,397.54
4. Atlanta: \$24,390.94
5. Tampa: \$24,650.88
6. Orlando: \$28,298.47
7. San Antonio: \$29,305.47
8. Dallas: \$29,751.24
9. Houston: \$31,298.99
10. Chicago: \$32,388.90
11. Phoenix: \$32,811.94
12. Minneapolis: \$33,800.09
13. Philadelphia: \$36,836.47
14. Baltimore: \$41,155.40
15. Sacramento: \$42,832.20
16. Miami: \$43,918.66
17. Portland, Ore.: \$45,872.78
18. Denver: \$48,122.72
19. Seattle: \$59,129.86
20. Washington, D.C.: \$62,809.63
21. Boston: \$63,673.13
22. New York City: \$66,167.27
23. Los Angeles: \$72,126.90
- 24. San Diego: \$81,570.40**
25. San Francisco: \$115,510.06

### Inequality Levels Vary Widely Across the Nation's Largest Cities

| City                      | Population, 2012 | Household Income, 2012 |                  | Ratio       |
|---------------------------|------------------|------------------------|------------------|-------------|
|                           |                  | 20th percentile        | 95th percentile  |             |
| <i>Highest Inequality</i> |                  |                        |                  |             |
| 1 Atlanta, GA             | 443,768          | \$14,850               | \$279,827        | 18.8        |
| 2 San Francisco, CA       | 825,863          | \$21,313               | \$353,576        | 16.6        |
| 3 Miami, FL               | 413,864          | \$10,438               | \$164,013        | 15.7        |
| 4 Boston, MA              | 637,516          | \$14,604               | \$223,838        | 15.3        |
| 5 Washington, DC          | 632,323          | \$21,782               | \$290,637        | 13.3        |
| 6 New York, NY            | 8,336,697        | \$17,119               | \$226,675        | 13.2        |
| 7 Oakland, CA             | 400,740          | \$17,646               | \$223,965        | 12.7        |
| 8 Chicago, IL             | 2,714,844        | \$16,078               | \$201,460        | 12.5        |
| 9 Los Angeles, CA         | 3,857,786        | \$17,657               | \$217,770        | 12.3        |
| 10 Baltimore, MD          | 621,342          | \$13,522               | \$164,995        | 12.2        |
| <i>Lowest Inequality</i>  |                  |                        |                  |             |
| 41 Oklahoma City, OK      | 599,309          | \$18,835               | \$160,125        | 8.5         |
| 42 Raleigh, NC            | 423,743          | \$24,113               | \$199,911        | 8.3         |
| 43 Omaha, NE              | 421,564          | \$19,649               | \$161,910        | 8.2         |
| 44 Fort Worth, TX         | 782,027          | \$20,992               | \$168,989        | 8.1         |
| 45 Colorado Springs, CO   | 431,846          | \$22,213               | \$175,034        | 7.9         |
| 46 Wichita, KS            | 385,586          | \$19,516               | \$151,068        | 7.7         |
| 47 Las Vegas, NV          | 596,440          | \$21,380               | \$164,344        | 7.7         |
| 48 Mesa, AZ               | 452,068          | \$21,007               | \$157,190        | 7.5         |
| 49 Arlington, TX          | 375,598          | \$24,169               | \$175,759        | 7.3         |
| 50 Virginia Beach, VA     | 447,021          | \$31,051               | \$187,652        | 6.0         |
| <b>50 Largest cities</b>  |                  | <b>\$18,137</b>        | <b>\$196,409</b> | <b>10.8</b> |

Source: Brookings Institution analysis of 2012 American Community Survey data

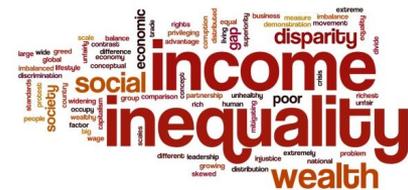
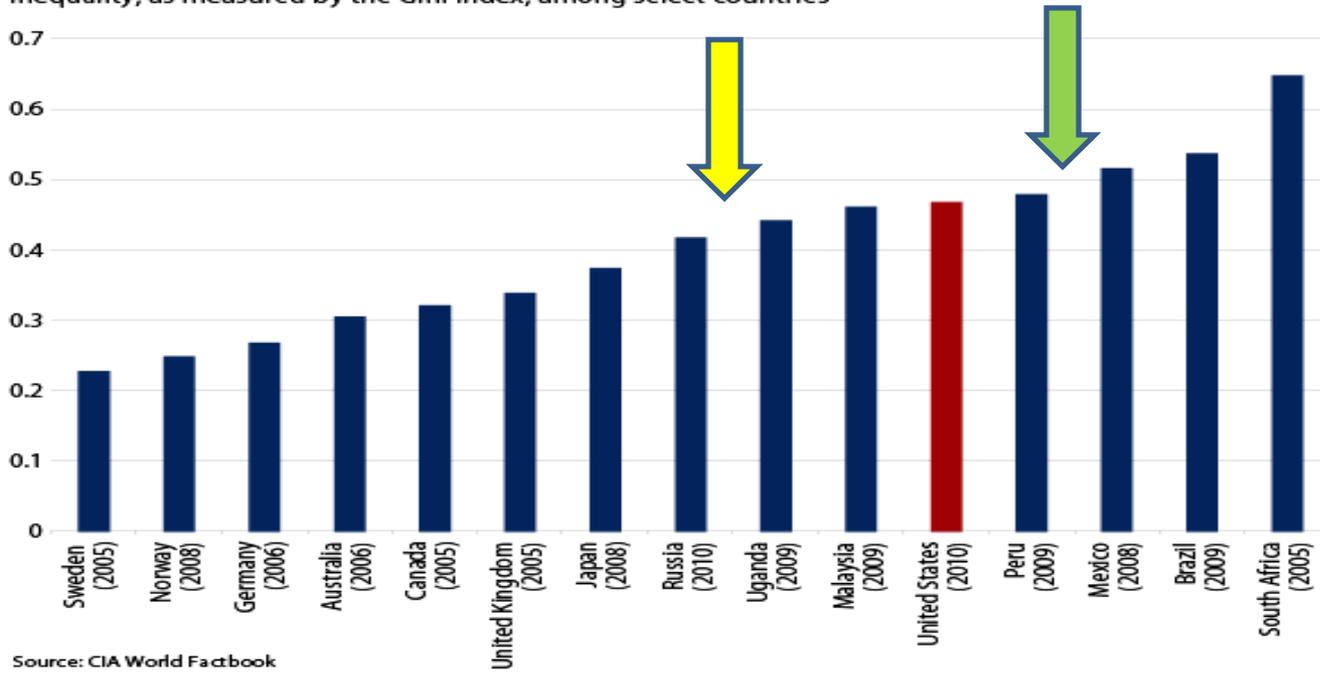


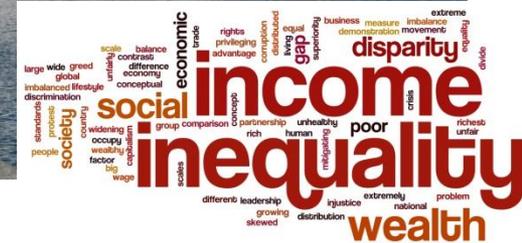
FIGURE 1

# The United States has far more income inequality than other developed countries

Inequality, as measured by the Gini index, among select countries

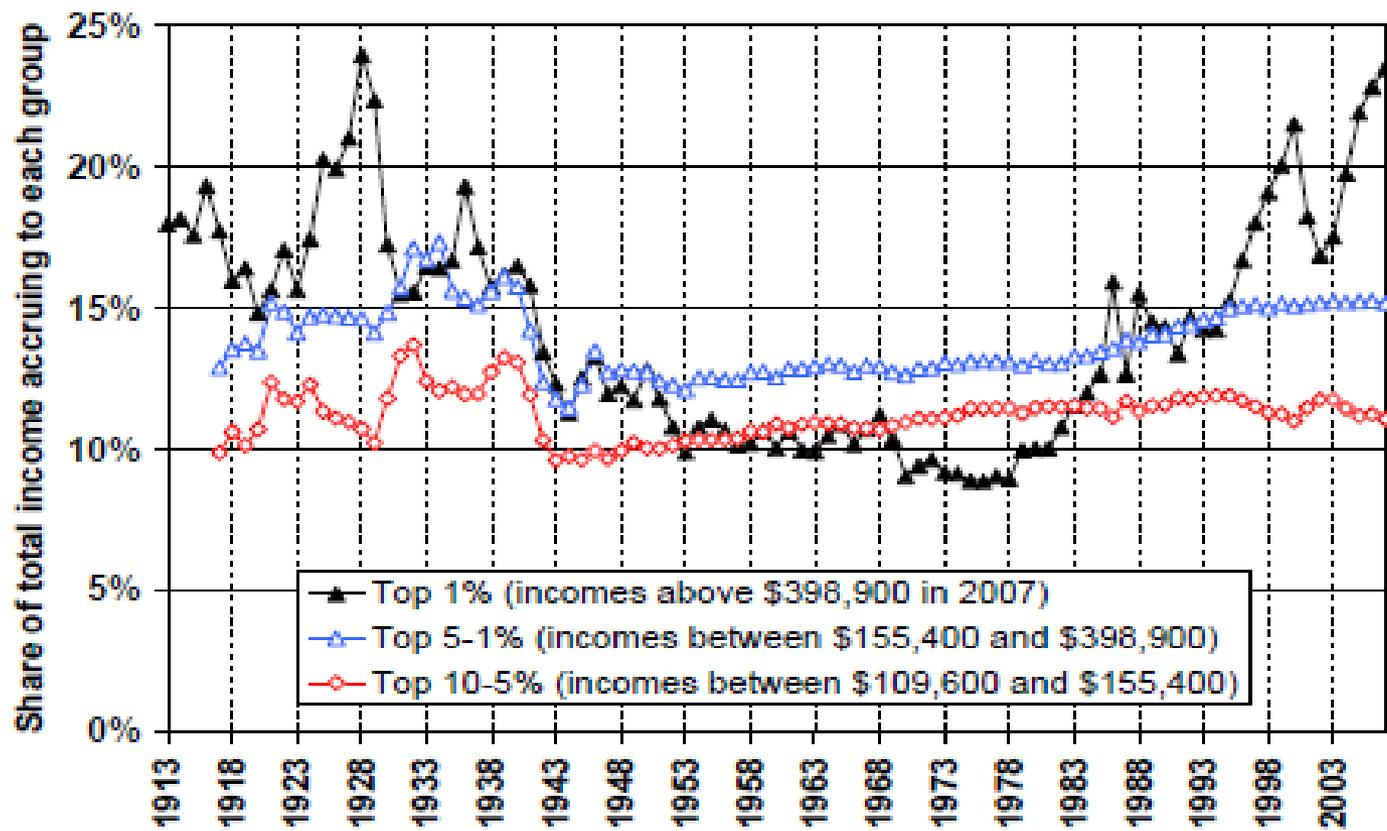


Source: CIA World Factbook









**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).







**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*

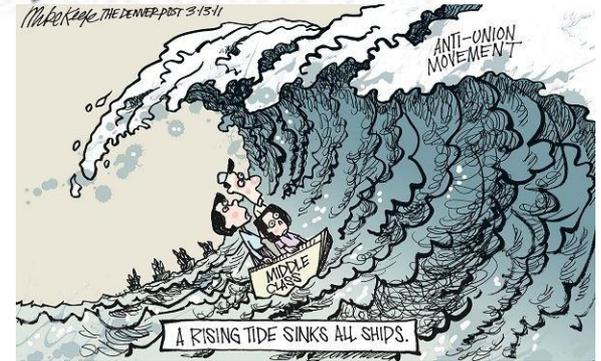


Source: Emmanuel Saez and Gabriel Zucman. NBER working paper 20625





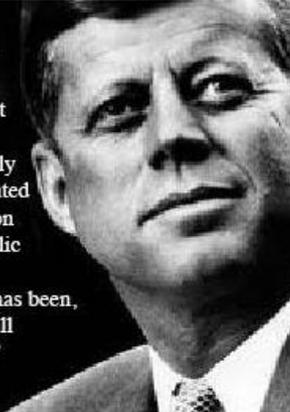
# As union membership decreases, middle class income shrinks



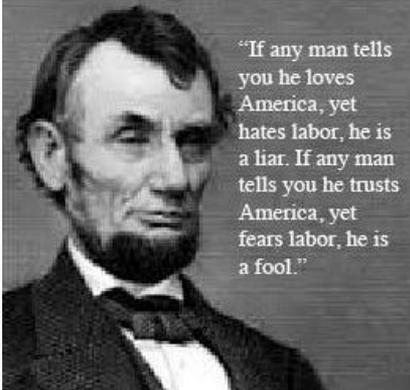
“Only a fool would try to deprive working men and women of the right to join the union of their choice.”



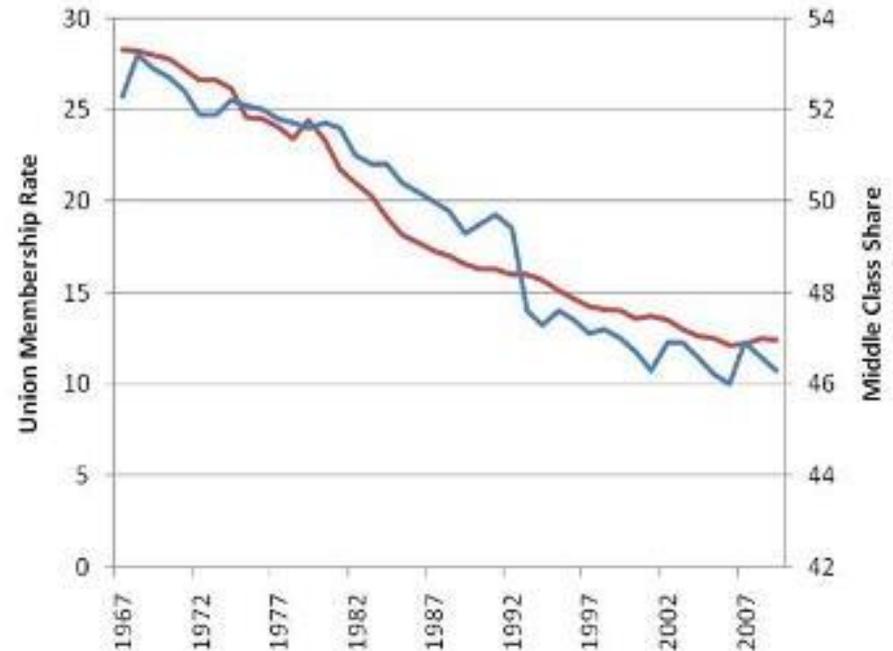
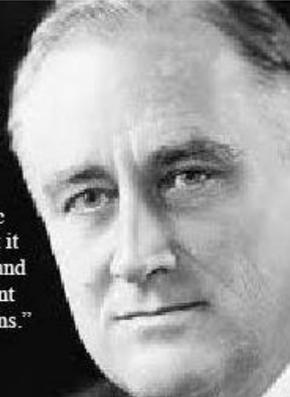
“The American Labor Movement has consistently demonstrated its devotion to the public interest. It is, and has been, good for all America.”



