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The Era of Greed is Over

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THE REALLY SMART ● STARVING FOR CHANGE

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CLASS WAR

{ ESSAYS BY **PAUL D'AMATO**, CHRIS
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The era of greed is over

Why has socialism got such a bad rap in the US? Just check who controls the flow of information, writes **Michael I. Niman**

Class is the invisible signifier. In the United States, we just don't speak of it, unless, of course, we're talking about the ubiquitous "middle class," with which we're all supposed to identify. This all changed with "Joe the Plumber from Ohio," actually a man named Sam who worked as a plumber's helper after moving to Ohio from Arizona. Whatever his name and whoever he was, this iconic grunt was used by the McCain campaign as a Hail Mary play to paint Barack Obama as a Bolshevik, "the redistributor-in-chief."

Forget the logic, or lack thereof. The story went like this: There was a plumber's helper in Ohio who dreamed of one day earning over a quarter million dollars per year — making him middle class in John's McCain's reference group. This would put him in the Guinness Book of Records as the best-paid plumber's helper in the world and qualify him for a millionaire's tax increase under the Obama economic plan. His tax levy would then be used to offset Obama's plan to lower taxes on lazy poor folks making, for example, \$80,000 per year. This was as far as our discussion on social class progressed: Obama wanted to declare "class warfare" on the poor rich folk.

The problem with the McCain campaign's failed strategy was that American voters seemed cool with that idea. The more John McCain and Sarah Palin called

Barack Obama a socialist, the higher his poll numbers went. Maybe the electorate was digging the idea of, as McCain kept putting it, "redistributing the wealth." Of course there were surreal moments at McCain campaign stops in Appalachia, where crowds of seemingly poor would-be beneficiaries of any such redistribution cheered on the millionaire candidate as he railed against such dreams. But, for the most part, people ate up the notion that some sort of "socialism" was coming.

This wasn't supposed to happen. It's no accident that socialism has a bad rap in the US. Our public airwaves are managed and monopolized by private for-profit corporations. Capitalists. Even our token public TV and radio presence are underwritten and heavily influenced by corporate money. More capitalists. Our political campaigns depend on corporate money to pay for advertising — media bought from the private controllers of the public airwaves — paid for by capitalists.

Digging the Donald

This isn't supposed to bother us because we all buy lottery tickets, leave our money at casinos, watch Who Wants to be a Millionaire, and believe in the American dream. We're all going to be rich one day, so we need to fight against any nasty redistributor who will hinder our ability to

There were surreal moments at McCain campaign stops in Appalachia, where crowds of seemingly poor would-be beneficiaries of any such redistribution cheered on the millionaire candidate as he railed against such dreams

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amass untold fortunes and have servants wax our many fine automobiles. We don’t want “class war” because we relate more to Donald Trump than we do to our family, our neighbors, our lovers, and our co-workers.

This popular disdain for class warfare, however, obscures the fact that the richest Americans have been engaging in class warfare against the rest of us for more than a generation. Recent figures show that the richest 300,000 Americans “earned” the same total income as the poorest 150 million put together, with the richest one percent of the population receiving paychecks that average more than 400 times what the poorest 150 million got. This income gap has doubled since Ronald Reagan took office in 1980. Twenty-five years later, in 2005, 90 percent of Americans saw their real wages drop while the richest one percent got “raises” averaging \$1.1 million apiece. That same year saw the richest 10 percent of the country earn a percentage of the national income not seen since 1928, on the eve of the Great Depression.

Back in the Roaring Twenties, the richest Americans paid 25 percent of their income in taxes while many looted an unregulated financial market. When the economy finally crashed, their tax rate jumped to 63 percent, which paid for New Deal jobs that preserved capitalism by heading off an uprising of unemployed workers and their hungry and sometimes homeless families. In 1936, with the economy still stumbling and with war clouds on the horizon, the maximum income tax in the US rose to 79 percent. With the US entering World War II, that rate rose to 88 percent. That’s because wars cost money, which is one reason why true fiscal conservatives often oppose them.

