



LOWDOWN

“Rich folks got your money with politics. You can get it back with politics.”

—WOODY GUTHRIE

WRITTEN BY JIM HIGHTOWER

A simple “Financial Transaction Tax” could fund opportunities for all America *isn't* broke. There's plenty of money to build an economy worthy of our ideals and can-do spirit

SEVERAL PRO FOOTBALL FRANCHISES have chosen chest-pounding team names meant to symbolize how big, powerful, ferocious, and scary they are—names like the Bears, Panthers, Ravens, and Lions. But, come on, such animalistic monikers are no longer intimidating in our modern world, so I suggest that teams upgrade to names that really would spark terror in the hearts of opponents: “Big Oil Frackers,” for example, or “Monsanto Genetic Mutators,” “Walmart Middle-Class Crushers,” “Big Pharma Price Gougers,” and “Wall Street Banksters.”

Such corporate predators rule today's economic and political jungle, and a hail storm of statistics confirms the vast and long-term damage they're wreaking on the poor and middle class, our environment, democratic rights, and sense of justice.

Behind those stats, though, are living, breathing, striving humans—an entire nation of real people being

knocked down and shut out, unable to realize the aspirations they have for themselves, their families, communities, culture, and country. The elites—to their eternal shame—literally are stifling the enormous possibilities of America's grassroots people. That's why the public's approval rating of today's aloof Powers That Be is now (as a friend recently told me) “two digits lower than poisonous snakes.”

Public anger at the raw selfishness of those ruling our economic and political systems is so severe that even Lloyd Blankfein flinched. The \$21-million-a-year chief bankster at Goldman Sachs, Blankfein has presided over the bank's multiple acts of fraud against its own customers, grabbed a taxpayer bailout of \$12.9 billion in 2008, lobbied furiously against legislation to restrain Wall Street's reckless greed (including especially fierce opposition to proposals for opposition

to proposals for restricting CEO pay)—and then declared: “I'm doing God's work.”

Last year, however, finally recognizing how despised they are by their fellow Americans, Blankfein and Gang felt an urgent need for an image makeover. Thus came a splashy PR push through the Goldman Sachs Foundation to portray themselves as—*Ta-Da!*—“Magnanimous Philanthropists.” Their foundation suddenly became America's fourth largest corporate charity, making \$241 million in donations in 2012. Impressive, no?

No. That might sound like a big number, but it's a pittance in the pot for this giant, with revenue topping \$34 billion last year—and profits of \$7.48 billion. That means the bank's ballyhooed beneficence pans out to merely seven-tenths of one percent of its income. Pathetic. America's poor people put these gold sackers to shame, regularly donating an average of 3.2 percent of their meager incomes to charity—nearly five times more generous than the multimillionaire bankers.

Goldman's PR shtick (dubbed “reputation redemption” by the *New York Times*) is a sad replay of a gambit tried by the

baron of old, John D. Rockefeller. In his later years, the billionaire tycoon carried a pocketful of dimes with him whenever he stepped out for a stroll. Along the way, he would occasionally stop someone walking by—especially if a child was with them—and he would dip into his stash and dole out a shiny dime. Newsreels of the day often showed the richest man in the world handing dimes to children, as if this public show might buff up his sour image.

But, worse, Goldman's slick executives are not even donating their own dimes! Rather than reaching into their own pockets, they're doling out their shareholders' money.

Worse yet, it's also *our* money. By ours, I mean that Goldman's so-called “gifts” are deducted from the income taxes the bank owes, thus, shorting America's public treasury of funds that We The People need for schools, roads, clean water, and other public essentials.



WALL STREET analysts, corporate lobbyists, and front groups like the US Chamber of Commerce form an exuberant cheering squad for maintaining the status quo of America's do-nothing jobs policy.

"Hooray!" they shout, "The unemployment rate is improving!" Waving pom-poms of campaign cash, the corporate pep squad instructs Congress to forget a national jobs program and forget raising the minimum wage.

