

The Fleecing of America

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Over 200 years ago, Thomas Paine wrote a treatise on government in which he said “a republic is supposed to be directed by certain fundamental principles of right and justice, from which there cannot, because there ought not to, be any deviation. (It) is executed by a select number of persons, who act as representatives, and in behalf of the whole, and who are supposed to (govern) as the people would do were they all assembled together....

When a people agree to form themselves into a republic (they) mutually resolve and pledge themselves to each other, rich and poor alike, to support this rule of equal justice among them....A republic, properly understood, is a sovereignty of justice, in contradistinction to a sovereignty of will.”

Since its founding, America was never governed by Paine’s principles. Never less so or more disgracefully than under George Bush.

This article follows from an earlier one titled Grand Theft America. On the crime of the century. The greatest one ever. Unbridled excess gone awry. An economic system built on a foundation of greed and fraud. Threatening the country with insolvency and ruin. World economies with it. Plundering the national treasury to save it. Bailing out criminal bankers. Rewarding fraudsters with public funds. Making the world safe again for capital (or trying to) and heading it for an even greater calamity ahead. Maybe next time (or this one) one no financial engineering can fix.

An Update on the “Bailout”: The Emergency Economic Stabilization Act (EESA)

EESA defrauds the public. Fleeces the treasury to reward criminal bankers. Arranged secretly behind closed doors. The \$700 billion is just for starters. Another \$150 billion was just added to it (discussed below). Trillions will be pilfered for this scheme. Millions of innocent people will suffer grievously. Crumbs at best are in it for them.

This goes way beyond a subprime crisis as author Ellen Brown explains. The real problem is a “black hole of (\$180 trillion in bank-held) derivatives.” If enough of them implode, so will world economies. The “bailout” and various other schemes hope to prevent it, but there’s no guarantee anything will work. That’s the real dilemma.

Public pronouncements about EESA were deceitful on their face. George Bush calling it a plan for Main Street, not Wall Street. Nancy Pelosi saying that “All of this was done in a way to insulate Main Street and everyday Americans from the crisis on Wall Street,” and added: “The party is over. No longer will taxpayers be forced to bail out reckless investors.” That’s precisely what they’re being forced to do.

Both presidential candidates endorse the plan and voted for it. Most party leaders as well. A bipartisan conspiracy to compound the fraud. Reward criminals with public money. Empower the Treasury secretary as a financial czar. With unlimited authority to dispense public money. Direct it as he wishes. Stipulate the terms. Conceal the plan's true purpose from the public. To save Wall Street and big banks. The entire financial system. Industrial capitalism in trouble. And make ordinary people pay for it.

The Senate passed EESA on October 1 – by a 74 – 25 vote. The same body that (on September 26) rejected a \$56 billion stimulus plan that would have extended unemployment benefits, increased food aid, and funded new construction projects to create jobs at a time the economy is in a deepening recession.

After first rejecting EESA, the House reversed itself (263 – 171) on October 3. Global markets reacted convulsively. Plunging on September 29. Soaring the next day. Plunging again. Continuing the same volatile pattern begun last fall. From the crisis-level weakness of major banks worldwide and the effect on global economies. The possibility that nothing proposed will work. The likelihood that only mass worldwide infusions of public funds and recapitalizations have a chance.

Ignoring the core reason for the crisis. The extraordinary amount of criminal fraud. Rewarding and not prosecuting the fraudsters. Compounding the enormity of their crime. Looting the national treasury for it. Rejecting emergency measures with proven past success. Recapitalizing banks through government interest-bearing loans with guaranteed repayment provisions out of future profits. Temporarily nationalizing troubled banks. Letting governments take over weak ones until things stabilize. Restarting credit flows now frozen. Then designing a whole new system to replace the current failed one.

The present crisis shows industrial capitalism's failure. Financialization-based. Speculative finance. Frankenstein finance. Unfettered. Unregulated. Greed-based. Rewarding fraud and harming people. The government – business partnership behind it. The inevitability that nothing this pernicious is sustainable. The naked truth about an ugly system.

