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Tax policy and class struggle



By Bea Lumpkin

Under cover of the recession, companies laid off over 7 million workers, in 2009 alone. These savage layoffs led to record increases in workers' productivity. The value that workers produce each hour has gone up. That means that the workers left on the job are forced to work harder to produce more. Who is getting this increased value the average workers have produced?

The workers are not getting the extra value they have created; their pay has not gone up. The recession has been used to increase the rate of exploitation. Are the companies who hire the workers getting it? True, they take the first bite out of the profits workers produce with their labor. But only the first bite, because the employer must pay off all of the vampires who feed on the workers. First the employer pays the banks that may well get the biggest part of the profits. Then the landlord must be paid. Landlords continue to raise rents, Recession or no recession. The big oil and energy companies are also raising their prices. That way they take another part out of the profit. Last, come the taxes, even though many of the biggest companies get out of paying taxes.

So the profit is divided into many parts. There is fierce fighting as to who gets the biggest part of

the profit the workers produce. The banks, insurance companies and Wall Street gambling companies are gaining control of the economy. They are grabbing the largest part of the profits, compared to manufacturing, transportation and construction companies. Other ways in which workers are cheated out of the value they produce include paying monopoly prices for necessities such as

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medicines and gas. Raising workers' taxes is yet another way of taking more of the value that workers produce.

Taxes are needed to fund the government and provide the services we need. In fact, the government needs a lot more revenue to fight the recession. We need more social services and bigger

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stimulus packages to save and create jobs. But the important question is, "Who should pay these taxes?"

The short answer is: those who can afford it should pay, or, "Tax the rich." This fair principle of taxation is called "progressive." Recessive taxes, such as sales taxes, put the main tax burden on working people. Fighting for progressive taxes is an important part of the class struggle. An example is the fight to fund health care reform. The House bill pays for it with a millionaire's tax. But the Senate bill taxes workers' health benefits. Another fierce struggle is to end the huge Bush tax cuts for the rich. Those cuts made the income tax less progressive and helped bring on the Great Recession.

At first, the federal income tax was progressive. Few workers paid it, only 4 million in 1939. By 1945, 43 million had to pay. Even in the official, Bush-era history of the federal income tax, they admit the Reagan tax cut of 1981 "represented a fundamental shift in the course of federal income tax policy. This brought the top tax bracket down to 50 percent." . . . "Over the 22-year period from 1964 to 1986 the top individual tax rate was

reduced from 91 to 28 percent." The Bush tax cut for the rich depressed that top rate even more. Tax cuts for the rich and the huge budget for the Iraq and Afghanistan wars have doubled the federal debt. To get out of the Great Recession, our country needs change, change to a progressive tax policy.

State budget crises have also been worsened by letting the rich off and shifting the tax burden to working people. Already, state employees are being laid off and vital services have been cut back. A good coalition has been formed to save public workers jobs and the important services they supply. But they have been misled to support a 60% tax increase for individuals and only 8% increase for corporations. While the Communist Party of Illinois supports the coalition's protests against cuts, the Communists call for a tax increase on higher incomes only. Also, they are fighting for a second federal stimulus to help states maintain services and prevent state layoffs.



Bea Lumpkin writes for the Peoples World.

Hair-raising display at CPAC

By PW Editorial Board

The 2010 Conservative Political Action Conference showed the nation two things: the right-wing fringe, while still small, has become more activist and, secondly, it has become even more extreme. It was more than tinged with fascist ideology. The conference embraced it.

The increased activism was indicated by the number of participants: in 2005, the straw poll conducted at their yearly event garnered only 641 votes; the number this year was 2,395. This is not surprising; we've seen the same trend with the tea party movement.

The fact that they are even more extreme was shown by the fact that the fascist John Birch Society - previously considered even too extreme for CPAC - was one of the co-sponsors.

The racism, coded or out-in-the-open lynch mob-like rhetoric, especially employed when talking about President Obama, was hair-raising and sobering.

The meeting's content - immigrants are en-

emies; tax breaks for the rich will help working people; the agencies that ensure the safety of our food, workplaces and environment somehow harm us; abortion is murder - combined with a new fringe narrative: Obama is transforming America into some kind of dictatorship.

Aside from their class positions that defend the banks, corporations and billionaires by saying African Americans, or immigrants or women or unions or liberals are the problem, they got something else wrong. They are misreading the American people.

Many voters are frustrated by the slowness of change, by the jobs crisis, and opted to stay home. Or they opted to send complacent liberals a message: don't take Main Street for granted!

But if the Republicans gain seats during the midterm election, it will be a blow to progress. If there is one truism in politics and life, it is, the only thing constant is change. It begins with each of us to help mobilize and educate on the importance of November's elections.



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Selling food stamps to pay bills

By Joe Sims

With high unemployment appearing to be a permanent part of the economic picture, the long-term poor are turning to increasingly desperate measures to survive. Many are selling food stamps for cash.

In a recent study by Colorlines magazine "Selling Food Stamps for Kids Shoes," author Seth Wessler says selling food stamps is a growing survival mechanism, and one in which the already poor are being short changed. In a follow-up article for the Huffington Post on the same topic focusing on Hartford, Wessler writes, "they sell their food stamps at the corner bodega for 70 cents on the dollar just to cover basics like utility bills and winter shoes for their kids."

Hartford has for several years had among the highest poverty and jobless rates in the country.