True, the *official* jobless rate has fallen to 7.2 percent, but don't get giddy—that's not the total score. In December 2007, when Wall Street's reckless greed crashed our economy, the unemployment rate was only about five percent, the average length of unemployment was half of today's, and far fewer people were forced into part-time work or needed multiple jobs to make ends meet.

And there's an even more telling statistic, one that we rarely hear about: The number of working-age adults who are "in the workforce," meaning people who are employed at least part-time or are actively looking for jobs. This number has plummeted by *five million* people since the crash. They're not working, but they're not counted as unemployed.

That's five million American workers who—Poof!—have simply disappeared from the count. If we added these "missing workers," as they've been dubbed, to the number of unemployed and underemployed Americans, no one could cheer.

We need a national milk carton campaign, spreading the photos and names of each of these five million missing workers so widely that even Congress will finally recognize that it must do something to boost jobs—and living wages.

MESSAGE TO WALL STREET: We don't want your hokey "charity." What we want is an end to your destructive greed, and we want an honest, restructured, decentralized banking system focused on the common good. Oh, and one more thing: We want our government back.

Re-fund America

The powerhouses of Wall Street have tunneled directly into the cloistered backrooms of Washington deal making, extracting trillions of dollars worth of government bailouts, special tax breaks, and regulatory favors every year. Yet, in a stupefying act of hypocrisy, they have also been the major force pushing policymakers to embrace extreme laissez-faire bunkum and to inflict the most austere budgetary minginess on the American people.

Through their lobbyists, front groups, economic shells, media hacks, and the politicians they've purchased, these pampered princes of high finance have gained a stranglehold on policy, choking off the public investment that our country desperately needs. In a nonstop drone, their operatives chant: "America is broke. Fiscal doom looms. Government spending is the cause. Austerity policies are our only hope."

And Washington is buying this snake oil. As we've seen, food stamp funding was stripped from the farm bill; benefits for the long-term unemployed are being allowed to expire; job training programs are being cut; Republicans are frantically trying to derail and defund Obamacare to keep millions of uninsured Americans from getting health coverage; and even Obama has said he's open to cuts in Social Security and Medicare.

Seeing all of this, George Will, the GOP's high priest of the plutocratic order, is exultant. In an October Fox News appearance, he declared victory for the laissez-fairites, noting that they have taken control of Washington's conversation on public spending: "We are now talking entirely on Republican terms, in Republican vocabulary. No taxes, how much is the spending going to be cut? The federal workforce is being cut..."

No doubt the debate in Will's tiny circle is focused entirely on shrinking America into its dark vision of parsimonious plutocracy. But I find that most people, living way outside George's bubble of elites, have a far bigger vision of what America can be, and they're engaged in a less constipated conversation about ways to meet our country's budgetary needs.

If you review opinion polls, hear the results of door-to-door outreach campaigns, or just have a few

real conversations at various chat & chew cafes, you'll tap into ordinary people's simmering anger at the Wall Street/Washington axis that's dictating a harsh normal of economic inequality, declining opportunity, and diminished democratic control. The elites are constantly monkeywrenching the public's ability to act together, thus limiting our nation's possibilities and causing America's present drift from world leader to mediocrity.

This goes against the very essence of America, from our egalitarian ideals to our can-do spirit. We must create a politics that directly confronts the narcissistic nabobs who're knocking down our people and our country—and rally an increasingly restive workaday majority to come together in an expansive, aggressive effort to Re-fund America. For example:

- **In the richest country** in the history of the world, the USA ought to have the TOP public education system, not one of the worst among wealthy nations.
- **Forget dismantling Obamacare.** Improve it to Medicare-for-all.
- **Let's re-establish** our technological supremacy, from building the green economy of the future to reaching boldly again into outer space.
- **Our priceless system** of public parks should be flourishing and expanding, not firing park rangers and locking entry gates.
- **Rather than succumbing** to a bleak future of low-wage, part-time, temporary, no-security jobs, let's publicly invest in full employment, world-class skills, and technology that works for workers.
- **Restore democratic power** with public financing of all election campaigns, enact labor law reforms so workers themselves can democratize the workplace, and encourage the development of co-ops as an alternative to corporate control of the economy.