EESA's hidden details make the prima facie case. Besides add-ons, it's little different from its initial version. It:

- directs the original \$700 billion to Wall Street and big banks;
- lets the Treasury buy unlimited amounts of junk assets (some worthless or close to it) but hold no more than \$700 billion at one time; pay whatever prices it chooses; hold-to-maturity prices if it wishes for toxic waste;
- includes whole mortgages in the program, not just securitized asset pools;
- compounds fraud by rewarding it;
- beyond tokenism and disingenuous rhetoric, provides no relief for beleaguered homeowners;
- excludes a measure to allow bankruptcy judges to amend mortgage terms to help homeowners avoid foreclosure;
- another one that would have allotted 20% of any government bank assets resale profit to

a housing fund; set aside for the public;

- also a bank-imposed fee to compensate the government for buying junk assets at inflated prices;

- leaves executive compensation, golden parachutes, and lavish benefits unrestricted by inserting toothless provisions against them;

- establishes a fake independent oversight panel consisting of the Treasury secretary, Fed chairman, SEC chairman, Federal Home Finance Agency director, and Housing and Urban Development (HUD) secretary;

- an equally fraudulent Congressional Oversight Board composed of House and Senate leadership-chosen bankers and big investors – called “financial experts;” fraudsters to manage the “bailout;” business and government foxes in charge of the looting the national treasury;

- includes a provision authorizing the SEC to suspend GAAP (Generally Accepted Accounting Principles) standards requiring mark-to-market valuations to let banks (on their balance sheets) carry toxic assets at purchased prices, not fair market value, and be able to conceal their losses; and

- another providing tax breaks for companies holding Fannie Mae and Freddie Mac preferred shares.

The White House, Paulson and House and Senate leadership scrambled after EESA’s defeat. Cobbled together a revised plan. Kept the original’s core provisions unchanged, and added new ones:

- temporarily (maybe permanently) increases FDIC insurance per account to \$250,000;

- lets FDIC borrow unlimited amounts from the Fed to protect against bank runs; thus exempts banks from paying premiums for additional deposit insurance;

- another provision to exempt the bill from constitutional challenge;

- includes about \$150 billion in tax cuts and so-called “extenders”; provisions to renew or extend expiring tax breaks;

- \$78 billion for business as well as extending current business tax breaks for renewable energy efforts;

- \$8 billion for hurricane and other natural disaster relief; and

- another \$65 billion extension for Alternative Minimum Tax relief; mostly to high-income earners.

The plan ballooned from its original 3-page version to the House’s 106 pages. Then to the final 451 pages (not likely written in 48 hours) with various additional earmarks for:

- film and television productions;

- wooden arrows for children;

- Exxon Valdez oil spill litigants;
- Virgin Island and Puerto Rican rum;
- railroads;
- auto racing tracks;
- wool research and more.

In addition, Section 128's Acceleration of Effective Date refers to Section 203 of the Financial Services Regulatory Relief Act of 2006. EESA moved up its original effective date from October 1, 2011 to October 1, 2008, and thereby changed the United States Code Title 12 – Banks and Banking, Chapter 3 – Federal Reserve System, Subchapter XIV – Bank Reserves. The measure is solely to help banks. Foreign ones included. The changes:

- no longer require banks to maintain cash reserves to cover deposits;
- abolished the Fed's Earnings Participation Account for the supplemental reserve fees it charges banks; meaning the Fed can retain them; and
- lets the Fed create its own rules for distributing earnings as well as payments to foreign banks.

EESA greatly expands Treasury and Federal Reserve powers. Rewards fraudsters and does nothing for beleaguered homeowners. Both presidential candidates voted for the bill. Obama hypocritically saying that the plan is "our best and only way to prevent an economic catastrophe (and be able to help families) on Main Street." McCain pretty much agreed in a bipartisan show of homage to their big Wall Street backers.

Ignored is their criminal fraud. The harmful fallout to many millions, and the fact that \$700 billion (now \$850 billion) is a down payment with trillions more to come. A systematic looting of public funds. Nearly all of it to fraudsters.

Ahead of EESA's initial defeat, the American Bankers Association (ABA) was pleased with the plan. Its chief executive, Ed Yingling, called the financial crisis "like a big Category 4 hurricane." Unleashed an army of lobbyists on Congress. To assure final legislation contained wanted measures and excluded ones bankers opposed.

In the end, the ABA prevailed. It got nearly everything it asked for. So did Wall Street, but they're far from out of the woods. Nonetheless, big banks are taking advantage by devouring smaller and some big ones. Weaker ones on the cheap. Merrill Lynch to Bank of America. Bear Stearns and Washington Mutual to JP Morgan Chase, and Wachovia's retail banking operations (including \$400 billion in deposits) to Citigroup for \$1 a share. Then Wells Fargo trumped Citi for most of Wachovia for \$7 a share. A deal now held up after New York Supreme Court Justice Charles Ramos blocked it temporarily.

The above acquisitions were giveaways under planned creative destruction. Enabling greater consolidation in the hands of fewer giant players. The result is less competition and a fundamentally unfair system less fair.