“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





## 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.*

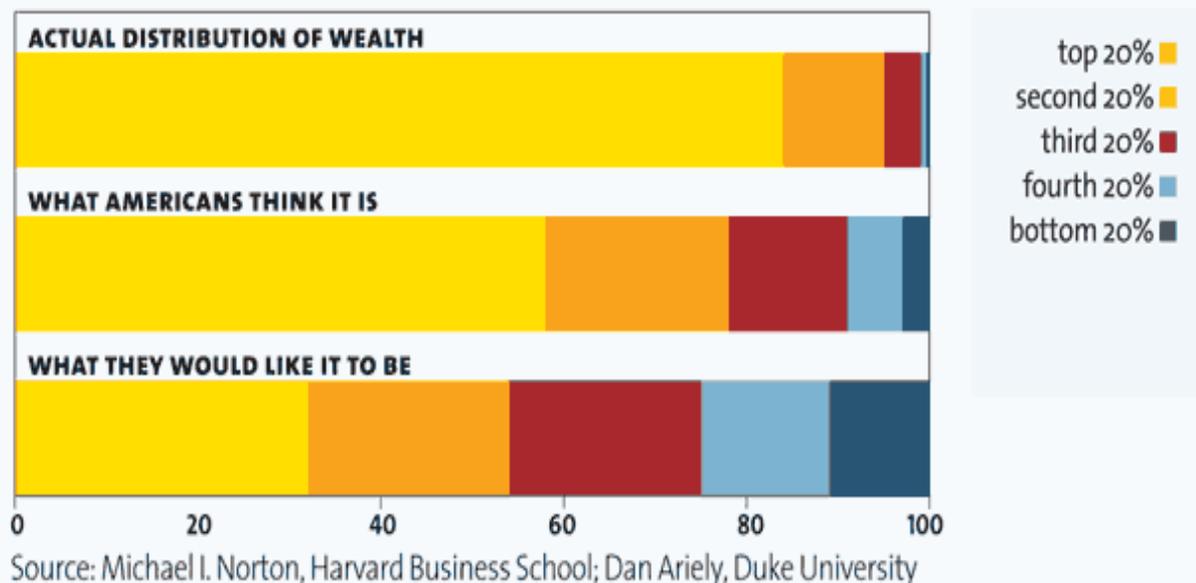
According to a Bloomberg estimate, **Elliott Management will get back \$2.28 billion, or about 369 percent of the firm's \$617 million investment in distressed bonds; Singer [paid](#) just \$117 million for them 15 years ago.**





# Rising Wealth Inequality: Should We Care? The Lottery Mentality

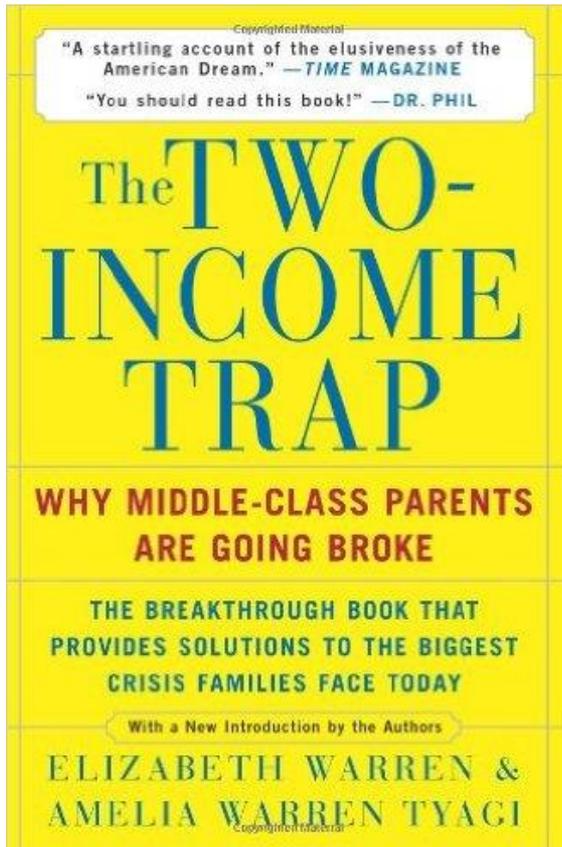
**Americans actually live in Russia, although they think they live in Sweden. And they would like to live on a kibbutz.**



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.

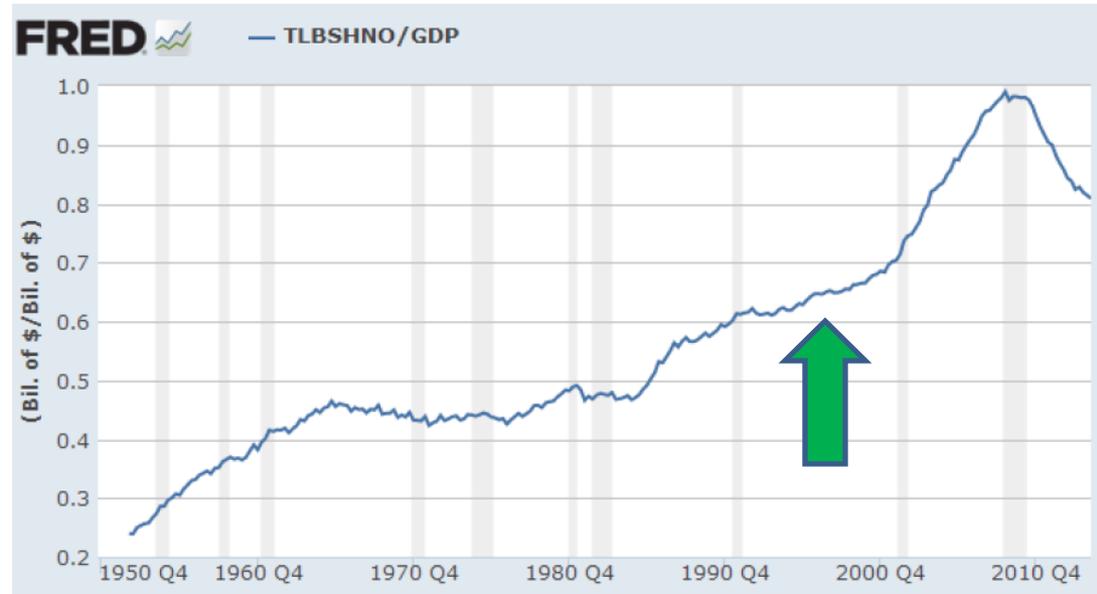
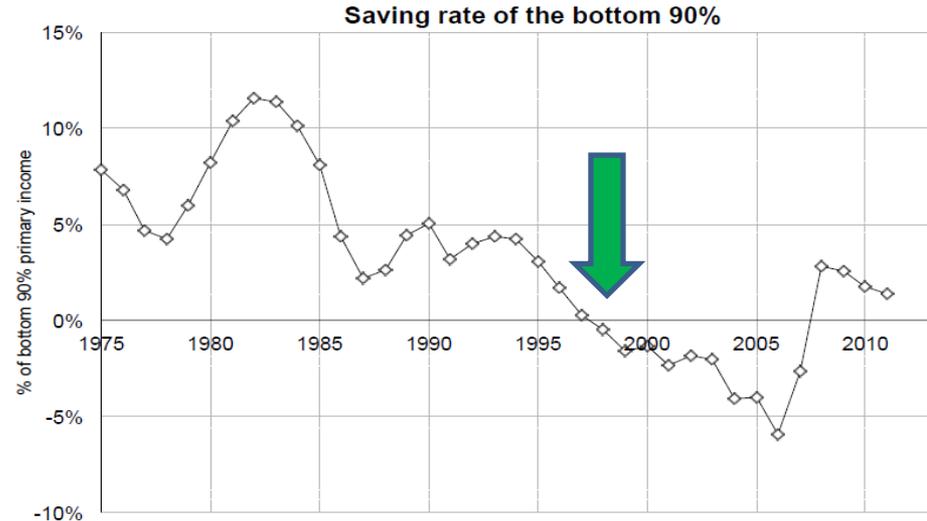






Written by a law school professor and her daughter in 2003 and outlining and predicting the current and future exploitation of the middle class

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



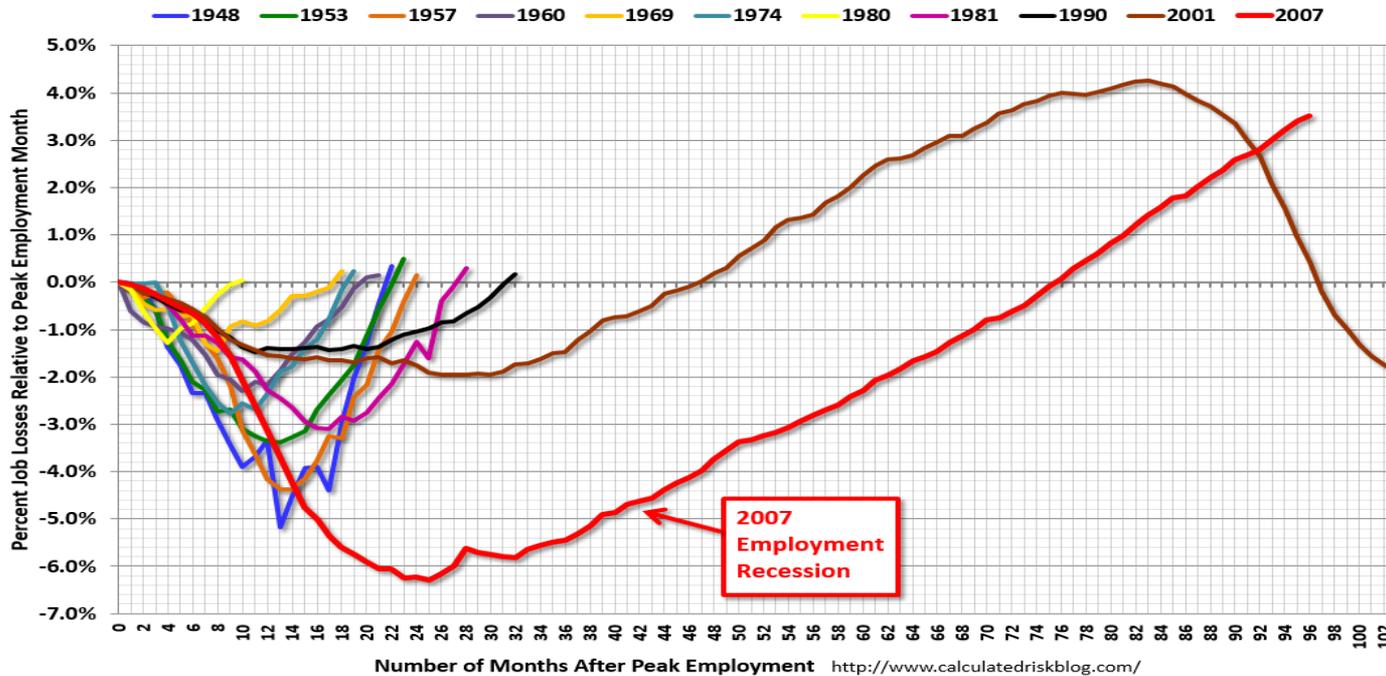




- \*\* 8.3 million jobs lost 2008-09, total 26.2 million unemployed**
- \*\* 10% white unemployment rate, 16% Black unemployment rate, 13.2% Hispanic unemployment rate**
- \*\* 17% underemployment rate**
- \*\* 17.4 million U.S. families went hungry at some point in 2009, according to the USDA which 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**

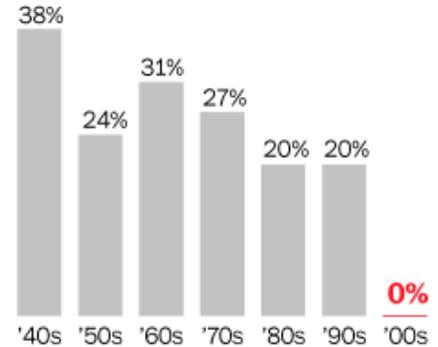


### Percent Job Losses in Post WWII Recessions



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

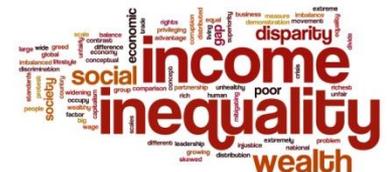
### THE WAGE-LESS JOBS RECOVERY

#### United States: Average Hourly Earnings

(year-over-year percent change)

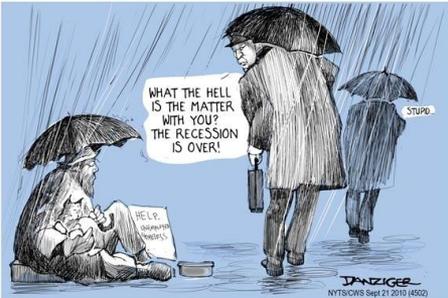


Notes:  
Source: Bureau of Labor Statistics, Haver Analytics  
Shaded regions represent periods of U.S. recession





# The rise and fall of middle-class wealth



## Survey: U.S. wealth shrank

Highlights of a new report by the Federal Reserve on consumer finances, 2007-10, reflects the huge impact of the Great Recession.