Eisenhower’s socialism

The US maximum tax rate hit 94 percent during the war, the dropped to 91 percent after the war ended. And that’s pretty much where it stayed throughout the booming

1950s, under the presidency of Republican Dwight D. Eisenhower, during the decade when prosperity reached America’s growing “middle class.” The Eisenhower tax rate financed not only the GI Bill, which underwrote America’s first real “ownership society,” but the construction of our now crumbling national infrastructure – things like interstate highways, irrigation and hydroelectric systems. State taxes pounded the rich in tandem, building the nation’s systems of public higher education (which remained free in some places until the mid 1970s), which in turn allowed more Americans to enter the middle class.

All this socialism came at the height of the Cold War, while our “redistributors” railed against Marxism and communism. There’s logic here, however. The best plan to fight socialism was to emulate some of its finest features in the name of capitalism.

The 91 percent tax rate held through the Republican years, then was finally cut back to 77 percent by the “liberal” Kennedy administration and then to 70 percent by the supposedly more liberal Johnson administration. Then came the Republican administrations of Richard Nixon and Gerald Ford, both of which chose not to cut taxes, opting to keep the tax rate at 70 percent. That’s because Republicans used to be fiscal conservatives who believed in balanced budgets. Jimmy Carter held firm to the 70 percent tax rate throughout his presidency as well, but cut the taxes on the poorest Americans from 14 percent to nothing.

Reagan’s Darwinism

Then along came the now iconic Ronald Reagan, who, engaging in what George H. W. Bush called “voodoo economics,” slashed the tax rate for the richest Americans by 20 percent, instituting the largest tax cut in history, with the maximum rate set at 50 percent. The working poor, people earning less than \$2,750, got a tax cut of two percent, which amounted to \$55 or less, while those earning \$5 million or more

got a cut of \$1 million dollars or more. Poor and middle-class beneficiaries of chump change tax cuts saw themselves nickel and dimed ad nauseam by increasing fees, school tuition, and local taxes, all of which offset the lost income from the upper-crust tax cuts.

Reagan financed his cuts through deficit spending and cuts to programs that benefited the majority of working Americans, such as higher education. As the deficits grew, his administration cut more programs that served poor and middle-class Americans, using the “savings” to service the national debt and offset more tax cuts for the rich.

In 1987 Reagan cut taxes for the richest Americans by 11.5 percent, to 38.5 percent, while raising tax rates on the working poor, with people earning \$2,750 seeing their rate increase 36 percent, from 11 percent to 15 percent. Desperately poor workers – those earning a taxable income of between one penny and \$1,500 – saw their tax rate jump from zero percent, as in nothing, to 11 percent. I can only term this last part of the tax bill of 1986 as meanspirited and economically sadistic, netting insignificant revenue for the government while exasperating the economic stress on an already suffering population.

This was class war. Plain and simple. Class war and unabashed greed. This was those who could afford to live in luxury taking from those who couldn't afford to live. I can't see any other way to describe it.

A year later Reagan again cut the taxes for the wealthiest Americans by another 10.5 percent, while raising the taxes on the poorest workers from 11 to 15 percent. They didn't teach you that in your high school history classes, did they?

This is where taxes stayed until George H. W. Bush raised them to 31 percent in 1991. Bill Clinton brought taxes back near 1987 levels, combating the federal deficit by raising the maximum tax bracket to 39.6 percent – still more than 30 percent less than it was when Reagan first took of-

fice. Then came George W. Bush, who cut the top rate to 35 percent while starting a trillion-dollar war.

It never sucked to be rich

Mull over these numbers. Think about the Eisenhower tax structure, whereby the richest Americans paid 91 percent of their income in taxes. Think about the Nixon and Ford administrations, when they paid 70 percent. Even under those tax structures – rates that, if restored, could both rescue Wall Street and underwrite a modern New Deal for Main Street – it didn't suck to be rich. It really didn't. CEOs did not quit their jobs to enjoy lower tax rates as taxi drivers. Maybe their private jets were smaller than they would have liked, or perhaps they couldn't afford that eighth house (sorry, John the Senator), but life didn't suck, at least not for want of luxuries.