Large numbers of the unemployed are not receiving any benefits, a growing source of public anger. "On average, only two-thirds of unemployed people received state-provided unemployment checks last year, according to the Labor Department. The rest exhausted their benefits, fell short of requirements or did not apply." Due to welfare reform earlier in the decade, many do not qualify for already restrictive support. "As of 2006, 44 states cut off anyone with a household income totaling 75 percent of the poverty level - then limited to \$1,383 a month for a family of three," writes the Times.

Over 10 million jobs were lost in the last recession. Hopes are dim they will be replaced.

Even establishment economists points to in-



vestment goes to the highest rate of profit, not job creation, as the cause. Over 6 million manufacturing jobs have lost since 2000, with 2.3 million disappearing since 2007.

These circumstances have prompted calls for stepped up government job creation measures, beyond the modest measures so far proposed by the House and Senate.

Current legislation, while important, are only a first step and will yield scanty results. Little is expected from tax breaks for small business either. "Think of it this way: If the average worker costs about \$50,000 per year in pay and those ever costlier benefits, the tax credit would (temporarily) lower the payroll cost of a new employee by 10 percent. When was the last time a 10 percent discount persuaded you to buy something you wouldn't have purchased otherwise?"

The AFL-CIO and the Jobs4America now coalition have called for government action to create new jobs funded in part by a revenue stream, such as a financial transactions tax on corporate profits.

Emphasis now is on extending unemployment compensation and COBRA subsidies.

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Green - a different kind of Texas tea

By Vivian Weinstein

When far-right Tea Party radicals held their meeting here on Sunday, February 21, Texas progressives were ready for them.

The Tea Party had "Joe the Plumber," but we had "Mike the Plumber," who installs solar water heaters. We also had The Solar and The Geothermal Guys as speakers, too.

A small group of tea partiers had gathered at the restaurant nearby to hear speaker "Joe" at their one year anniversary.

Texas progressives had close to 100 people singing "Happy Birthday" to the Recovery Act.

Later in the day, the tea partiers listened to a global warming denier speak in the restaurant. The progressive rally was in the street by the old railway station. Randy the Geothermal Guy spoke there and explained how Texas has about 500,000 ready-made geothermal drilled wells set up that could be turned into immediate sources of heated energy to produce clean, cheap and renewable electricity.

The most urgent danger to the environment is the use of coal, he said, and if Americans and the rest of the world do not turn to better, cleaner, safer and more renewable energies by 2030, we may be beyond the point of no return as far as the Earth's atmosphere and the livability of the planet are concerned.

The rally focused on green jobs. Plus speakers and sign holders used the word "progressive" repeatedly since rightwing TV personality Glenn Beck has been using it in an evil and denigrating way.

Propuestas de ley en California crearan 140.000 empleos en el estado

Por Marilyn Bechtel

Al mismo tiempo que la legislatura de California sufre con un déficit en su presupuesto de casi \$20 mil millones, está también dando gran importancia a la creación de empleos. Introduciendo una propuesta de ley de 27 mil millones, el Senado estatal afirma que creará por lo menos 140.000 empleos en el estado. El Presidente Pro Tempore del Senado, Darrell Steinberg, Demócrata por Sacramento, hizo énfasis a la relación que existe entre las dos cuestiones.

"He revisado suficientes presupuestos para saber que la única forma de aumentar y sustentar la base de impuestos es crear empleos con altos salarios," dijo Steinberg el 9 de febrero. "Claro que todo el país está hablando de la creación de empleos, pero no se puede exagerar su importancia en California. No hay barómetro más importante para medir la lucha económica y el sufrimiento familiar que una tasa de desempleo de 12,4 por ciento".

Entre Afronorteamericanos, la tasa oficial de desempleo es aun mayor, superando el 16% en el estado y afectando a casi la mitad de la juventud afronorteamericana. El desempleo entre hispanos en California ha rebasado el 17%.

Citaron Demócratas en el Senado las cifras del Departamento de Investigación de California (California Research Bureau) mostrando que la creación de 100.000 empleos generaría \$6,7 mil millones en actividad

económica anual, proveería al Fondo General del Estado alrededor de \$2,3 mil millones en rédito y costos eliminados, y resultaría en una ganancia neta de 300.000 empleos.

También dijeron que nuevos empleos serian creados "sin aumentar impuestos o eliminar leyes de protección ambiental, protección al consumidor, o protección al trabajador" y se necesitaría solamente un voto mayoritario para ser aprobado.

"Necesitamos que la creación de empleos sea la prioridad numero uno en el estado," dijo Steve Smith, representante de la Federación Laboral de California (California Labor Federation) en una entrevista telefónica. "Estamos viendo un desempleo inmenso, estamos viendo cortes presupuestales que hacen casi imposible la recuperación de esta economía, y la única forma en la que podemos salir de este embrollo es crear Buenos empleos".

Además de apoyar los esfuerzos de la legislatura para poner a la gente a trabajar de inmediato, Smith agregó, "Todavía tenemos que hacer mucho mas en términos de creación de empleos. Tenemos que seguir trabajando para obtener dólares federales para proyectos como un tren de alta velocidad, que no solamente creará empleos, sino empleos con beneficios laborales y buenos salarios. Así podemos regresaremos a un lugar en donde la economía de California estará de nuevo en buenas condiciones".

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