The announced deals are for starters. Many more will follow as a powerful industry

concentrates into few, larger hands. But providing no help for distressed households. Nor relief for over-indebted homeowners facing foreclosure. Rejecting better, fairer ways to recapitalize banks in crisis. Measures proved effective in the past yet unconsidered.

Also unaddressed are severe money market stresses and unwillingness of banks to lend to each other. Resume a free flow of credit. It shows in unprecedented spreads on unsecured inter-bank lending. Only confidence can change that. Something no government can legislate. It can make good policy as a way to start building it.

On September 30, the Financial Times columnist Martin Wolf headlined his commentary: “Congress decides it is worth risking depression” and said “We are watching the disintegration of the financial system.” Such a “dire outcome is no longer impossible.” The free flow of credit is frozen and unless thawed “no modern economy can survive. Yet that is now threatened.”

We’re experiencing a “downward spiral of panic.” What economist Hyman Minsky called “revulsion.” A “Minisky Moment.” The final stage of bubble deflation when cheap credit ends or is frozen like now. Investors dump assets. Any bad news roils markets, and it’s infectious. Quickly turning euphoria into “revulsion” and creating downward momentum much greater and faster than the upside.

Wolf has mixed feeling about EESA. Calls it flawed and directed by the wrong man. A “titan of high finance charged with bailing out Wall Street,” but worrying mostly about Congress doing nothing and causing “ruin.” He wants something passed and much more. Ensuring “liquidity needs are fully met during this period.” Europeans addressing the same issue. Worrying about a greater crisis ahead, yet ending with a hopeful thought. Winston Churchill’s words that “The United States invariably does the right thing, after having exhausted every other alternative.” The greater issue now is a deepening crisis so great that no constructive intervention can work.

Events are fast-moving and changing almost daily. So far in an intensifying contracting cycle. A perfect storm of:

- recession;
- rising unemployment;
- public trauma;
- failing banks;
- frozen credit;
- multi-trillions in toxic debt;
- the worst housing slump since the Great Depression; spilling over into commercial real estate as well;
- millions of homeowners threatened with foreclosure;
- trillions of eroded household wealth;

- hugely over-indebted consumers; and
- contagion spreading everywhere and the danger that it may be uncontainable.

Fleeing the American Dream

This article explores other ways a government – business partnership gains power and wealth. Harms the public. Heads the nation toward insolvency, tyranny and in the end ruin. Political theorist Sheldon Wolin refers to our “managed democracy (and) inverted totalitarianism.” Our “wielding total power without appearing to.” With no jack boots in the streets or concentration camps. Nor “enforcing ideological uniformity, or forcibly suppressing” dissent. America’s genius is that it appears to be a democratic showcase. Fooling most of the people most of the time to believe it. So far.

In charge – powerful corporate giants and the rich. Feeding at the public trough. Protected by the military-industrial complex. Single-mindedly pursuing profits. Dismissive of public welfare. Socially democratic institutions. Elements of social progressivism. New Deal political and other gains. Purposely aiming to dismantle them. Everything benefitting people to further corporate power and privilege.

Partnered with government to do it. One of its choosing. Pursuing a policy of empire. Doling out largesse. Transferring wealth to the privileged. Exploiting people without their even noticing. Waging wars for profit. Privatizing everything. Getting around democracy through subterfuge. Making believe it’s real when it’s fantasy. Heading toward when all pretense will be gone. Remaining public revenue as well unless boundless profligacy can be curbed. So far it’s growing. Unsustainably toward a very unpleasant future. Because people empowered are fleeing America. Strip-mining it toward demise. Hollowing it out. Mindless to the lessons of history showing empires, militarism, and extremism can’t endure. Eventually will understand when it’s too late to matter.

Corporate Dominance in America

Corporate giants rule America and the world as the dominant institution of our time. Their influence is pervasive and profound. Over every facet of our lives. What we eat and drink. What we wear. Where we live. What we’re taught. How we get our essential services. Where our main sources of information come from. How we think. Who’ll govern and for whose benefit.

With no constitutional empowerment. Self-empowered collaboratively with Congress and the courts. To “invest, speculate, trade, and accumulate wealth,” according to Michael Parenti. To maximize shareholder equity by increasing sales and profits. Gaining new markets, resources, and growing in size or risk being left behind. Benefitting hugely at the public’s expense.

