

Dear friends and patriots,

Here are a few articles related to one another. Imagine a situation: You appoint a group of several hundred guys to protect the national interest, including the interest of the electorate (more than 90% of which are not wealthy and have become less so over the past 10 years). Over the same period the guys you appointed have received the lion's share of their contributions from wealthy corporations and the wealthiest citizens who control them. At the start of that ten-year period taxes are cut on the wealthiest families from 39.6% to 35% (from 1952-1963, by comparison, it was 91%+) using the rationale of economic boom, and that tax cut is set to expire at the end of the decade. In that ten-year period the deficit skyrockets at a rate historically unknown. Also in that ten year period, the government allows good-paying jobs that had previously been protected to be sent overseas. At the end of the ten-year period, significant numbers of the group you've appointed are fighting tooth and nail to protect the wealth of their contributors, and themselves, by extending the tax cuts, and their rationale is now economic bust.

Assume you have no real background in economics, and your primary source of understanding comes from what you hear on FOX news, CNN, and other media, and also from the people you talk to in your life who ultimately derive their understanding of economics from these same sources. Half of the guys (more than half) you've appointed to protect the interest of the country are saying that the tax cuts for the wealthiest 2% should expire so that the government can use the money to stimulate the economy or pay down the deficit. The other half are saying that they and their wealthy contributors should be able to keep the extra money. How then could the average person justify supporting the half arguing to allow the rich to continue to accumulate the wealth? Assuming you don't have a background in economics, where's the logic in supporting the rich when the arguments for it are coming directly from those who profit?

The fact that so many millions of working class people rush to the defense of those who represent the people accumulating all of this nation's wealth is heartbreaking. And they say, "well, why shouldn't they be able to keep the money they earn?!" And the answer is that the middle class is dying, and we can see it shrinking along with the opportunities we've always taken for granted, becoming more like Saudi Arabia and all of the other countries where the wealthy few already own everything, and our tilting of the playing field in favor of the rich over the past decade is the number one preventable reason for it. Then we hear these advertisements with poor people saying that we have to protect the right of the richest to accumulate excess wealth because it protects jobs, when it's the richest selling them that line of reasoning. The current commercial in Ohio opposing energy taxes, paid for by the energy industry, features people who come across as poor and poorly educated pleading that we oppose energy taxes to protect jobs (Exxon, long the most profitable company in world, record profits four straight years, 2005-2008, while we paid \$3+ per gallon of gas), and it ends with "call Sherrod Brown and tell him to protect Ohio families by protecting jobs and opposing higher energy taxes," presuming that energy taxes and jobs are antithetical. And sadly, at least tens of thousands of Ohioans will be further motivated, further enraged against the government trying to protect them, by this advertisement featuring poor people defending the right of the oil companies to become richer while the people themselves continue to have less, all paid for by the oil companies themselves. But at least you reading this know better because you have had the opportunity to hear truths that others have not. Share the letters I give you with others.

Sincerely,

Bob Young.

Hopes fade for end to tax cuts deadlock

By Kim Dixon and Andy Sullivan

WASHINGTON (Reuters) – Republicans in the U.S. Senate poured cold water on Monday on hopes for a compromise with President Barack Obama that would have allowed Bush-era tax cuts for the wealthiest Americans to expire.

Taxes have become a flashpoint going into a November 2 election in which Republicans are seeking to wrest control of Congress from the president's fellow Democrats. Obama says the cost of keeping the tax cuts for the rich is too high as the United States emerges from recession with a massive budget deficit.

The uncertainty over tax policy is hanging over the slow economic recovery and is keeping investors guessing about what will happen to taxes on capital gains and dividends.

Prospects faded for breaking the deadlock when Republicans gave a cool reception to a signal on Sunday by John Boehner, their party's leader in the House of Representatives, that he might be willing to bend.

In a political gambit, Senate Republican Leader Mitch McConnell proposed a freeze on all tax brackets, insisting that cuts for wealthier Americans, as well as for the middle class, must be kept in place.

"I'm introducing legislation today that ensures that no one in this country will pay higher income taxes next year than they are right now," McConnell said on the Senate floor.