That's an America that is worthy of us—a society of historic democratic vision, genuine opportunity for all, and a shared prosperity. Most people would feel good about bringing children into that world.

"Maybe so," snort the naysayers, "but where are you gonna get the money to pay for it?" Actually, the answer to that is obvious: Get it from where it went.

Follow Willie Sutton

Willie was the 20th Century outlaw who explained that he robbed banks because "That's where the money is." Today, though, bankers *are* the robbers. During the past 15 years or so, they've pulled off an

DoSomething!

Info, contacts, and action:

- **Robin Hood Campaign** is a coalition with extensive materials, grassroots contacts, and action tips. It is coordinating efforts coast-to-coast to raise the issue of a Financial Transaction Tax, rally public support, and push Congress to act. www.RobinHoodTax.org
Key groups in the coalition include:
National Nurses United, www.nationalnursesunited.org
National People's Action, www.npa-us.org
Health Global Access Project, www.healthgap.org
Progressive Democrats of America, www.pdamerica.org

- **BanksterUSA.org** is run by Mary Bottari, Director of the Real Economy Project for the Center for Media and Democracy. It's the go-to website for updates on the progress of financial re-regulation and restructuring and for actions battling the banksters on Wall Street.
- **Robert Pollin** is the co-director of the Political Economy Research Institute (University of Massachusetts-Amherst) and a leading expert on the financial transaction tax. You can find extensive economic and historical information at www.peri.umass.edu
- **Public Citizen's Congress Watch** champions consumer interests and serves as a government watchdog. www.citizen.org/congress

High frequency traders “have all the social utility of a bunch of rats admitted to a granary.”

unprecedented, mindboggling heist in broad daylight. They’ve stolen the bulk of our country’s investment money, pilfered billions of dollars from consumers and small borrowers through fraud, snatched billions more through taxpayer subsidies and bailouts, and quietly siphoned additional trillions out of the Federal Reserve.

Astonishingly, they even stole Wall Street, a place that was lined not so long ago with respectable and cautious investment houses. Those financial firms performed an important and straightforward job: Making capital available to manufacturers, entrepreneurs, supermarkets, health facilities, and all sorts of other enterprises that produce goods or provide services. No more. They’ve been converted into global casinos that churn trillions of dollars through an ever-changing assortment of exotic, indecipherable gaming devices with gibberish names like “Synthetic Collateralized Debt Obligations.”

These are not “investments.” They are nothing but bets between the banks that invent the games and the very wealthy gamers who play them—bets that are riskier, less substantial, and much larger than even Vegas allows. They do not create anything for the real economy—i.e., making or doing something of actual, measurable value, something that advances the wider economy or benefits the general public.

The economic term for this activity is “market froth”—as in airy, insubstantial, and worthless. Today’s chief players in this casino are called High Frequency Traders (HFTs), and they bring a manic, financially destabilizing nature to any stock, commodity, currency, or other market they enter. This is because they’re not investing in a business, but rapidly scanning huge arrays of market prices, looking for, say, the momentary price of an obscure stock that they think could change this week, tomorrow

morning, or even in the next minute. Then they buy a mass of that stock or commodity, and if the price changes as they suppose it will, they instantly sell it and cash in. The price might fluctuate by only pennies or fractions of pennies, but they’ve bet in such volume that they can make a killing on it, and then move on to the next target.