They’re run by wealthy and powerful figures. The elitist top 1%. Owning over one-third of the nation’s wealth. Stocks, bonds, land, natural resources, business assets and other investments. In the most unequal of world developed countries. Rigidly class structured. Plagued by racism and inequality. Mocking the notion of a land of opportunity for everyone.

Squandering our national resources. Exploiting and underpaying labor. Dismantling the social safety net. Impoverishing millions of people. Revealing America’s dark side. The

failure of our “democracy.” Government’s unaccountability to the public. To provide essential services. Consumer safety. Social justice. Concern for the environment. Closing the gap between haves and have-nots. Having enough compassion to care.

Instead, defending the rich against the poor. Siding one-sidedly with business. Through tax breaks. Huge subsidies. Export ones. Price supports. Loan guarantees. R & D grants. Free use of the public broadcasting spectrum. Bailouts. All sorts of other measures to redistribute wealth upward to the top. Providing legal protections and empowerment. Depriving the many for the few. Socialism for the rich. Free-market capitalism for most others. Sink or swim, on our own, with a disappearing social safety net for those who can’t. Redefining “justice” to mean “just us.”

Militarism and Wars for Profit – Spending Ourselves Toward Insolvency and Ruin

Since WW II, America was unchallengeable. With no external enemies or threats, the Soviet Union notwithstanding. Yet according to the Center for Defense Information, 60 years of military expenditures (in constant dollars) since 1945 totaled an astonishing \$21 trillion. And since 2001, annual defense spending more than doubled under George Bush.

Christopher Hellman, Military Budget Analyst for the Center for Arms Control and Nonproliferation, refers to a “runaway military budget” with core allocations and add-ons. Including all defense categories, FY 2008 exceeds \$1 trillion for the first time. More than the rest of the world combined. Including war supplementals, budgets expanded dramatically since the mid-1990s and are at the highest level since WW II.

Here’s analyst Robert Higgs’ breakdown for FY 2006 in billions, and FY 2009 proposed numbers are several hundred billions higher:

- Department of Defense: \$499.4; for FY 2008, it’s \$623 billion with supplemental add-ons for Iraq and Afghanistan; proposed for FY 2009, it’s \$711 billion by the same calculation; other estimates place it over \$760 billion;
- Department of Energy: \$16.6
- Department of State: \$25.3
- Department of Veterans Affairs: \$69.8
- Department of Homeland Security: \$69.1
- Department of Justice (including FBI, DEA and other federal law enforcement agencies): \$1.9
- Department of the Treasury (for Military Retirement Fund): \$38.5
- NASA: \$7.6, and
- Net interest attributable to past debt-financed defense outlays: \$206.7.

A total of \$934.9 billion. Higgs estimated FY 2007 at \$1.028 trillion, and each year the numbers grow to more out-of-control levels. Unsustainable, and those reported exclude black budgets for CIA, NSA and other off-the-books operations amounting to tens of billions

more. In nominal totals and as a percent of GDP, he calls it nonsensical. Insanity for others. A death wish for the economy at this unsustainable level.

Higgs and others also cite the unreliability of official numbers. He believes it's more accurate to take the Pentagon's basic budget and double it because as much as 40% of it is black or hidden. Concealing secret projects. Now under the most secretive administration in our history. Also, the more powerful the Pentagon becomes, the more spending benefits accrue to congressional districts, and less willing Congress is to hold it accountable.

The Department of Defense's 2007 Base Structure Report shows how large the Pentagon has become. Even with important information left out:

- DOD is the world's largest landlord with over 577,500 (reported) facilities (buildings, structures and linear structures) on more than 5300 sites covering 32 million acres and 2.4 billion square feet of space in the US, its territories and overseas; these numbers are way understated and are, in fact, much higher.

- including undisclosed ones, over 1000 overseas bases in over 150 countries; additional secret ones shared with or leased from host countries; of varying sizes and importance, including the largest Main Operating Bases (MOBs) for permanent combat troops; extensive infrastructure; command and control headquarters; and extensive accommodations in many places for families, including hospitals, schools and recreational facilities;

- about 6000 homeland bases and military warehouses, and

- from a DOD March 31, 2008 active duty personnel strength report, a total worldwide force of 1,373,000. Of that, 1,083,000 are US-based and in its territories; another 290,000 are abroad, and 195,000 are "in and around Iraq as of March 31, 2008, includ(ing) deployed Reserve/National Guard" forces; another 31,000 are in Afghanistan, including Reserves and National Guard; the US National Guard is a joint US Army - Air Force reserve component that numbered 460,000 as of December 31, 2007, according to the Congressional Research Service.