2007 2010

### Median income

Fell 7.7 percent

\$49,600

44,800

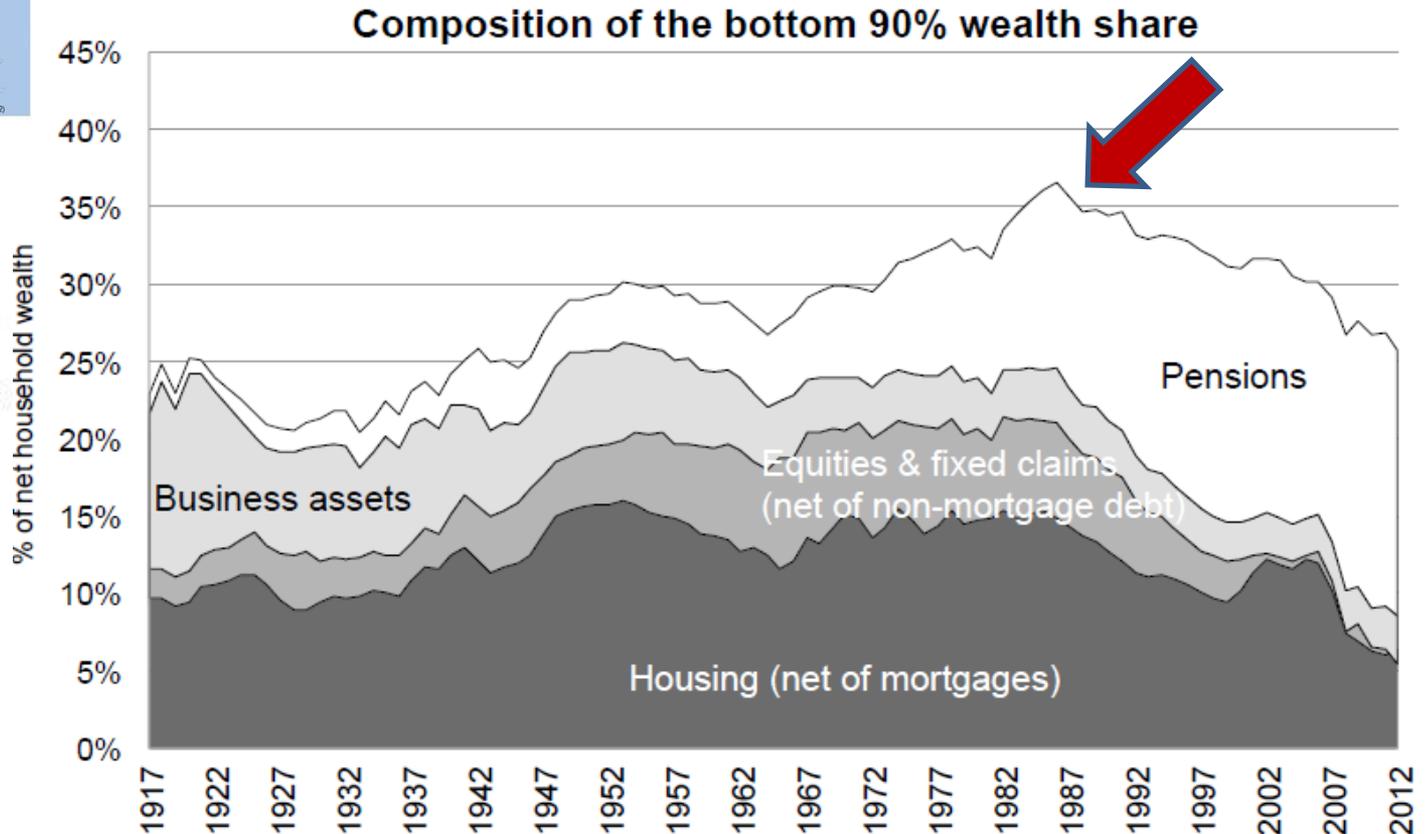
### Median net worth

Median net worth, the value of assets minus the value of debts, fell 39 percent

126,400

77,300

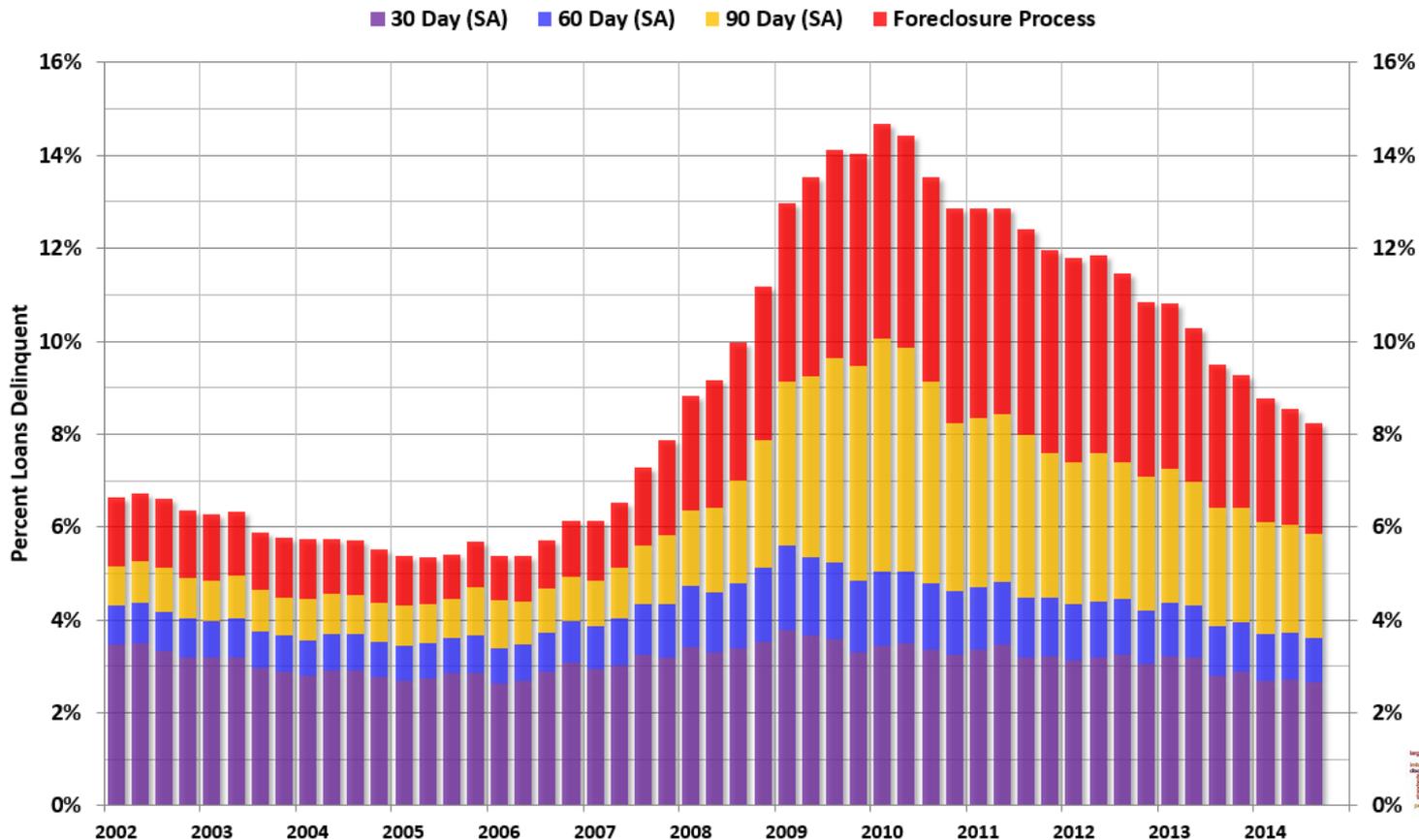
• 2010 median net worth was at about 1992 levels



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



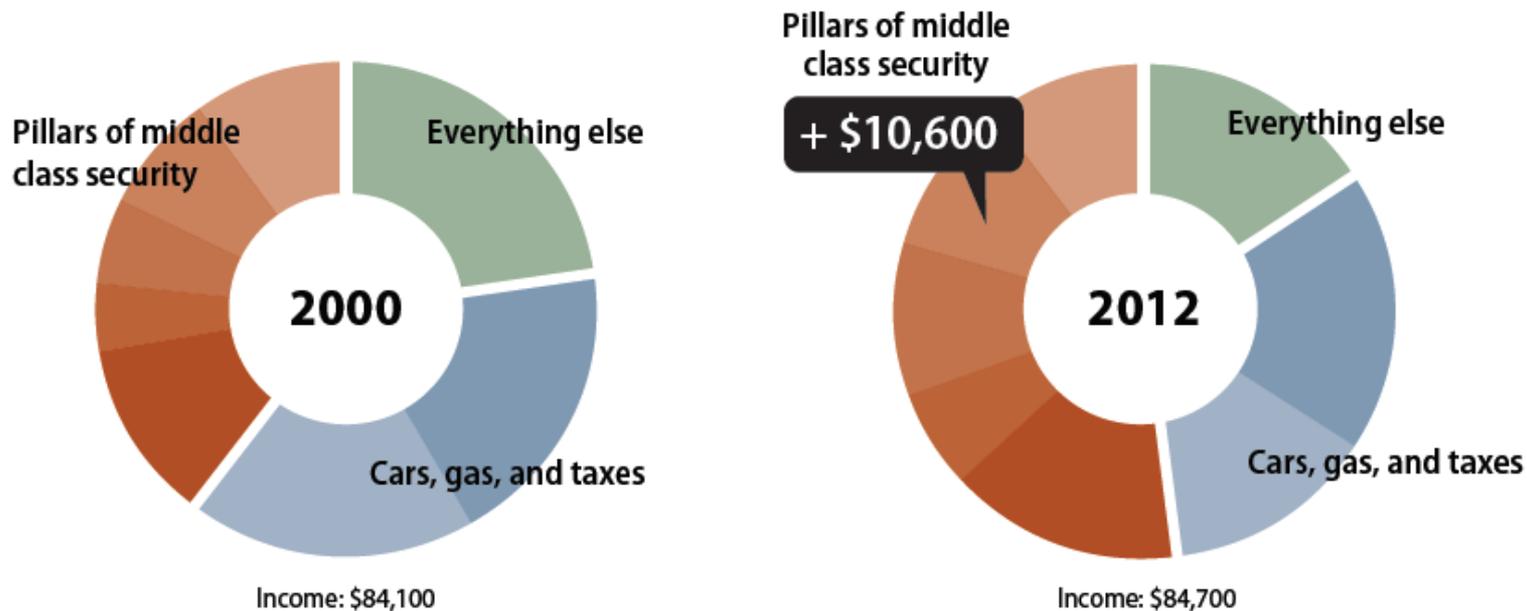
Source: MBA

<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         |                  |
| <b>Total</b>                     | <b>\$33,400</b> | <b>\$44,000</b> | <b>+\$10,600</b> |

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

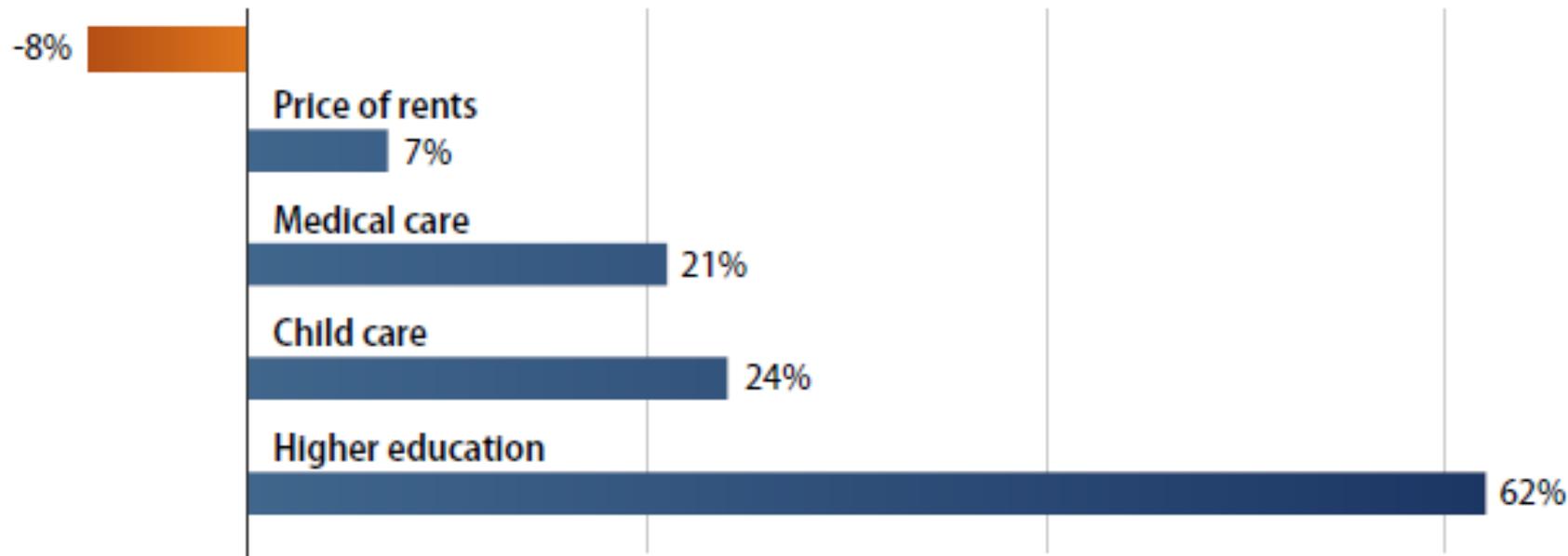
| Everything else  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | 2000            | 2012            |                 |
| Everything Else  | \$19,200        | \$13,600        |                 |
| Includes groceries, clothing, telephone,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

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.

# Change in median household income and real price of selected goods and services, 2000–2012

## Median income for all families



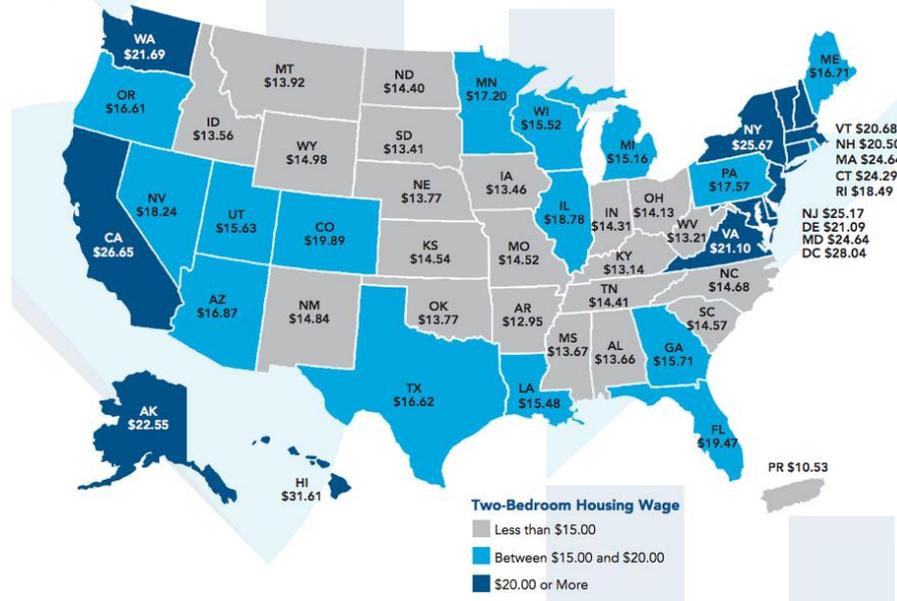
Note: Percentage change in CPI price index for individual components, deflated by CPI-U-RS, from 2000-2013. Income is change in median quintile incomes from 2000-2012 deflated by CPI-U-RS.