These sweeping, purely speculative financial transactions have been made possible by huge leaps in technology. It’s all done by superfast computers controlled—not by humans—but by artificial intelligence that uses mathematical algorithms to search millions of prices at lightning speeds and place the bets automatically. Transaction times are measured in milliseconds. Essentially, this is a global network of “trading robots” that never sleep and whose sole function is to allow the wealthiest speculators to skim quick profits out of our markets—and also empower them to manipulate everything from stock prices to oil prices.

Yes, this is socially useless, predatory, dangerous, and ridiculous. Charlie Munger, a top investment associate of billionaire financial maestro Warren Buffett, says that high frequency traders “have all the social utility of a bunch of rats admitted to a granary.”

Yet, the rats now rule. HFT is what “the market” has become. The sheer volume of stock transactions on just the two largest US exchanges (the New York Stock Exchange and the NASDAQ) is stratospheric: there are now more than 400 billion buy-or-sell trades made during the year. HFTs account for about 70 percent of that total, and the amount of money they cast into their high-speed gambles adds up to trillions of dollars a year.

An FTT on HFT

When I buy a \$3 pack of toilet paper here in Austin, Texas, I pay an extra 8.25 percent in sales tax. If I buy a cuppa jo, book, bicycle, or blue jeans—same thing.

But if a high-roller in the HFT game buys \$10 million worth of corporate stock, \$10 million worth of oil futures, and \$10 million worth of a Goldman Sachs package of derivatives—he or she pays zero tax on the sales.

2013’S THREE-RING ELECTION

ELECTION DAY 2013 was as dizzying as a three-ring circus.

In the center ring of November’s balloting extravaganza was the New York City mayoral race and the dazzling, high wire performance of Bill de Blasio. This progressive was practically unknown at the start, but his grassroots campaign, innovative policies, and down-to-earth style captivated voters and shocked the city’s establishment with a landslide victory.

Then came the lion tamers of Coralville, Iowa. The right-wing Koch brothers got involved in this town’s elections, roaring in with money and swagger. Americans for Prosperity, the Koch’s chief political arm, ran an expensive campaign to defeat Coralville’s mayor and two city council members. But the people rose up on election day and kicked the Koch boys’ kiesters! Coralville voted overwhelmingly to return all three incumbents to office.

Finally, there was a very strange act in (where else?) Texas. There, in a district that’s predominantly African-American, a white right winger named Dave Wilson won a seat on the Houston community college board of trustees. How? Essentially, by pretending to be black. In his fliers (which had no photos of him, but plenty of smiling African-American faces taken from the internet), Dave claimed to be endorsed by Ron Wilson. Actually, though, the endorsement wasn’t from Ron Wilson, the popular black political leader in Houston—it was Dave’s cousin Ron, who’s white and lives in Iowa.

After he “won,” Dave was unapologetic about his fakery, vacuously asserting that all politicians are “out there deceiving voters.” What a clown.

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**AMERICA *ISN'T* BROKE. THERE'S
 PLENTY OF MONEY TO BUILD AN
 ECONOMY WORTHY OF OUR IDEALS
 AND CAN-DO SPIRIT**

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PERIODICALS



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First, it's a rank injustice that even the poorest among us are taxed on their purchases while millionaire Wall Streeters who make high-speed computerized purchases skate through this gaping loophole. **Second**, the profiteering churners and reckless speculators wrecked the country's economy, and they've never paid for the mess they made for so many millions of families that consequently lost jobs, homes, income, and hope. **Third**, this is a BIG idea that will let our society do big things again. Plugging this loophole with even a small sales tax on purchases by high frequency traders will generate the money America needs to do what needs to be done.

A Financial Transaction Tax. An FTT is not an idea whose time has come, but simply returned. From 1914 to 1966, our country taxed all sales and transfers of stock. The tax was doubled in the last year of Herbert Hoover's presidency to help us recover from the Great Depression. Today, 40 countries have FTTs, including the seven with the fastest-growing stock exchanges in the world. Seven members of the European Union (including Germany and France) voted for a financial transaction tax to help blunt rising poverty, restore services, and put people back to work.