So yes. There is class war in America. We – those of us who work for paychecks – didn't start it. Nor have we even been fighting it. We've just been ducking low in our foxholes and enjoying whatever crumbs came our way. That's because life hasn't really sucked for the American middle class, either. You see, while we've been taking a hit in the American class war, we've been kicking ass in the global class war.

My favorite sociologist recently explained this to me. We're all supposed to aspire to be middle class. It's the American Dream – dreamt for us before any of us were born, and drummed into our heads by corporate mass culture. We are supposed to aspire not to restore social equality at home, but to exploit social inequality in the global free market. The American dream is an endless supply of cheap booty manufactured by the hungriest, most exploited people on the planet. While our share of the national wealth has been shrinking, our standard of living has been buoyed because we benefit from the nose-dive their share of the global wealth has taken.

These are the people who ultimately pay for the obscene standard of living that

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Sure, the American middle class is hurting. And it's shrinking. But it's not hurting nearly as badly as the people who stock the stores where middle-class consumers will be shopping for bargains this Christmas season

the beneficiaries of the Reagan tax cuts enjoy today: the child laborer working 20-hour days assembling garments in one of Mumbai's zari factories; the 1.5 million girls breathing toxic plastic fumes in the toy-making sweatshops of China's Zhejiang and Jiangsu provinces; the electronic waste sorter knee-deep in silicon dust in Nanyang; Haitians toiling away making Mickey Mouse garments in Port au Prince; and Hondurans picking bananas amid carcinogenic pesticides in Atlántida. This is how Wal-Mart keeps prices low enough for struggling American workers to afford Christmas.

Sure, the American middle class is hurting. And it's shrinking. But it's not hurting nearly as badly as the people who stock the stores where middle-class consumers will be shopping for bargains this Christmas season. It's good that Barack Obama talked about the middle class. But for his presidency to succeed he has to make sure that this is where the conversation begins, not where it ends.

The real conversation has to be about social justice, about making America truly

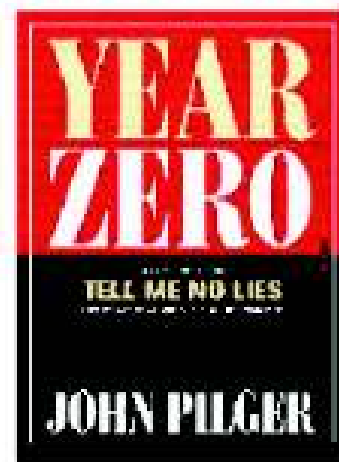
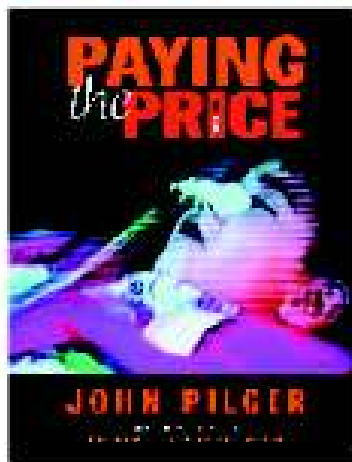
shine once again as a beacon of hope. We need to make healthcare and education accessible and put people to work building a 21st-century, environmentally sustainable infrastructure.

This is more important than buying island getaways for billionaires. We need to restore hope. And to restore hope, we need to restore a tax structure that can rebuild opportunity and sustain hope. We can begin restoring hope by repealing not only the Bush tax cuts for the rich but the Reagan tax codes that ushered in this meanspirited era. The richest Americans, the one percent that have soaked up so much of the world's wealth, will be fine. And they won't take their marbles and run off. They're part of America just like we are. They need to understand that the era of greed is over. We're all in this together. It's not about redistributing the wealth. It's about sharing the wealth and working together to tackle the challenges we face.

CT

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