In his 1961 farewell address, Eisenhower warned about the "military-industrial complex." Its "grave implications" evident nearly 50 years ago. A "coalition of the military and industrialists who profit by manufacturing arms and selling them to government." The need to "guard against the acquisition of unwarranted influence....by the military industrial complex....The potential for the disastrous rise of (its) misplaced power...."

After the Vietnam War, its resurgence under Ronald Reagan. A prelude to George Bush's aggressive militarism. Ideologically driven. Waging "Global Wars on Terrorism." Exploiting 9/11 fears to pursue them. Disregarding budgeting constraints. Spending on all sorts of new weapons systems. The way Ian Mount, Matthew Maier and David Freedom described it on March 1, 2003 in Business 2.0 magazine. They called it "The New Military Industrial Complex To arm for the digital-age war, the Pentagon has turned to a new generation of defense contractors. The hardware is impressive. It's also deadly." The Pentagon refers to a "revolution in military affairs (RMA)." Building an unchallengeable high-tech arsenal. A new military-industrial complex.

The old one remains and gets huge contracts for new and more traditional weapons. The result of an influential "iron triangle" of Congress, the Pentagon and defense industry.

Conservative think tanks also like:

- the Project for a New American Century (PNAC); its “Rebuilding America’s Defenses” scheme for US global hegemony;
- the Center for Security Policy (CSP) headed by super-hawk Frank Gaffney; promoting a policy of “Peace through Strength” and perpetual wars for perpetual peace;
- the Committee on the Present Danger (CPD); its hard right leadership and members; “fighting terrorism and the ideologies that drive it;”
- the National Institute for Public Policy (NIPP); its focus on defense issues; ties to the nuclear weapons industry; and
- the Center for Strategic and International Studies (CSIS); emphasizing national security and “advancing (US) global interests;” specializing in crisis management and connected to the highest levels in government and the Pentagon.

Another element is hugely important and destructive to a free society. The nation’s 16 intelligence agencies, including CIA, NSA, DIA (Defense Intelligence Agency), FBI, Army, Navy and Air Force Intelligence, DHS (Department of Homeland Security), and Department of State. A multi-billion dollar funded, largely off-the-books, clandestine anti-democratic network. Interconnected with thousands of private contractors. Tied to world governments and their intelligence services. Hugely expensive. Powerful. A force unto themselves. Secretive by the nature of their work, and gaining strength from their own momentum.

Together they comprise a government-military-industrial-intelligence service-think tank colossus. Heading the nation toward insolvency, tyranny and ruin. Wrecking the remnants of a free society. Looting the public treasury. Pursuing a single-minded drive for empire. Mindless to its harmful effects. Masking it behind a democratic facade. Plagued by the same dynamic that doomed past empires unwilling to change.

For Chalmers Johnson: “perpetual war, the collapse of constitutional government, endemic official lying and disinformation, isolation, overstretch, the uniting of local and global forces opposed to imperialism, and in the end bankruptcy.” Tyranny and ruin as well. The loss of personal freedom, and vital social safety net essentials. An ugly America few today can imagine. Arriving at flank speed after eight disastrous years under George Bush with scant hope for change under a new administration, Republican or Democrat.

Ruinous militarization is wrecking the nation. The insane amounts of spending on it. Military Keynesianism. A permanent war economy. Institutionalized after WW II. The current “Global Wars on Terrorism.” The misguided notion that they promote sustainable economic growth. Mindless to their destructive effects. Eroding our social fabric. The national and human infrastructure. Looting the national treasury. Diverting productive economic efforts to war making. Ignoring vital re-industrialization needs. Instead doing the opposite. Losing our competitiveness. Eroding our political credibility, and leading the world solely in military might and the recklessness to use it.

It shows in waging perpetual wars. Allowing the destruction of our manufacturing base. Letting malls replace factories as the nation’s engine. Amassing unsustainable current account and budget deficits. The former approaching \$900 billion. The latter to exceed \$400 billion, according to a September CBO Congressional Budget Office estimate. It excludes

around \$300 billion from the Social Security “Trust Fund.” Without it, the deficit is \$700 billion. Then add expected hundreds of billions of “bailout” dollars, and the total for FY 2009 skyrockets. Will way exceed \$1 trillion.

Economist John Williams says the above numbers are grossly understated. Based on Generally Accepted Accounting Practices (GAAP), he calculates the FY 2007 budget deficit at \$1.2 trillion. Down from \$4.6 trillion in 2006 because of one-time actuarial assumption changes. It includes the year-to-year changes in the net present value of unfunded liabilities in programs like Social Security, Medicare and Medicaid. Washington calculations are by “cash accounting” with no provisions for future payouts in years when they accrue.