Source: Author's calculations based on Federal Reserve Bank of St. Louis, "Economic Research" available at <http://www.research.st-louisfed.org/> (last accessed July 2014); and Bureau of the Census, "American Social and Economic Supplement" (U.S. Department of Commerce, 2000–2012), available at <http://www.census.gov/hhes/www/income/data/historical/household/>.



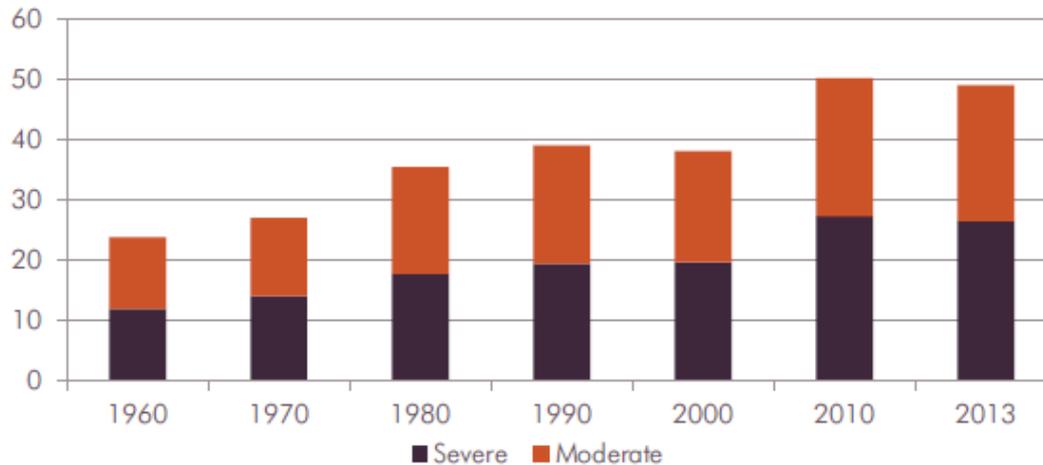
## 2015 TWO-BEDROOM RENTAL UNIT HOUSING WAGE

Represents the hourly wage that a household must earn (working 40 hours a week, 52 weeks a year) in order to afford the Fair Market Rent for a two-bedroom rental unit, without paying more than 30% of their income.



**Figure 2: Renter Cost Burdens Spread at an Unprecedented Pace in the 2000s**

Shares of Cost-Burdened Renter Households (Percent)



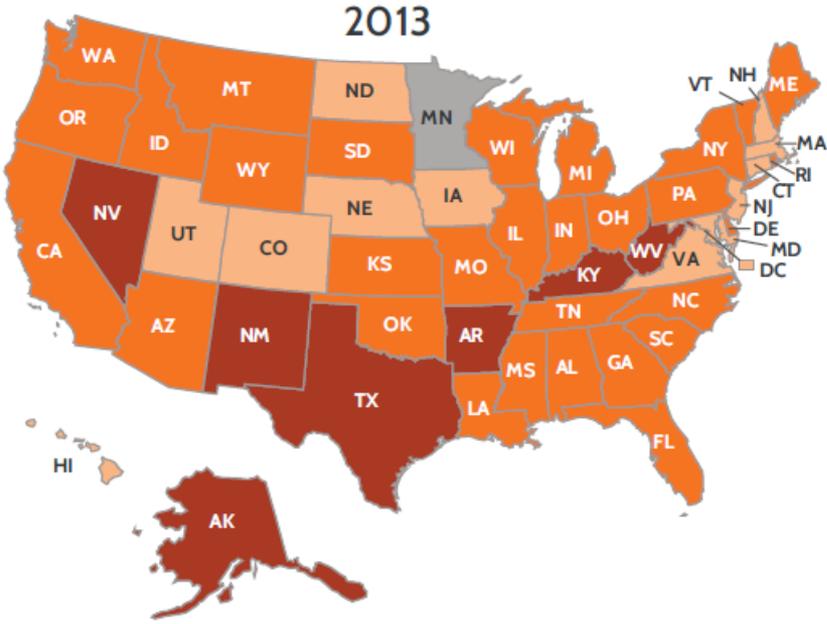
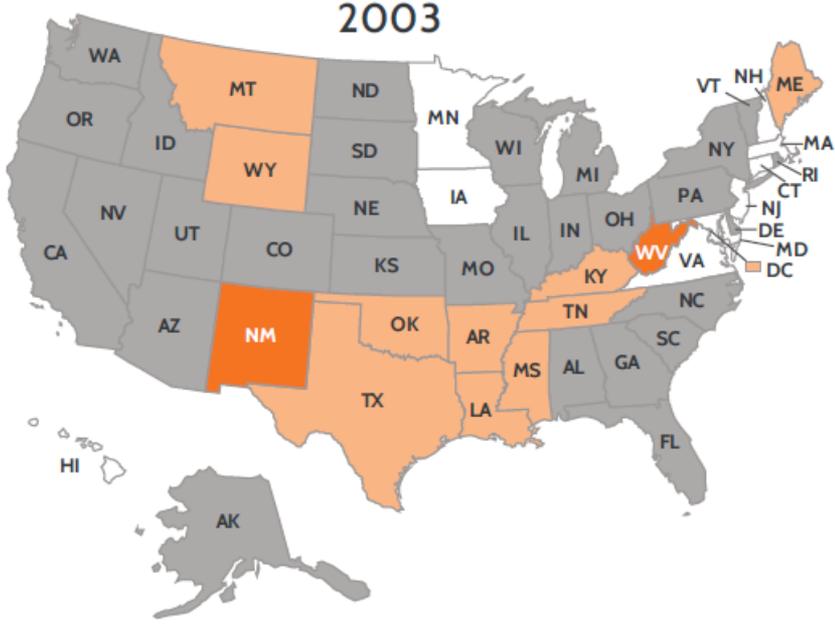
Notes: Moderate (severe) burdens are defined as housing costs of 30–50% (more than 50%) of household income. Households with zero or negative income are assumed to be severely burdened, while renters not paying cash rent are assumed to be unburdened.



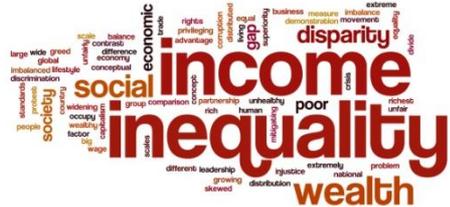


# Exhibit 3. Employer Premiums as Percentage of Median Household Income for Under-65 Population, 2003 and 2013

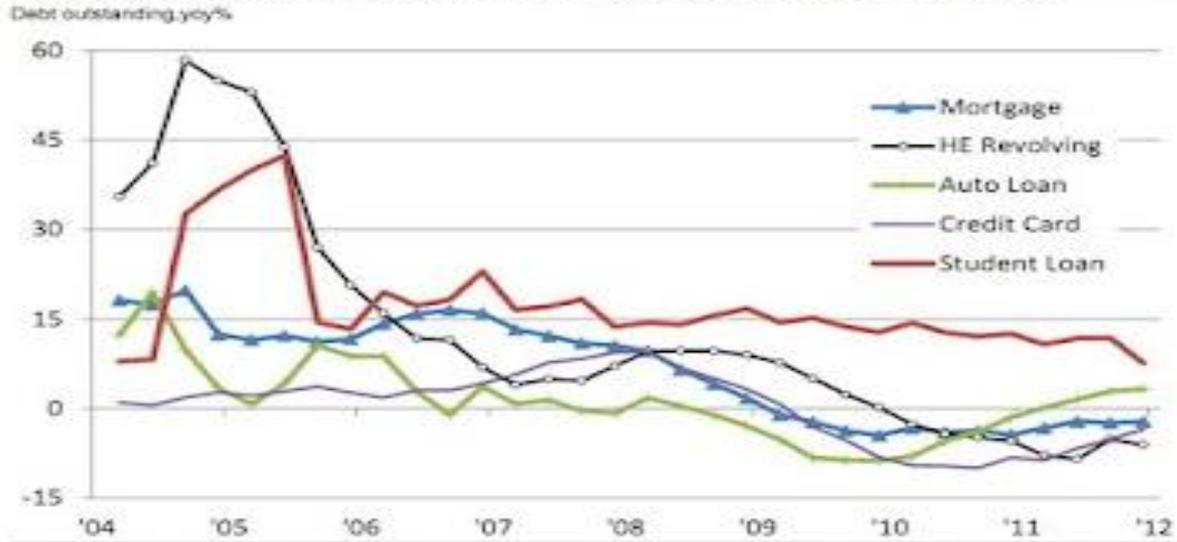
82 percent of under-65 population live where premiums are 20 percent or more of income



Less than 14%    
  14%-16.9%    
  17%-19.9%    
  20%-24.9%    
  25% or more



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



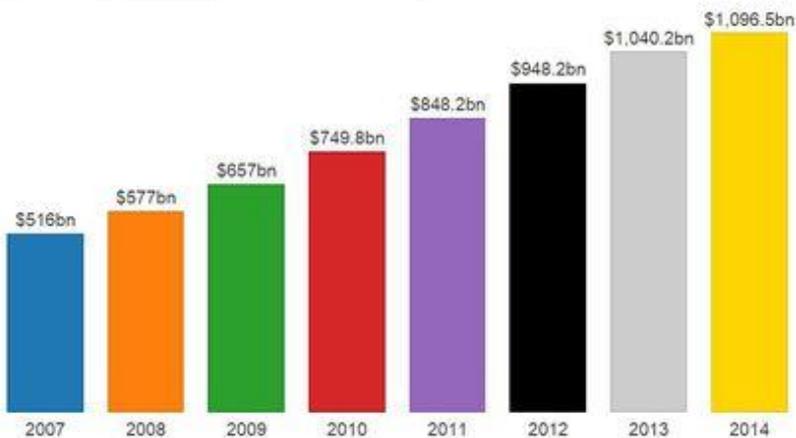
Source: Federal Reserve Bank of New York, Credit Suisse

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



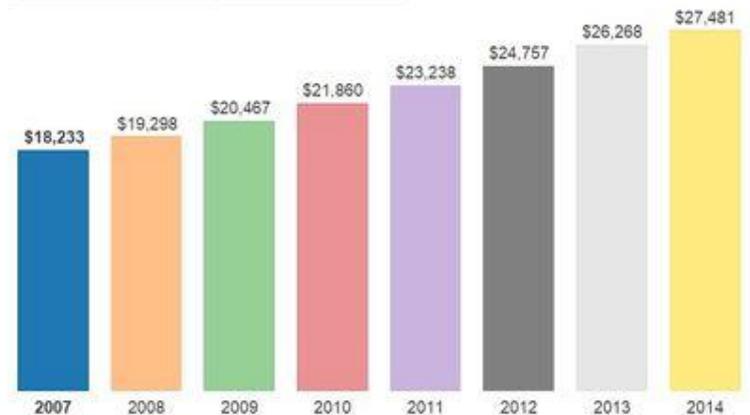
Created with [Datawrapper](#)

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

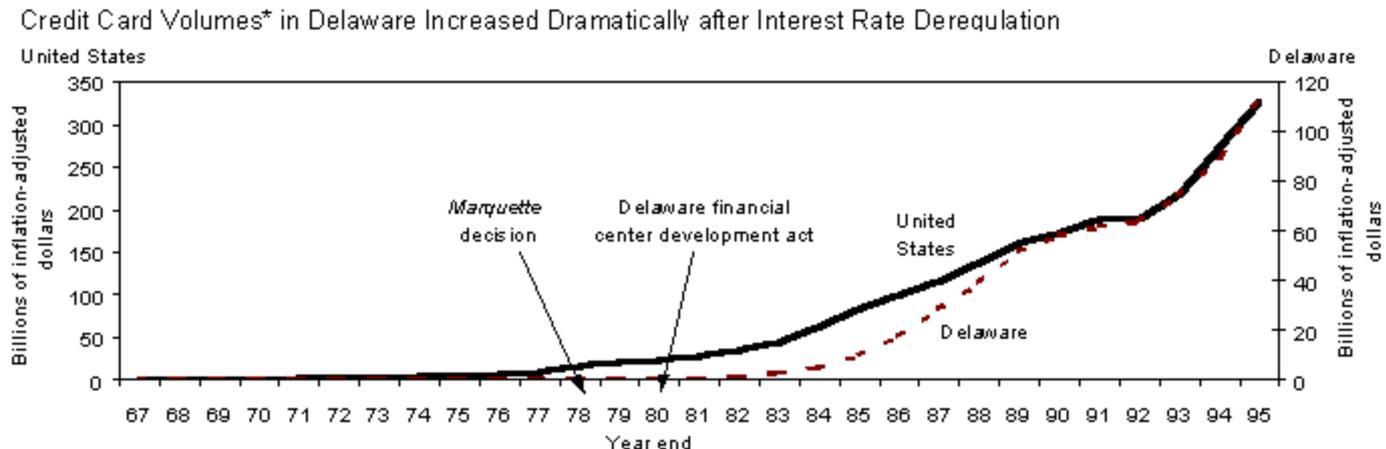


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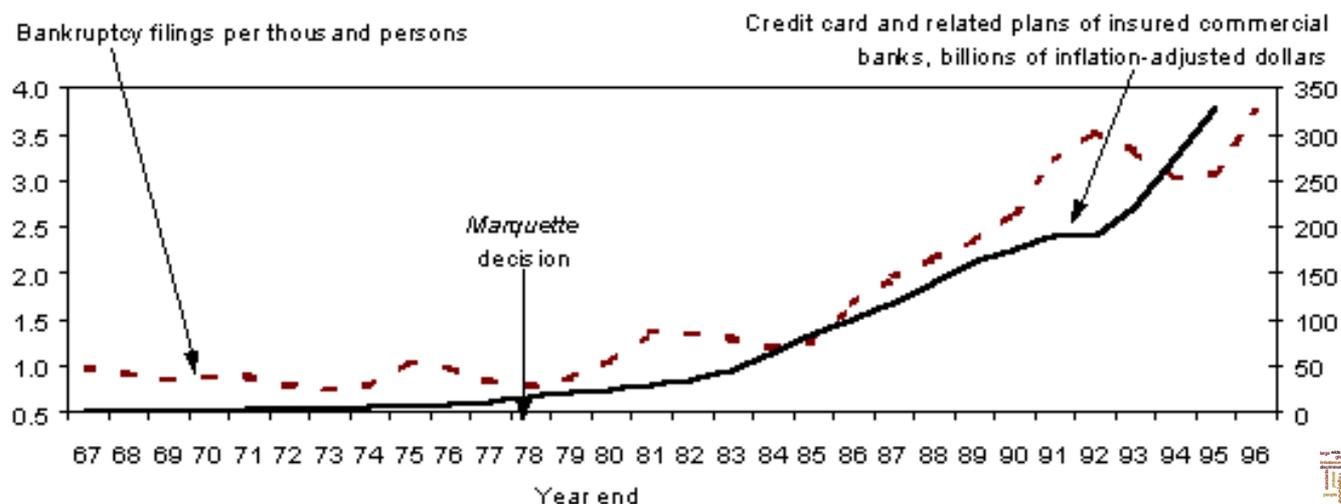