With control of the Senate, Democrats should be able to dictate whether there is a vote on the tax question ahead of the election but it is far from clear if they have enough party unity on the issue. McConnell may be hoping for enough defectors to bring his measure to the floor.

If Congress fails to take any action on the tax cuts enacted for all Americans under George W. Bush, Obama's Republican predecessor, then they will expire at the end of this year.

Positions are so deeply entrenched and the risks so high for both sides that lawmakers may opt to put the issue on hold until after the election.

"WRESTLING MATCH"

Obama raised the stakes last week by accusing Republicans of holding middle-class tax cuts hostage to salvage lower rates for the rich.

In Fairfax, Virginia, on Monday, the president pressed his case for keeping the Bush tax cuts only for families making \$250,000 or less a year and blamed the Republican leadership for a "wrestling match" that has held up action.

"We just can't afford it," he said of the estimated \$700 billion that would be needed over a decade to keep the tax cuts for higher income brackets.

Obama has portrayed his push for maintaining lower taxes for most Americans as critical to bolstering the economy, which is expected to weigh heavily on the prospects for Democrats in the November elections.

Republicans say wealthier Americans are drivers of the economy and that tax cuts for them help the whole country.

Democrats could bring up the measure in the Senate next week, hoping to force Republicans to vote against a popular middle-class tax cut ahead of the elections. Democratic aides cautioned that no firm decisions had been made.

The danger for Democrats -- even if Republicans manage to block the move -- is their opponents on the campaign trail could then cast them as tax raisers in a struggling economy.

Don Stewart, McConnell's spokesman, said Senate Republicans were united and had enough votes to block Obama's plan.

Some Democrats have distanced themselves from Obama's call to let tax cuts expire for individuals earning more than \$200,000 per year and families earning more than \$250,000, arguing the economic recovery is too weak to impose tax hikes.

Republicans are also sending mixed signals.

Boehner said on Sunday that, if given no other choice, he would support extending tax cuts for the middle class even if cuts for the wealthy are allowed to expire.

But Eric Cantor, the No. 2 Republican in the House, showed no sign of backing away on Monday from a full renewal of the Bush cuts and called for a vote on whether to extend them.

Several opinion polls show a majority of Americans support letting the tax cuts for the rich expire but the issue has made some Democrats nervous before the election in which many of their seats are in jeopardy.

Lawmakers are just back from a summer recess and most analysts believe that, with roughly two weeks of legislating time left before they break again, the tax issue could get punted to after the election.

Also, there is still no consensus on how to deal with levies on capital gains and dividends, now taxed at 15 percent for high earners. Republicans want to keep that rate, while Obama wants to raise both to 20 percent for individuals making more than \$200,000 and families earning above \$250,000.

If Congress fails to act, the rate will hit about 40 percent for high earners.

"I don't think it makes sense to raise any federal taxes during the uncertain economy we are struggling through," Independent Senator Joe Lieberman, a former Democrat, said in a statement on Monday.

The Middle Class in America Is Radically Shrinking. Here Are the Stats to Prove it

Posted Jul 15, 2010 02:25pm EDT by Michael Snyder in RecessionRelated: ^DJI, ^GSPC, SPY, MCD, WMT, XRT, DIA

From The Business Insider

Editor's note: Michael Snyder is editor of theeconomiccollapseblog.com

The 22 statistics detailed here prove beyond a shadow of a doubt that the middle class is being systematically wiped out of existence in America.

The rich are getting richer and the poor are getting poorer at a staggering rate. Once upon a time, the United States had the largest and most prosperous middle class in the history of the world, but now that is changing at a blinding pace.

So why are we witnessing such fundamental changes? Well, the globalism and "free trade" that our politicians and business leaders insisted would be so good for us have had some rather nasty side effects. It turns out that they didn't tell us that the "global economy" would mean that middle class American workers would eventually have to directly compete for jobs with people on the other side of the world where there is no minimum wage and very few regulations. The big global corporations have greatly benefited by exploiting third world labor pools over the last several decades, but middle class American workers have increasingly found things to be very tough.