By GAAP estimates, Williams also says that total federal debt obligations rose to \$59.8 trillion in 2007 from \$58.6 trillion the previous year and that FY 2008 numbers will be higher. He reverse engineers data. Reveals administration and congressional bookkeeping gimmicks, and gives what he believes is a more accurate picture of the nation’s financial health. In deep trouble by all his measures, and reckless military Keynesianism is why. It’s heading the nation toward insolvency and getting progressively closer each year.

According to Williams, America is already bankrupt, and Bush administration policies get much of the blame. The official national debt was under \$1 trillion in 1981. In January 2001, it was \$5.7 trillion. It jumped to \$9 trillion for 2007. Williams, however, puts it at \$14.7 trillion, up from \$14.1 trillion in 2006. It’ll easily top \$15 trillion (by his calculation) for 2008 and go far higher in future years.

The culprit – unsustainable military spending. All the worse because of the productive investment lost. Sacrificed for unneeded weaponry and militarism. To pursue an imperial agenda and enrich war profiteers. At the expense of advancing the greater good. The public interest long ago abandoned. Any pretext that “we the people” matter. The ones who do are them, not us.

Transferring Wealth to the Rich

It’s been long-standing but became policy under Ronald Reagan. Shifting wealth upward. Mainly to the top 1% and major corporations. Less substantially to another 10% from over 90 million middle-class, lower-earning and poor households. By what anthropologist David Harvey calls “accumulation by dispossession.” It shows in the decline of organized labor from a 1950s 34.7% high to around 12% overall today and only 7% in the private sector. The lowest percentage since the mass unionization struggles of the 1930s and in the private sector in over 100 years.

The result of a bipartisan antipathy to workers. A one-sided pro-corporate agenda. Allowing the dismantling of the nation’s manufacturing base. Along with it the outsourcing of high-paying jobs. Professional ones also. Wage and benefit losses as a result. Allowing essential government services to erode. Replacing permanent jobs with lower-cost part-time and temporary ones. Creating a reserve army of labor to hold down wages and benefits. An unfair tax code restructured for the wealthy and large companies. Forcing workers to bear a greater burden. Using devious ways to do it. One discussed below by the 1980s Greenspan Commission.

Establishing globalized market-based rules. Embodying them in repressive trade agreements like NAFTA, DR-CAFTA, and an alphabet soup from the WTO. The Agreement on

Trade-Related Aspects of Intellectual Property Rights (TRIPS). The General Agreement on Trade Services (GATS). The Agreement on Agriculture (AoA) and others for one purpose. To establish uniform global trade rules favoring capital over people. To privatize and commoditize everything and strip-mine the planet for profit.

America's 130 million working class families have suffered. Militarism and financialization replaced productive investments. Lower-paying service jobs in place of higher-paying ones. People now work longer for less pay, adjusted for inflation, and are increasingly denied benefits. Peoples' overall standard of living declined. Two household earners are commonplace. Struggling to get by. College degrees are more expensive. For many unaffordable and are no longer an assurance of good jobs and a bright future.

Wealth today is more unequally distributed than ever. Poverty levels are rising. Millions of households are affected. The 37 million US Census Bureau figure masks the real problem. Now exacerbated by today's financial crisis touching many millions more. The near-certainty that conditions will worsen before stabilizing and improving. In the meantime, a permanent underclass is growing. In the richest country in the world. Heartless and mindless to the problem. One-sidedly supporting capital. Rewarding criminals for their crimes. Allowing the middle class to erode. The poor to suffer grievously, and millions of homeowners to lose everything and maybe hope.

For a generation or more, an astonishing wealth transfer up occurred and is ongoing. Income and benefit reductions. Payroll tax increases. Loss of pensions and now savings. Well over \$1 trillion annually accruing to the rich. And without most people even noticing. The result is an unprecedented and growing wealth disparity. An engineered enrichment of society's richest minority.

Tax cuts for the rich. In Bush's first term, over \$4 trillion. Ballooning to \$11 trillion if his cuts become permanent. Well over another \$1 trillion to corporations. For working Americans - eroding welfare, lost opportunity, and for many any hope for a better future. Compounded by letting trillions in wealth be stashed in offshore tax havens from the Caribbean to Cyprus to South Asia to the Pacific.