**Marquette Nat. Bank of Minneapolis v. First of Omaha Service Corp. (439 U.S. 299 (1978)), is a unanimous U.S. Supreme Court decision holding that state anti-usury laws regulating interest rates cannot be enforced against nationally chartered banks based in other states.**



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





# U.S. Techno-Peasant Numbers

- **25.4M** – Age 18-64 have not completed high school (or equivalent)
- **8.1M** – Have dropped out before 9th grade
- **28.8M** – With a high school diploma or less are not earning living wages
- **8.3M** – Age 18-64 with high school diplomas or less have difficulty speaking English or speak no English at all
- **1.5M** – Included in this group are in state & federal prisons





# 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:

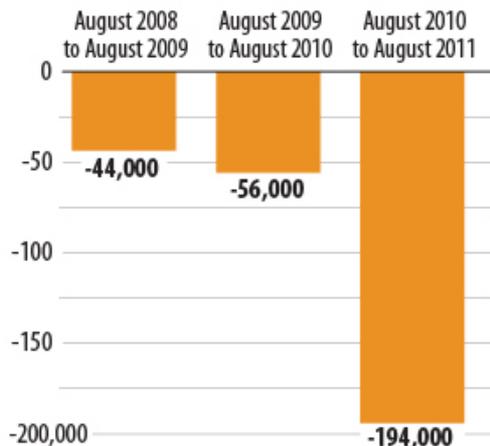
**\*\* 37 states are providing less funding per student to local school districts in the new school year than they provided last year.**

**\*\* 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



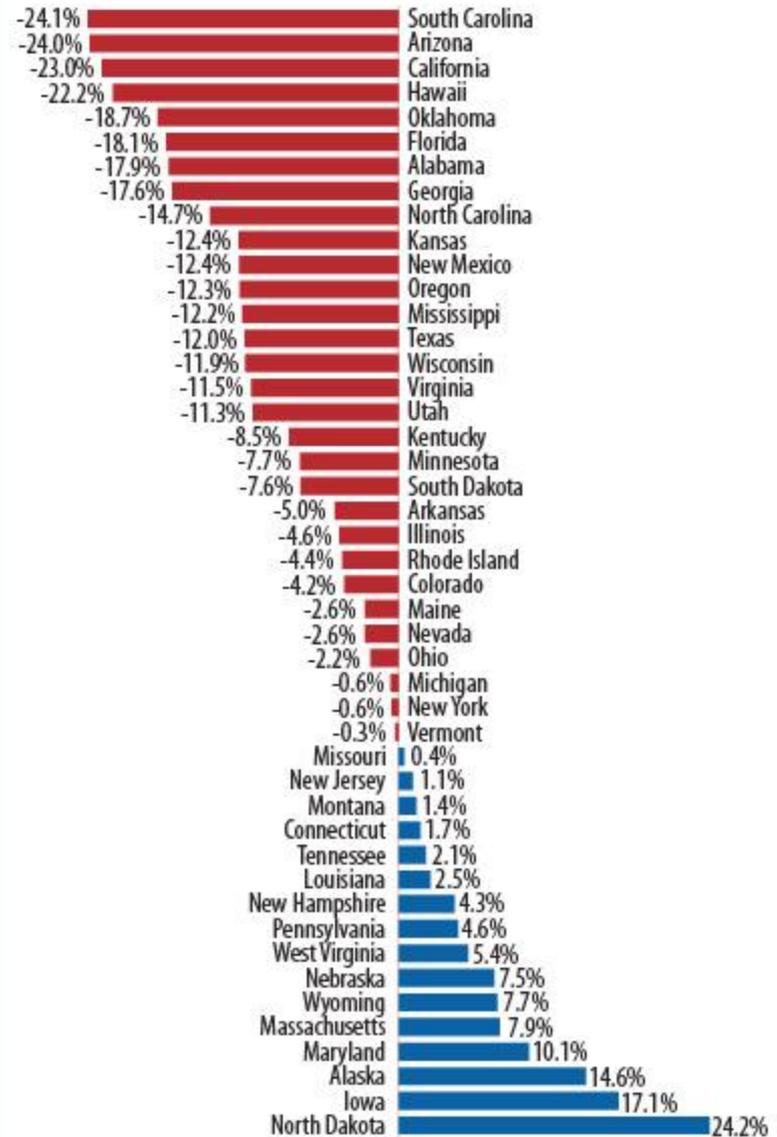
Source: Bureau of Labor Statistics, seasonally adjusted data.

Center on Budget and Policy Priorities | cbpp.org

Figure 1:

## School Funding Remains Below 2008 Levels in Most States

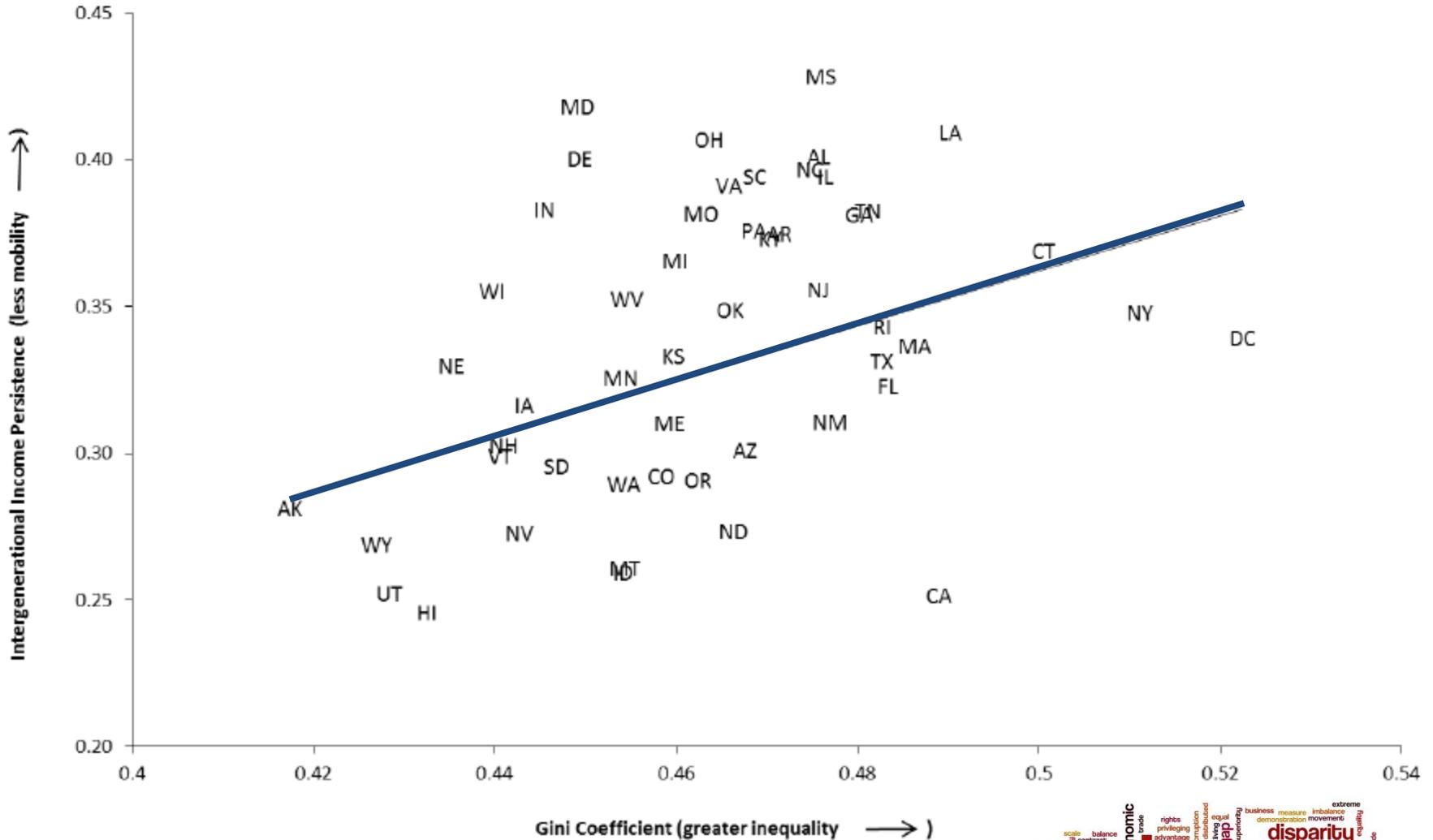
Percent change in spending per student, inflation-adjusted, FY08 to FY12



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

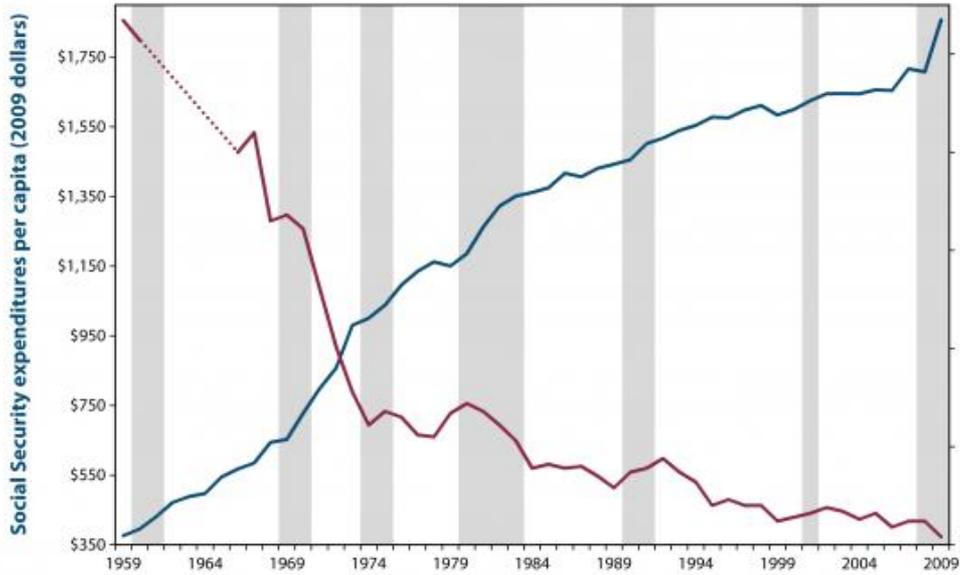
Center on Budget and Policy Priorities | cbpp.org

Figure 1: Great Gatsby Curve in the United States



Notes: Income persistence is the relative mobility measure obtained from Chetty, et al. (2014). The Gini Coefficient is from the U.S. Census Bureau of the Census, 2014 American Community Survey.





Share of the elderly population below the poverty line



Note: Shaded areas denote recession.

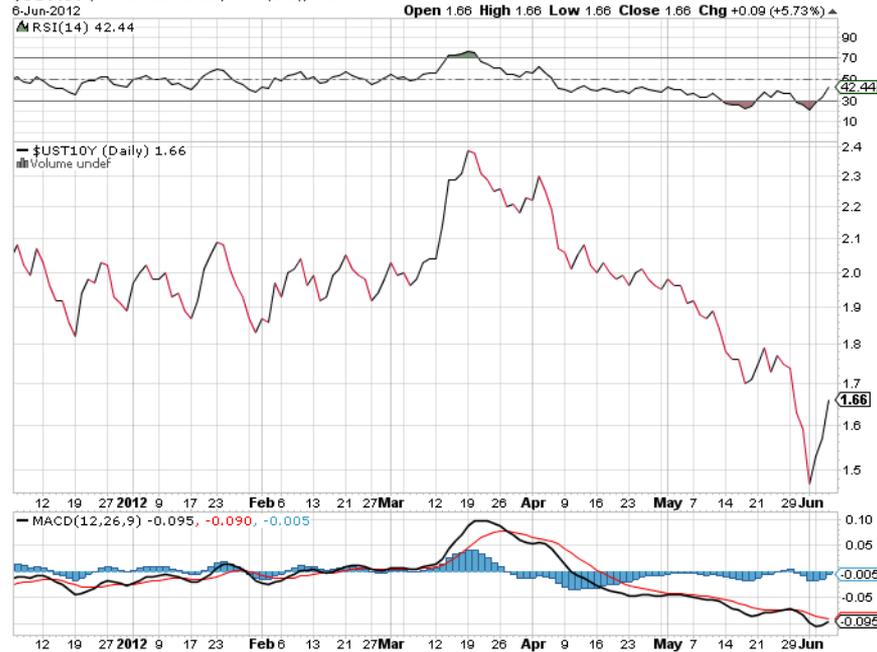
Source: U.S. Census Bureau, Historical Poverty Tables, Persons, Tables 2 and 3, and U.S. Treasury, Social Security Administration, Trustees Report 2009, Annual Statistical Supplement.

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).