This is no soak-the-rich-idea. Rather than asking the Wall Street crowd to join us in paying a six to 12 percent sales tax, the major FTT proposal gaining support in the US calls for a 0.5 percent assessment on stock transactions. That's 50 cents on a \$100 stock buy, versus the \$8.25 I would pay for a hundred-dollar bicycle.

Even at this miniscule rate, the huge volume of high speed trades means an FTT would net about \$300-350 billion a year for our public treasury. Plus, it's a very progressive tax. Half of our country's stock is owned by the 1 percenters, and only a small number of them are in the HFT game. Ordinary folks who have small stakes in the markets, including those in mutual and pension funds, are called "buy-and-hold" investors—they only do trades every few months or years, not daily or hourly or even by the second, and they'll not be harmed. Rather it's the computerized churners of frothy speculation who will pony up the bulk of revenue from such a transaction tax.

An FTT is a straightforward, uncomplicated way for us to get a substantial chunk of our money back from high finance thieves, and we should make a concerted effort to put the idea on the front burner in 2014 and turn up the heat. Not only do its benefits merit the fight, but the fight itself would be politically popular. One clue to its political potential is that the mere mention of FTT to a Wall Street banker will evoke a shriek so shrill that the Mars rover hears it. That's because they know that this proposal would make them defend the indefensible: Themselves.

First, the sheer scope of Wall Street's self-serving casino business model would be exposed for all to see. Second, they would

have to admit that they're increasingly dependent on (and, therefore, making our economy dependent on) the stark-raving insanity of robotic high frequency speculation. Third, it'll be completely ridiculous for them to argue that protecting the multi-trillion-dollar bets of rich market gamblers from this tax is more important than meeting our people's growing backlog of real needs.

Unsurprisingly, then, Koch-funded operatives and other defenders of privilege are rushing out articles that amount to Wall Street blah-blah-blah: "FTT would hurt poor pensioners, farmers, long-term investors, job creation, liquidity... and blah, blah, blah." Note that there's nary a mention of who'll really be pinged: Wall Street's gamblers and thieves. After all, to concede that they'll be hurt, even a little, would elicit a coast-to-coast shout of, "Yes!"

The campaign is on

The Financial Transaction Tax idea is blessed with broad support, ranging from Bill Gates to Occupy Wall Street to the Vatican, and it's been embraced by dozens of major economists, including Nobel laureates Joseph Stiglitz and Paul Krugman. But this fight will be won at the ground level of good politics, and that's well underway. Many grassroots groups and several progressives in Congress have already forged solid coalitions and are going to the countryside with a growing campaign to make Wall Street pay.

A major push is being made under the banner of the "Robin Hood Tax," led by National Nurses United, National People's Action, Health GAP, and Progressive Democrats of America. They and some 150 other organizations are backing the IPA. (This IPA is not a beer, though I suggest the organizers brew one to help popularize, cheer, and lubricate the cause). It's the Inclusive Prosperity Act, a proposal by Rep. Keith Ellison and others for an FTT. Sen. Tom Harkin and Rep. Peter DeFazio have another version with a more modest tax rate.

This campaign offers a remarkable democratic opening. It widens America's public policy debate from the plutocrats' tired, narrow-minded mantra of defeat: "We're broke. Big undertakings are beyond us. Shrink all expectations for yourselves, your children, and your country's future." Instead, a new conversation can begin, saying: "Look under that rock. There's the money we need to invest in people. Let's get America moving again!"

A sales tax on speculators can deliver *tangibles* that people need but Wall Street says we can't afford—infrastructure, Social Security, education, good jobs, etc. Just as important, it can deliver *intangibles* that our nation needs but Wall Street tries to ignore—fairness, social cohesion, equal opportunity, etc. It's a holiday gift card for America's future—a gift that literally would keep on giving.