Neither party objects. Nor to letting corporations pay less than their fair share. From 28% of federal revenues in the 1950s. To 21% in the 1960s. About 10% and falling since the 1980s, and according to the Government Accountability Office (GAO) 94% of major corporations now pay less than 5% of their income in taxes. In addition, payments are the lowest in 60 years. Many pay nothing at all. Some, including profitable ones, get large rebates on top of huge annual subsidies. Ones working people pay for under socialism for business and free-market, on-your-own capitalism, for most others.

For them, welfare as we know it is disappearing. Public education eroding. College for many unaffordable. Health care as well for nearly 50 million uninsured and many millions more underinsured. New Deal and Great Society programs are eroding at a time they're most needed. To enrich the privileged and for unsustainable militarism. Destroying the American dream and national solvency. A free society with it. One for "them," not "us."

Lavish (Taxpayer-Funded) Corporate Subsidies

Corporations get tens of billions annually in taxpayer-funded subsidies. Giveaways. From looting the national treasury and returning nothing to the public.

The Cato Institute is no bastion of egalitarianism. It's for limited government and unfettered "free market" capitalism. Here's what its May 2007 Policy Analysis Number 592 had to say on subsidies. It's titled: "The Corporate Welfare State – How the Federal Government Subsidies US Business." Cato's budget studies director Stephen Slivinski prepared it.

He calls subsidies "corporate welfare" and defines them as "any federal spending program that provides payments or unique benefits and advantages to specific companies or industries." In FY 2006, he calculates it totaled \$92 billion "in direct and indirect subsidies to businesses and private-sector corporate entities." Handouts he opposes. Examples are cash payments to farmers, primarily to agribusiness. Others to defense contractors. Research grants to high-tech companies, and indirect funds such as for promoting US products and industries overseas. Outside his definition are preferential tax treatment and advantageous trade benefits. Combined they add tens of billions more.

"What's wrong with federal business subsidies," Slivinski asks? Its supporters say they're in the national interest. They promote business, enhance US competitiveness, and remedy market failures. Misguided reasoning for him (and Cato) as follows:

- business, not government, is best-suited to finding the "Next Big Thing;"
- subsidies "create an incestuous relationship between business and government;" and
- they're unconstitutional as opposed to infrastructure spending that benefits everyone; business and the public.

A case study example: Agribusiness subsidies. In FY 2006, the largest of all direct ones totaling \$21 billion. In the mid-1990s, Congress (in the 1996 Freedom to Farm Act) voted to scale down and eliminate the program, but instead increased it to record levels.

Another example: the 1988 Advanced Technology Program (ATP) and Small Business Innovative Research (SBIR) one to grow the high-tech economy. Since inception, it funded 768 ATP projects costing \$2.3 billion through 2006. Another \$1 billion to SBIR. Cato calls it ill-directed. To already generously-supported private sector research ventures in some cases. In others, by crowding out private research spending. The net result is that government subsidies produce no overall increase in R & D. Instead, they underwrite it and increase business profits – at the taxpayers' expense.

An example Cato omitted. A likely greater subsidy than to agribusiness. One media scholar and critic Robert McChesney has studied and states: "The (US) media and communications systems have been the recipients of enormous direct and indirect subsidies, arguably as great as or greater than any other industry in our economy." He lists:

- free monopoly licenses to commercial radio and TV stations; spectrum for satellite television; and monopoly cable TV and telephone franchises; valued at about \$500 billion;
- since the advent of radio in the 1920s, this amounts to hundreds of billions of dollars;
- many billions more in postal subsidies for magazines, periodicals and other publications;
- hundreds of millions for film and television production;
- indirect subsidies through government advertising;

- another one by letting businesses write off advertising expenditures as an expense;
- additional many billions in political advertising during every election cycle amounting to over 10% of commercial TV revenue;
- what McChesney calls perhaps the largest subsidy of all – copyrights; “a government-created (and enforced) monopoly right to eliminate the possibility of competitive markets;” and
- an indirect subsidy in the form of government serving as a “powerful lobbying force for commercial media overseas to see that foreign governments change regulations and divert subsidies to the benefit of US communications firms.”

Though no precise calculations have been made on these benefits, McChesney believes combined they're worth up to hundreds of billions annually. Without people even noticing or that commercial broadcasters exploit the public airwaves solely for their own benefit. They and other industries feed at the public trough. The amount of free money they get is enormous. Taxpayer dollars fund it with no reciprocal benefit. Another component of the fleecing of America.

More largesse to the nuclear industry. In the mid-1990s, it was on its knees. Strapped by unmanageable debt from billions in cost overruns and plant shutdowns. Plagued by aging reactors. Expensive and shoddy maintenance. Haunted by Chernobyl and Three Mile Island. No nuclear power plant has been built in America since the 1970s. The last one to start up was the Tennessee Valley Authority's Watts Bar reactor in 1996 after 23 years of construction delays.