**\$UST10Y** (10-Year US Treasury Yield (EOD)) INDX

© StockCharts.com





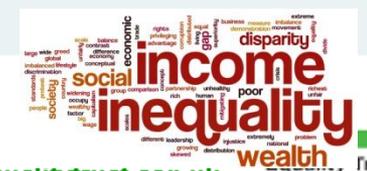
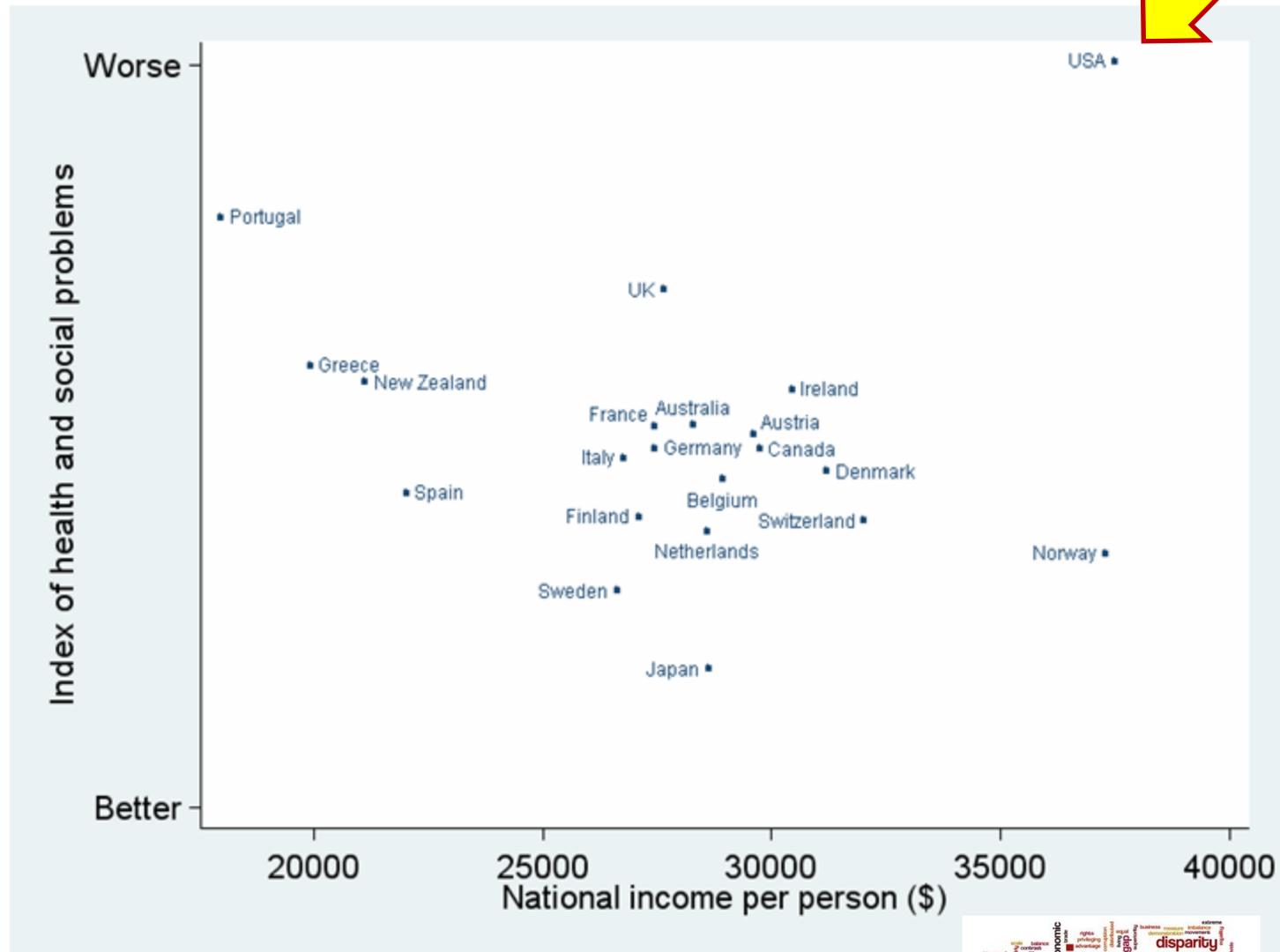


# Health and Social Problems are not Related to Average Income in Rich Countries



## Index of:

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



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

# 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

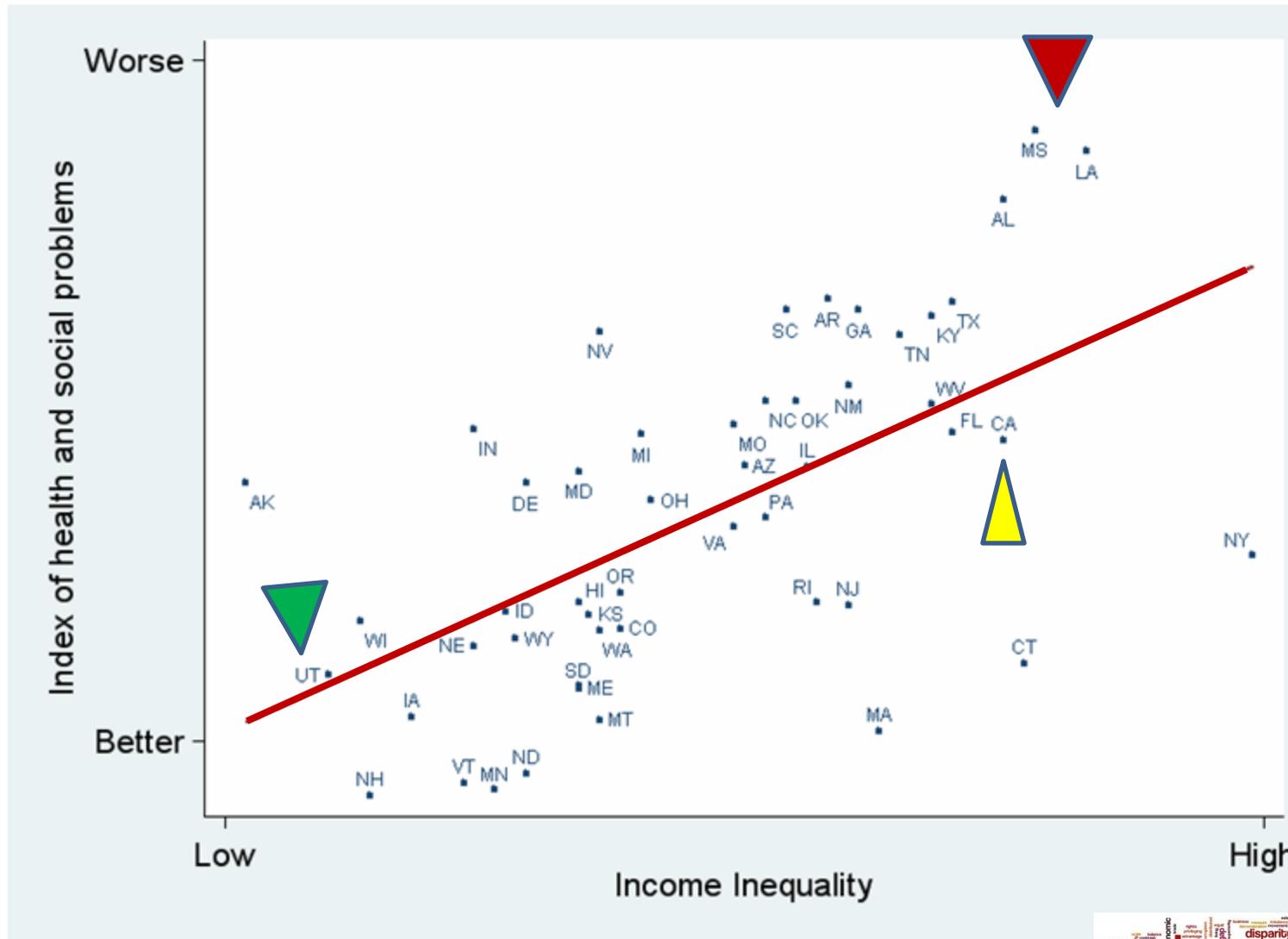


Source: Wilkinson & Pickett, *The Spirit Level* (2009)

# Health and Social Problems are Worse in More Unequal US States

## 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)



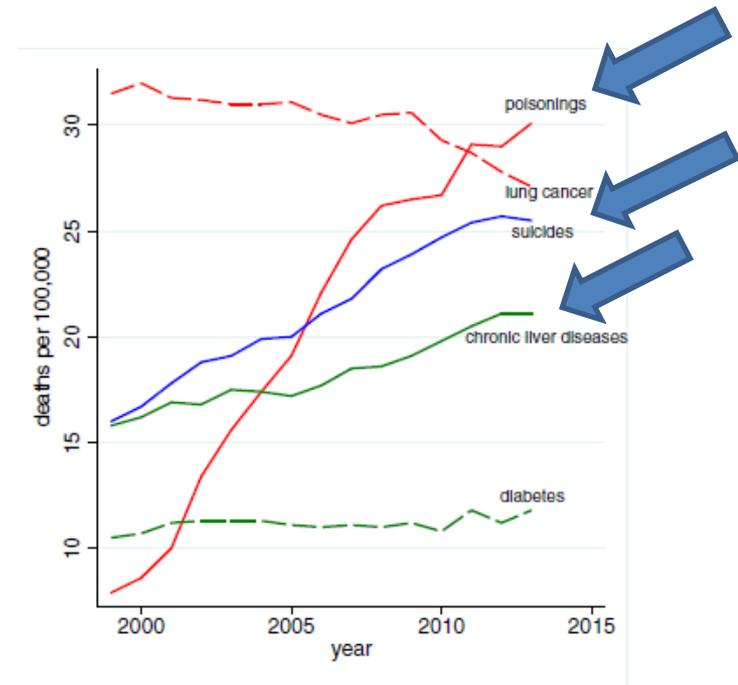
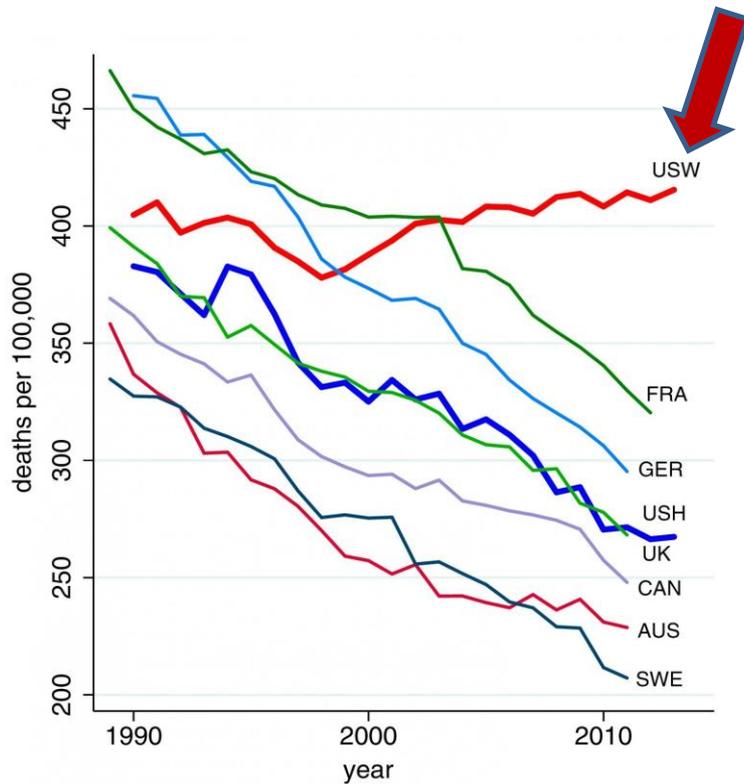


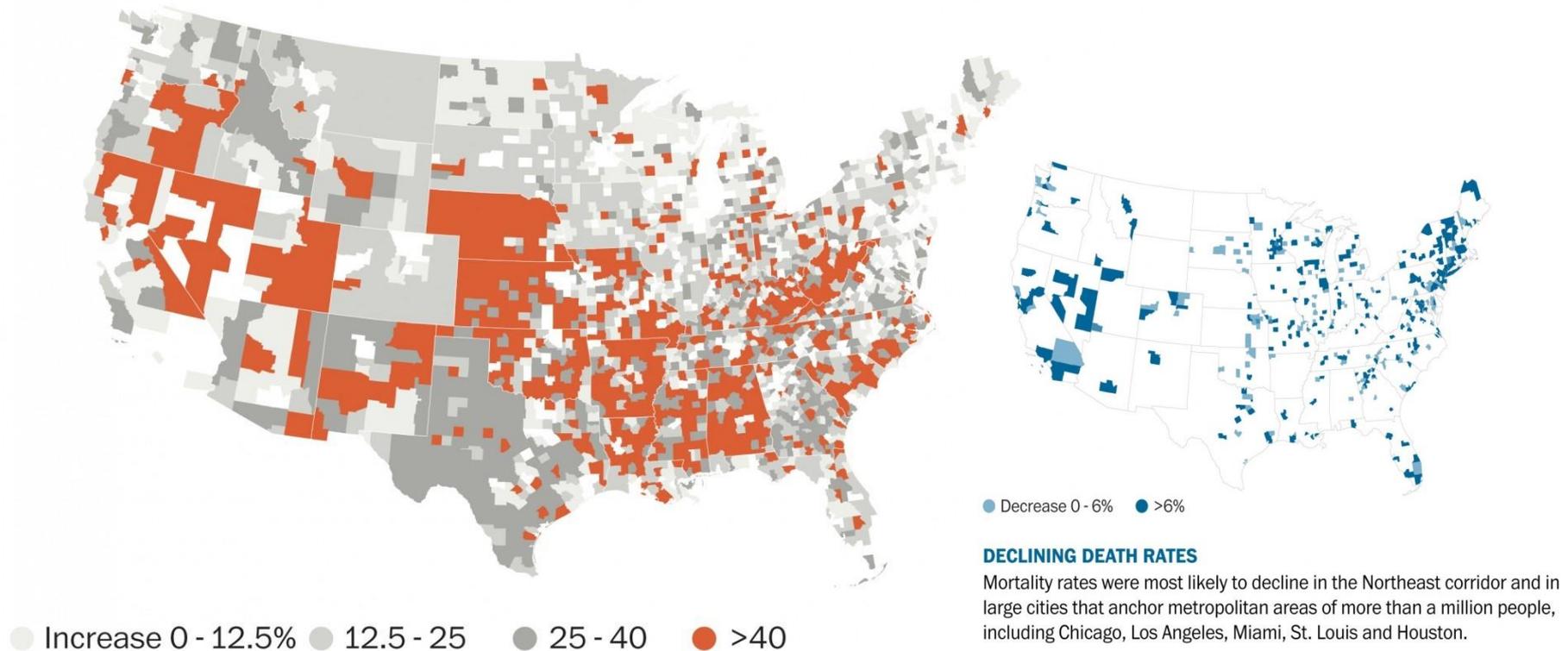
Fig. 2. Mortality by cause, white non-Hispanics ages 45-54.