Here are the statistics to prove it:

- 83 percent of all U.S. stocks are in the hands of 1 percent of the people.
- 61 percent of Americans "always or usually" live paycheck to paycheck, which was up from 49 percent in 2008 and 43 percent in 2007.
- 66 percent of the income growth between 2001 and 2007 went to the top 1% of all Americans.
- 36 percent of Americans say that they don't contribute anything to retirement savings.
- A staggering 43 percent of Americans have less than \$10,000 saved up for retirement.
- 24 percent of American workers say that they have postponed their planned retirement age in the past year.
- Over 1.4 million Americans filed for personal bankruptcy in 2009, which represented a 32 percent increase over 2008.
- Only the top 5 percent of U.S. households have earned enough additional income to match the rise in housing costs since 1975.
- For the first time in U.S. history, banks own a greater share of residential housing net worth in the United States than all individual Americans put together.
- In 1950, the ratio of the average executive's paycheck to the average worker's paycheck was about 30 to 1. Since the year 2000, that ratio has exploded to between 300 to 500 to one.
- As of 2007, the bottom 80 percent of American households held about 7% of the liquid financial assets.
- The bottom 50 percent of income earners in the United States now collectively own less than 1 percent of the nation's wealth.
- Average Wall Street bonuses for 2009 were up 17 percent when compared with 2008.
- In the United States, the average federal worker now earns 60% MORE than the average worker in the private sector.
- The top 1 percent of U.S. households own nearly twice as much of America's corporate wealth as they did just 15 years ago.
- In America today, the average time needed to find a job has risen to a record 35.2 weeks.
- More than 40 percent of Americans who actually are employed are now working in service jobs, which are often very low paying.
- or the first time in U.S. history, more than 40 million Americans are on food stamps, and the U.S. Department of Agriculture projects that number will go up to 43 million Americans in 2011.
- This is what American workers now must compete against: in China a garment worker makes approximately 86 cents an hour and in Cambodia a garment worker makes approximately 22 cents an hour.
- Approximately 21 percent of all children in the United States are living below the poverty line in 2010 - the highest rate in 20 years.
- Despite the financial crisis, the number of millionaires in the United States rose a whopping 16 percent to 7.8 million in 2009.
- The top 10 percent of Americans now earn around 50 percent of our national income.

Giant Sucking Sound

The reality is that no matter how smart, how strong, how educated or how hard working American workers are, they just cannot compete with people who are desperate to put in 10 to 12 hour days at less than a dollar an hour on the other side of the world. After all, what corporation in their right mind is going to pay an American worker 10 times more (plus benefits) to do the same job? The world is fundamentally changing. Wealth and power are rapidly becoming concentrated at the top and the big global corporations are making massive amounts of money. Meanwhile, the American middle class is being systematically wiped out of existence as U.S. workers are slowly being merged into the new "global" labor pool.

What do most Americans have to offer in the marketplace other than their labor? Not much. The truth is that most Americans are absolutely dependent on someone else giving them a job. But today, U.S. workers are "less attractive" than ever. Compared to the rest of the world, American workers are extremely expensive, and the government keeps passing more rules and regulations seemingly on a monthly basis that makes it even more difficult to conduct business in the United States.

So corporations are moving operations out of the U.S. at breathtaking speed. Since the U.S. government does not penalize them for doing so, there really is no incentive for them to stay.

What has developed is a situation where the people at the top are doing quite well, while most Americans are finding it increasingly difficult to make it. There are now about six unemployed Americans for every new job opening in the United States, and the number of "chronically unemployed" is absolutely soaring. There simply are not nearly enough jobs for everyone.

Many of those who are able to get jobs are finding that they are making less money than they used to. In fact, an increasingly large percentage of Americans are working at low wage retail and service jobs.

But you can't raise a family on what you make flipping burgers at McDonald's or on what you bring in from greeting customers down at the local Wal-Mart.

The truth is that the middle class in America is dying -- and once it is gone it will be incredibly difficult to rebuild.

Another related, less passionate article: http://news.yahoo.com/s/ynews_excl/ynews_excl_pl3604