Today a revival is underway because of unprecedented subsidies from the 2005 Energy Policy Act along with generous state incentives. Without them, no new plants would be proposed. Nuclear power is unsafe, uneconomic, uncompetitive, and unneeded, despite what its advocates say. Its costs are also rising, and the industry is plagued with huge cost-overruns. Building a new plant runs somewhere between \$5 – \$12 billion dollars depending on its capacity and problems related to bringing it online.

Nonetheless, 30 new reactors are proposed for the US alone. Some in the planning stages. Others close to groundbreaking. Because of more than \$13 billion in industry subsidies and tax breaks. Unlimited taxpayer-backed loan guarantees. Limited liability in case of accidents under the Price-Anderson Act. Absolving companies of most costs if they happen. Various other incentives as well to revive a moribund industry. For construction, R & D, operations, nuclear waste disposal, and eventual shutdowns. More coming if the administration's requested 37% FY 2009 nuclear program appropriation increase is approved. At the same time, a 27% energy efficiency and renewable energy budget reduction was proposed.

The Great Social Security Heist

Until the present fraud-based financial crisis, it was the largest modern era wealth transfer from the public to the rich. Engineered by Alan Greenspan in 1981 as head of the National Commission on Social Security Reform. Called the Greenspan Commission to address “the short-term financing crisis that Social Security faced.” Based on the fraudulent claim that the Old-Age and Survivors Insurance Trust Fund “would run out of money as early as August 1983.” It wouldn't then nor will it now.

In January 1983, the Commission issued its report. Congress, in turn, used it to enact Social Security Amendments to “resolve short-term financing problems and (make) many other significant changes in Social Security law” harmful to the public interest.

A menu of changes were enacted, including a “consensus package” to fix the problem by raising payroll taxes on incomes but exempting the rich beyond a maximum level. It also raised the retirement age in incremental steps. The result:

- working Americans bare the brunt of this unfair regressive tax;
- the rich barely feel it;
- low income earners pay more payroll than income tax; and
- the working poor have an enormous unaffordable burden; many earn too little to pay income taxes; yet they’re not exempt from paying 6.2% of their wages for Social Security and another 1.45% for Medicare; employers match them with equal amounts, but it’s not surprising that they pass on these costs through lower pay and benefits; an effective and unfair 15.3% of income burden for wage earners.

The public was told that the changes would make Social Security solvent for the next 75 years. They weren’t told that the program was sound and needed no restructuring. That doing it was to transfer massive wealth amounts from working Americans and the poor to the rich. One part of a greater Reagan administration scheme to shift more of it upward. In addition to restructuring individual and corporate income taxes between 1981 to 1986.

The rich benefitted most with top rates dropping from 70% in 1981 to 50% over three years and then to 28% in 1986. At the same time, the lowest rate actually rose from 11 to 15%. It was the first time that US income tax rates were simultaneously reduced at the top and raised at the bottom. Even worse was that Reagan and Greenspan collaboratively defrauded the public.

By engineering the largest ever income tax cut for the rich combined with the greatest one ever affecting working Americans earning \$30,000 or less. The payroll tax was doubled, and “Trust Fund” revenues were then used to reduce budget deficits. The tax code became hugely regressive, and for the first time a pay-as-you-go retirement and disability program became one where wage earner contributions subsidize the rich as well as support current beneficiaries.

The wealth gap began widening. Today it’s unprecedented with the top 1% owning 40% of global assets. The top 10% around 85% of them. The top 1% over one-third of the nation’s wealth. The bottom 80% just 15.3%. The top 20% nearly 85%, and in contrast, the poorest 20% in debt owing more than they own. The result of a generational wealth transfer as well as the added effects of globalization, automation, outsourcing, the shift from manufacturing to services, deregulation, weak unions and declining membership, and government indifference to human needs. More than ever under George Bush.

Now compounded by a deepening financial crisis of unknown magnitude. The potentially catastrophic fallout from it. Rescue packages for business alone, and millions of working Americans left to fend for themselves in a very uncertain environment. The result of fleecing America. Letting greedy bankers profit from it. Commit massive fraud and get away with it. Reward them for their crimes. Looting the national treasury to pay for them. Is public anger

so surprising? Only that it hasn't boiled over on the streets of the nation's Capitol. Maybe in time as things keep worsening and Washington only worries about Wall Street.

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