**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



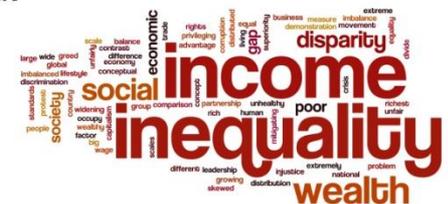
## DECLINING DEATH RATES

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.







economic disparity income social inequality wealth

rights privileging corruption gap large of living standards business measure imbalance movement extreme

scale balance contrast difference economy conceptual discrimination

large wide green global imbalance lifestyle discrimination

people society

poor rich

extreme national problem

justice distribution

skewed

growing

leadership

extremely

national

problem

riches

unfair

rich

unhealthy

human

partnership

group

competition

income

country

wealthy

poor

big

weight

people

disparity

income

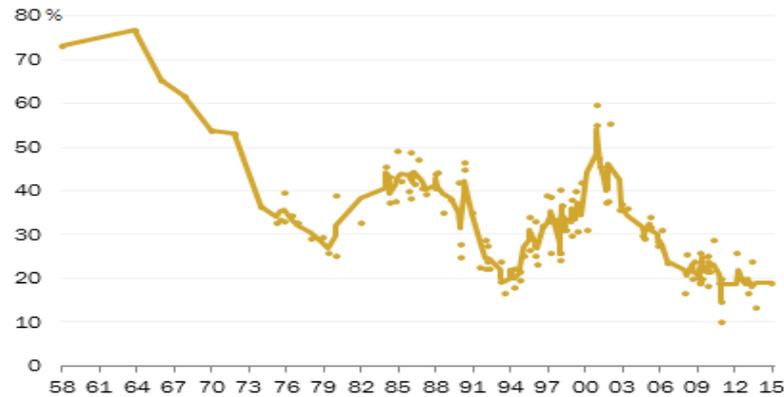
social

inequality

wealth

## Public trust in government: 1958-2015

Trust the federal government to do what is right just about always/most of the time ...

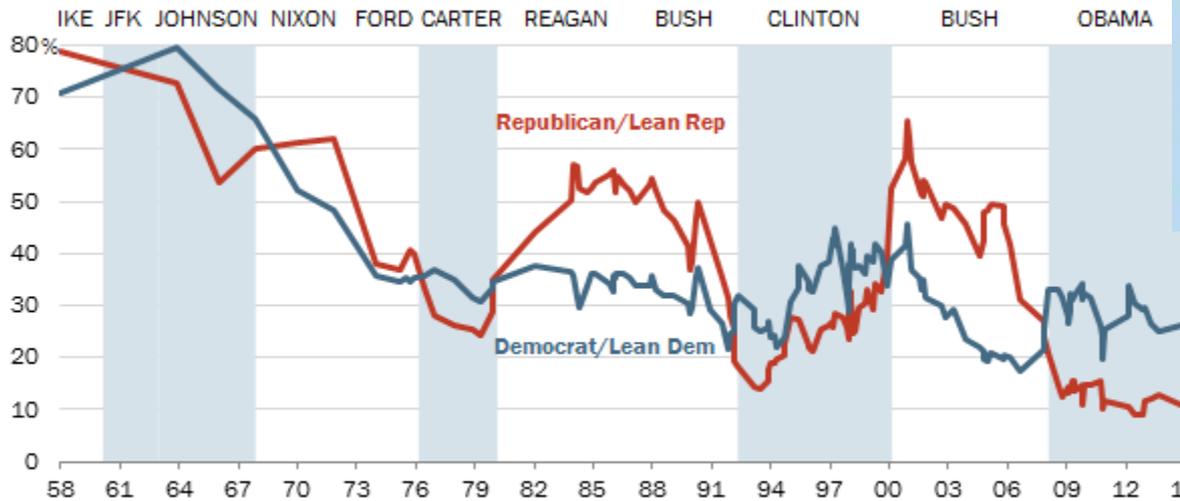


Survey conducted Aug. 27-Oct. 4, 2015. Q15. Trend sources: Pew Research Center, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN Polls. From 1976-2014 the trend line represents a three-survey moving average.

PEW RESEARCH CENTER

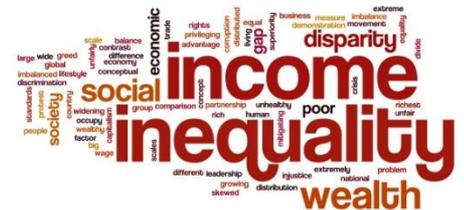
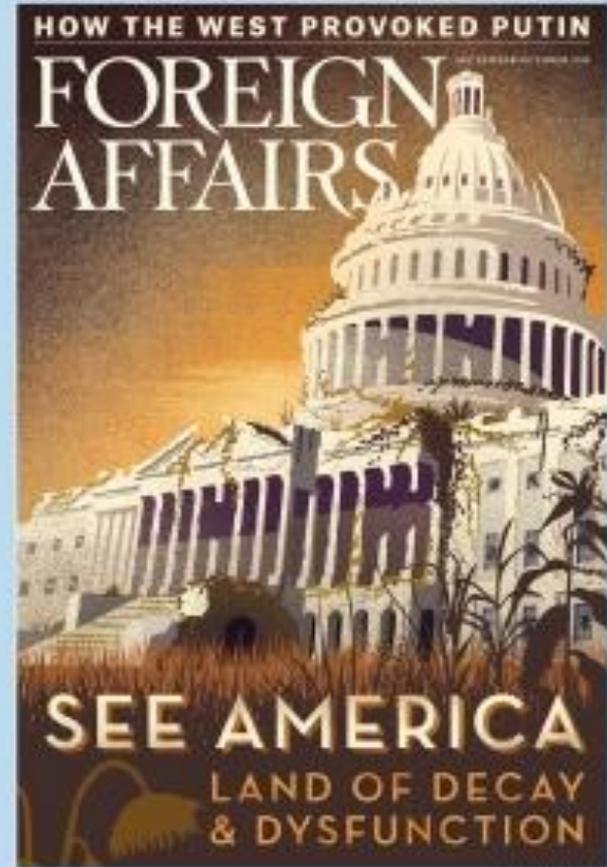
## Trust in government by party: 1958-2015

Trust federal government to do what is right just about always/most of the time ...



Survey conducted Aug. 27-Oct. 4, 2015. Q15. Trend sources: Pew Research Center, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN Polls. From 1976-2014 the trend line represents a three-survey moving average.

PEW RESEARCH CENTER



## Federal, State, And Local Government Spending Fell Under Obama

The Sharp Drop In Government Spending After The Stimulus Ended

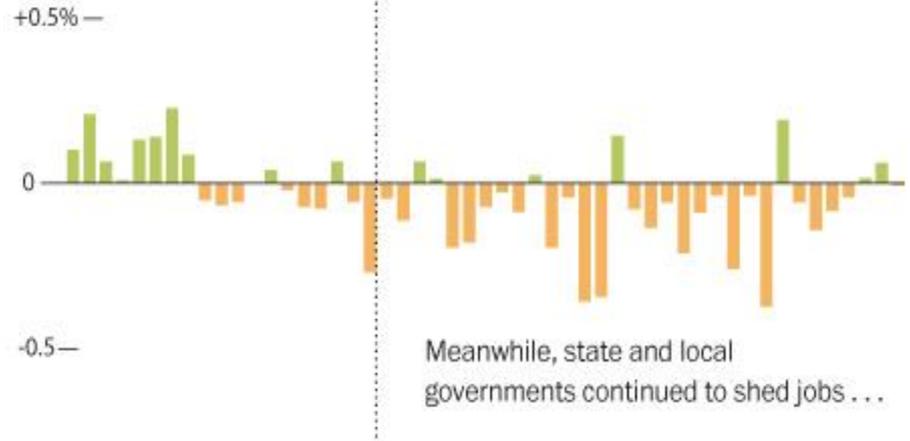


**TPM**

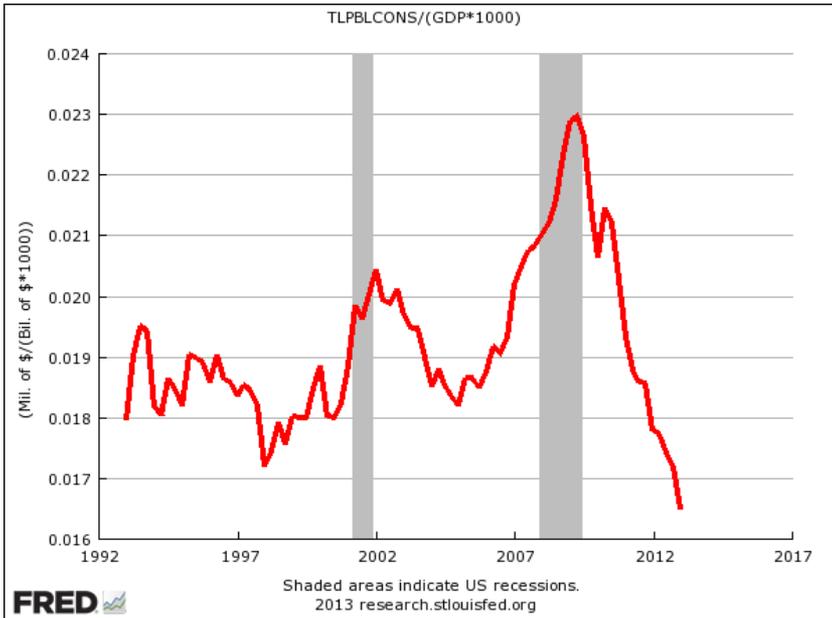
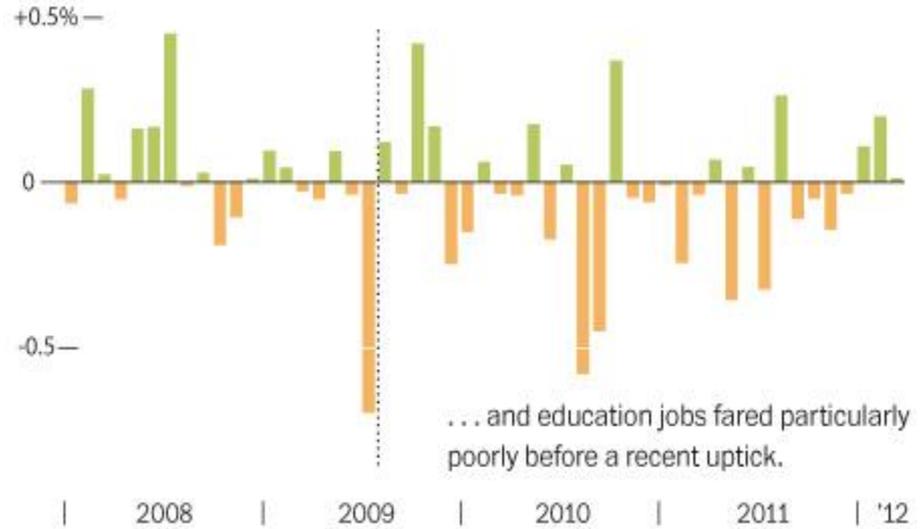
Real Government Spending Per Capita  
Gov Expenditures - GDP Deflator -  
Growth in civilian noninstitutional population

Source:  
Federal Reserve  
Economic Data

## State and local government jobs



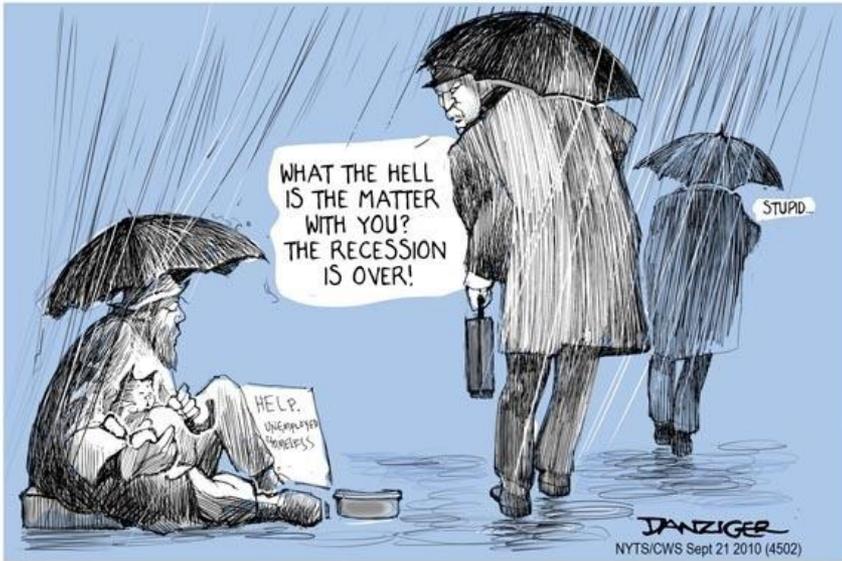
## State and local government education jobs



**FRED**

income inequality  
social  
poor  
wealth  
disparity  
economic  
unemployment  
disparities  
poor  
wealth  
income  
social  
inequality





## 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.



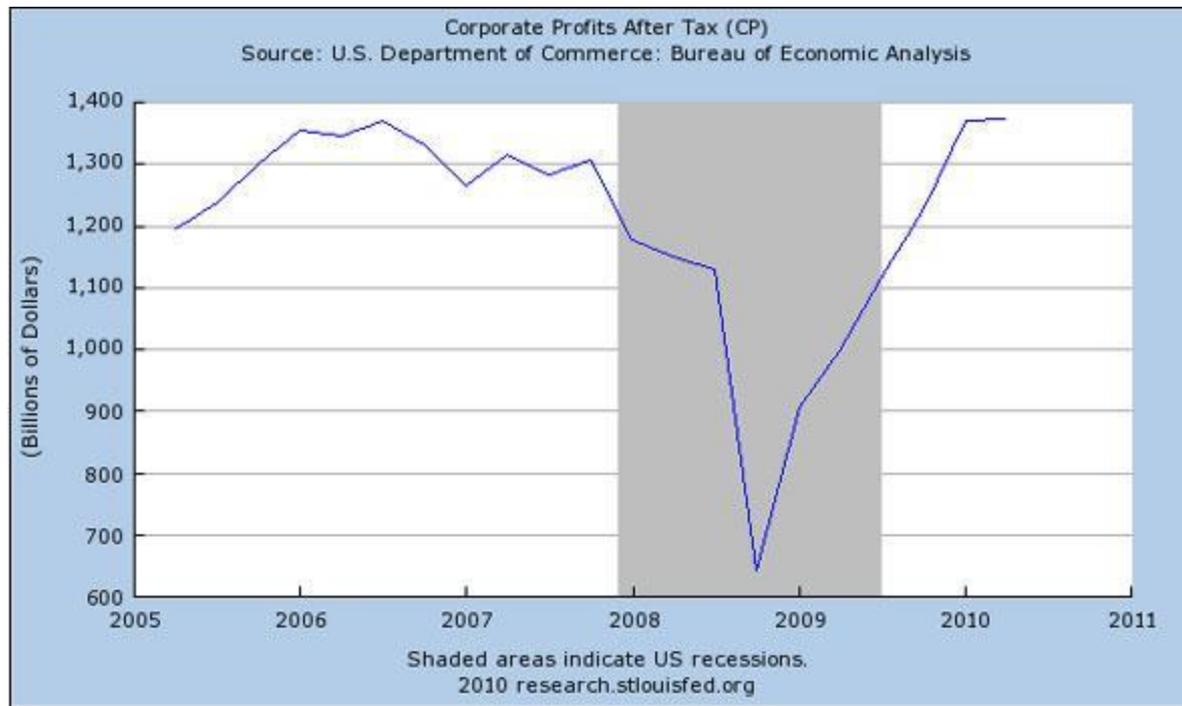






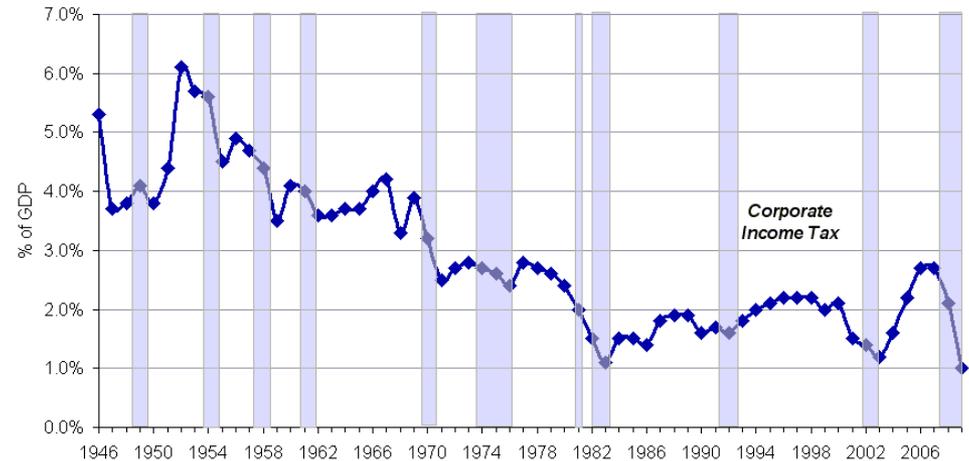
**ICELAND'S PRESIDENT EXPLAINS HOW HIS  
COUNTRY RECOVERED SO QUICKLY FROM THE  
RECESSION:**

**"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**

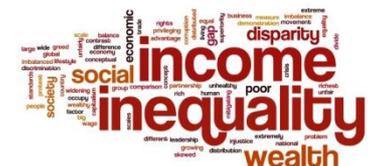


**WHY IN THE WORLD ARE WE GIVING THEM AT LEAST 10 BILLION IN SUBSIDIES WHILE WE ARE CLOSING PUBLIC SCHOOLS?**

## 15 Corporations That Paid Far Less in Federal Income Taxes than Average Americans in 2015 and/or over the Past Five Years

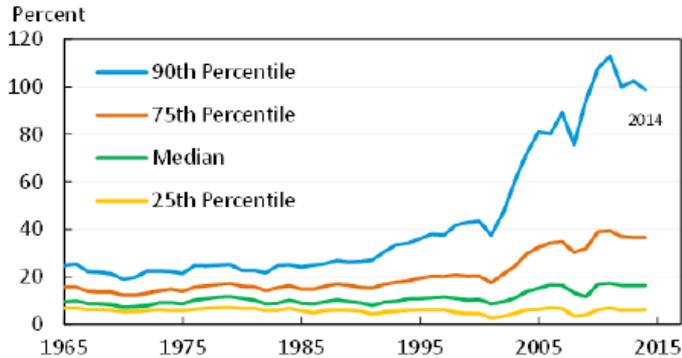
| \$-millions                   | 2015             |                |              | 2011-15 Totals   |                |              | Industry                   |
|-------------------------------|------------------|----------------|--------------|------------------|----------------|--------------|----------------------------|
|                               | US profit        | Fed Tax        | Rate         | US profit        | Fed Tax        | Rate         |                            |
| Cablevision Systems           | 328              | 0              | 0.0%         | 1,391            | -2             | -0.2%        | Telecommunications         |
| Centurylink                   | 1,212            | 28             | 2.3%         | 5,711            | 55             | 1.0%         | Telecommunications         |
| Consolidated Edison           | 1,760            | -86            | -4.9%        | 8,066            | 230            | 2.9%         | Electric utility           |
| Duke Energy                   | 3,840            | —              | —            | 14,292           | -206           | -1.4%        | Electric utility           |
| International Paper           | 1,135            | 62             | 5.5%         | 4,203            | -697           | -16.6%       | Manufacturing              |
| Jetblue Airways               | 1,074            | 20             | 1.9%         | 2,319            | 29             | 1.2%         | Airline                    |
| Johnson Controls              | 1,051            | -477           | -45.4%       | 6,464            | 144            | 2.2%         | Manufacturing              |
| Netflix                       | 111              | -14            | -12.6%       | 960              | 106            | 11.0%        | Internet Services          |
| NextEra Energy                | 3,959            | 10             | 0.3%         | 15,115           | -174           | -1.2%        | Electric utility           |
| Owens Corning                 | 213              | 2              | 0.9%         | 750              | -15            | -2.0%        | Manufacturing              |
| PG&E Corp.                    | 850              | -89            | -10.5%       | 5,988            | -542           | -9.1%        | Electric utility           |
| Qualcomm                      | 2,993            | -166           | -5.5%        | 16,488           | -155           | -0.9%        | Computers                  |
| Ryder System                  | 402              | 1              | 0.2%         | 1,418            | -9             | -0.6%        | Truck rentals and services |
| State Street Corp.            | 2,218            | -6             | -0.3%        | 10,149           | 352            | 3.5%         | Financial                  |
| Weyerhaeuser                  | 422              | -1             | -0.2%        | 2,387            | -274           | -11.5%       | Lumber                     |
| <b>Totals these 15 corps.</b> | <b>\$ 21,146</b> | <b>\$ -715</b> | <b>-3.4%</b> | <b>\$ 93,313</b> | <b>\$ -885</b> | <b>-0.9%</b> |                            |

Source: Corporate 10-K Annual Reports



## BENEFITS OF COMPETITION AND INDICATORS OF MARKET POWER

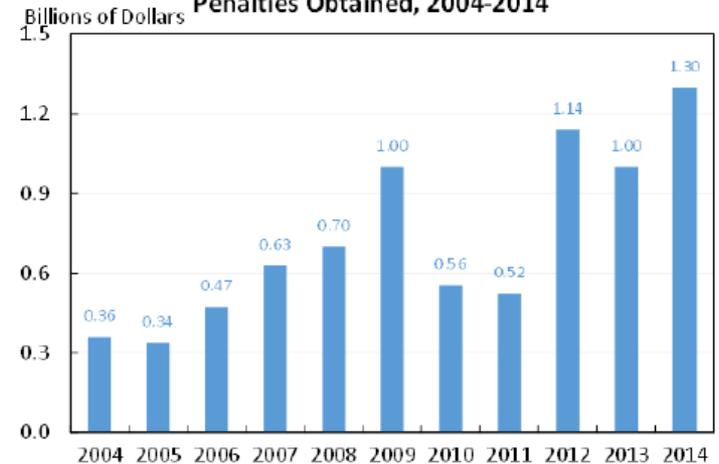
Figure 1: Return on Invested Capital Excluding Goodwill,  
U.S. Publicly-Traded Nonfinancial Firms, 1965–2014



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

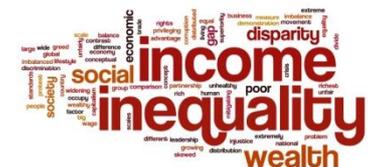




# GOVERNMENT BY LOBBYISTS

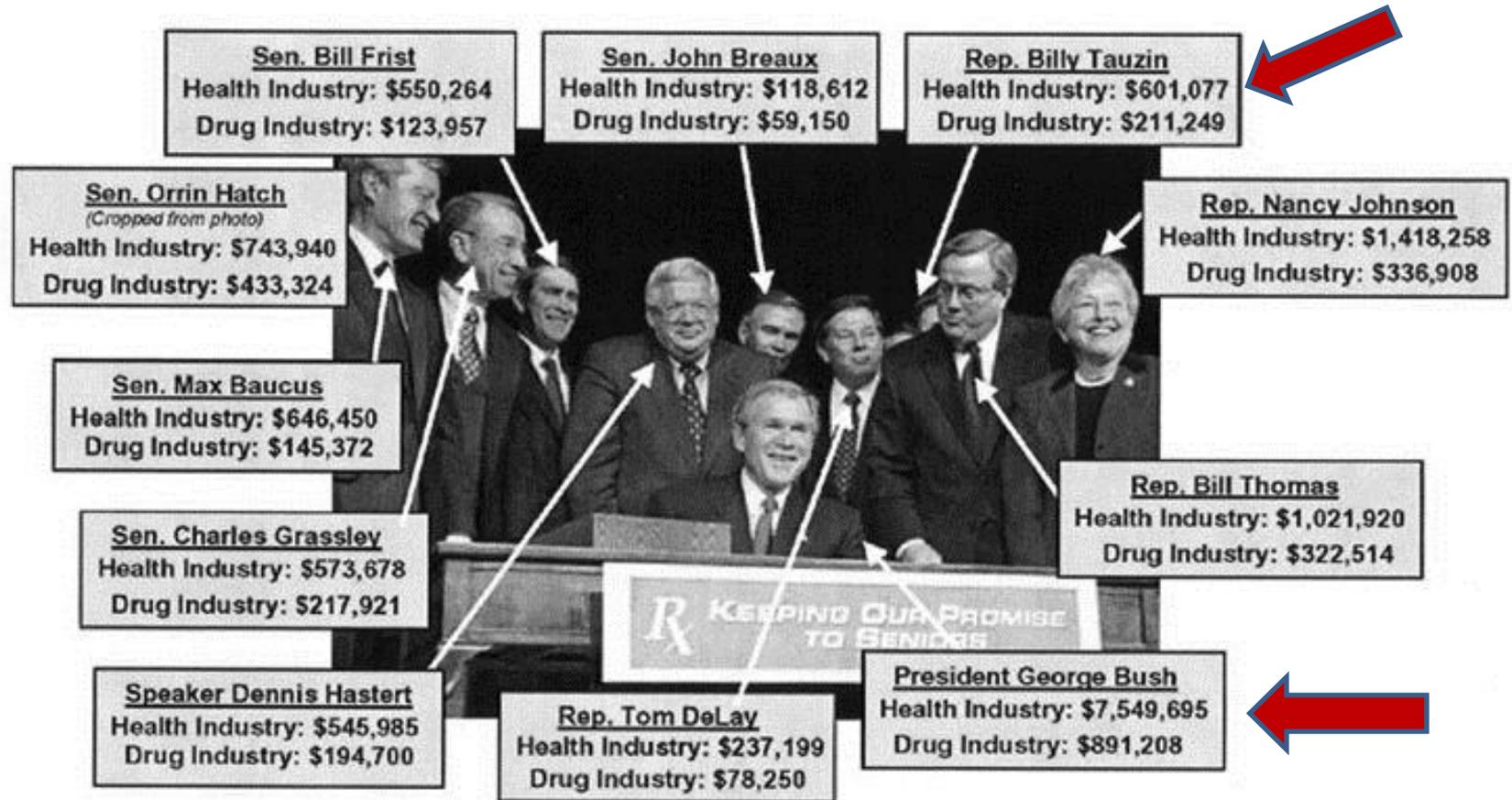
1. Lobbyists are the major source of technical information for legislation. (Think Chamber of Commerce, ALEC)
2. Think tanks, interest affinity groups, and astroturf organizations frame the “intellectual environment.”
3. Business interests curate media content.
4. Revolving door between legislative staff and corporate/lobbying employment.
5. Businesses are a major source of campaign funds.
6. Many businesses have tax and regulatory subsidies.
7. Corporations are legal “persons” and money is speech.
8. Business lobbyists spend \$34 for every \$1 spent by opponents (13x more on lobbying than on political action).
9. Frequent legal challenges to regulatory constraints.

*Companies that spend more on lobbying have a greater return on equity, have stocks that outperform the DJIA, have lower tax rates, and are less likely to be investigated for fraud.*



# 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









# 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.<sup>37</sup> 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.





# RULES OF POLITICS

1. Repeal Citizen's United by legislation
2. Develop public financing of elections or "democracy vouchers"
3. Facilitate universal adult voter registration
4. Reintroduce broadcast fairness policy for political speech
5. Minimize gerrymandering

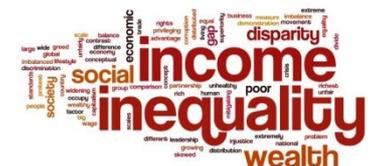
## TAXATION

### REVISING EXISTING TAX CODE

1. Increase income taxes on very high incomes (> \$5 million)
2. Increase estate taxes
3. Eliminate trust fund loophole (exempting unrealized capital gains from estate taxes)
4. Eliminate lower tax rates for dividends and capital gains
5. Eliminate "carried interest" for hedge fund and private equity profits
6. Eliminate income cap on Social Security tax (FICA)
7. Enforce Foreign Account Tax Compliance Act (FATCA)
8. Modernize corporate tax code to effectively cover multinational corporations

### POSSIBLE NEW TAX POLICY

1. Tax on financial transactions
2. Carbon Tax
3. Using low interest rates borrow money to build and renew infrastructure and create employment



## 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)*

