

Special Tax Edition

# Metro Justice News

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Citizen Action in Rochester

October-November 2010

## A Blast of Fresh Air

*[Editors Note – Taxing the rich is back in the news thanks to President Obama’s push to end Bush’s tax cut windfall for the wealthiest Americans. Metro Justice News is here to provide its usual clarity with a special MJ News Tax Edition.]*  
By Toomuchonline.org

‘Soak the rich,’ after years in the shadows, has suddenly become a policy option fit for discussion in ‘respectable’ media circles. At long last, we may be witnessing a fundamental paradigm shift in how we, as a society, talk about taxing the rich.

Until this summer, no national pundit - at least no pundit in good standing with the chattering class - would ever dare suggest a federal tax rate on America’s top income bracket higher than 39.6 percent, the level in place under Bill Clinton.

Now pundits and the policy wonks who hover around them are openly singing the praises of top tax rates calibrated at 50 or 60 or even 70 percent, a level that would double the current 35 percent rate on top-bracket income.

Who deserve the credit for this abrupt turnaround? That honor unquestionably belongs to James Surowiecki, the New Yorker magazine’s top economic analyst.

The New Yorker occupies a rather unique role in the modern America media echo chamber. The magazine’s high-brow readership and legendary reputation for rigorously fact-checked accuracy lend enormous credibility to any outside-the-mainstream point of view that gets expressed in the New

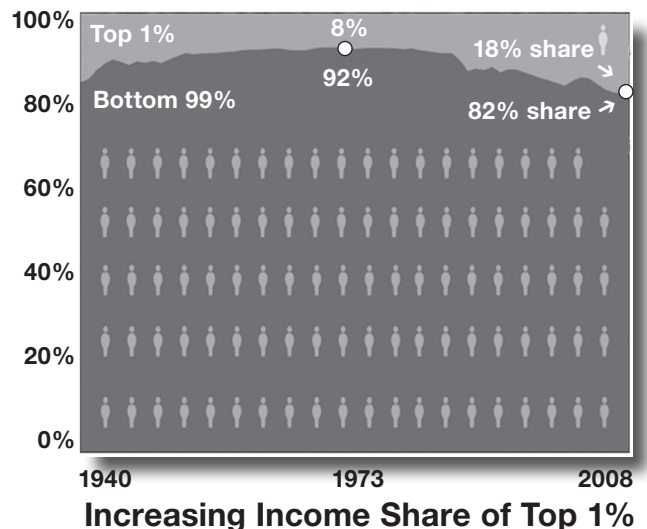
Yorker’s pages.

In the August 16 New Yorker, analyst Surowiecki aggressively advanced just such an outside-the-mainstream point of view - on taxing the extraordinarily wealthy. Our current approach to taxing the awesomely affluent, he wrote in a piece entitled Soak the Very, Very Rich, “makes no sense.”

Under this current system, Surowiecki pointed out, a successful dentist who makes \$200,000 a year pays taxes at about the same rates as someone who makes \$200 million. We have in America today, Surowiecki’s New Yorker analysis would go on to add, “a yawning chasm between the professional and the plutocratic classes, and the tax system should reflect that.”

That reflection could be easy. Lawmakers, noted Surowiecki, would merely need to create new tax brackets for higher amounts of income, starting with a new and higher tax rate on income over \$1 million. But, as his New Yorker piece quickly observed, lawmakers would have “no reason to stop there.”

In August, CNBC gave the influential Center for American Progress, the Washington think tank led by a former Bill Clinton White House chief of staff, an opportunity to suggest how much further lawmakers should go. The Center’s Michael Linden suggested added tax brackets for income over \$1 million, \$5



million, and \$10 million.

Someone making \$500,000 a year, explained Linden, shouldn’t be paying “the exact same marginal tax rate on their last dollar of earnings as somebody making \$10 million or \$50 million.”

Time magazine’s Stephen Gandel, in his reaction to the New Yorker analysis, would stress the multiple benefits of soaking the rich. A “super tax rate for the super rich,” he noted, wouldn’t just “redistribute some of that wealth at the very high end of the income ladder to social programs that end up improving education or paying for healthcare reform or creating jobs.” A super tax on super incomes, Gandel explained, would also help fix what ails our economy, by reducing “that global pool of money that sloshes around our financial markets and creates all types of bubbles.” All “that money concentrated (Continued on page 8)

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# Special Tax Edition

## Taxing the Rich

By Annie Lowrey,  
*The Washington Independent*

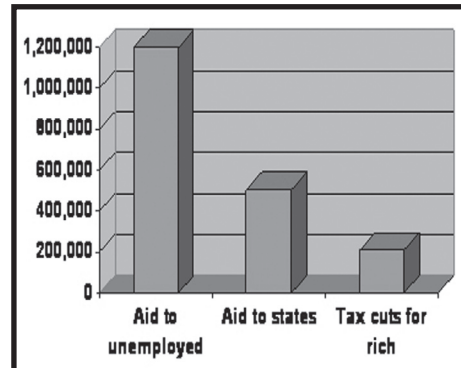
Congress is considering changes to tax rates. On Dec. 31, the Bush tax cuts expire, meaning all income tax rates will revert to higher levels unless Congress takes action before then. The White House pushed hard over the August recess for Congress to extend the tax cuts for lower- and middle-income earners, but to let the cuts expire for individuals making more than \$200,000 a year and for households making more than \$250,000 — the top 2.1 percent of filers.

The tussle — or, in President Obama's terms, the "wrestling match" — is coming down to that two percent of tax filers and the \$60 to \$80 billion a year they would provide to the Treasury if their top marginal tax rate increased. The debate hinges on two central questions: What would the rich would do with their extra money, should the tax cuts stay in place? And what impact would those choices have on the economy?

Economists say that the wealthy probably would not spend the money, were the Bush cuts extended. "Policies that temporarily increased the after-tax income of people who are relatively well off would probably have little effect on their spending because they generally would be able finance their consumption out of their income or assets without such a change," Douglas Elmendorf, the head of the Congressional Budget Office, said this year, finding tax cuts the least stimulative of 11 policy options. He argued that tax cuts would increase spending for lower-income workers, who have less in savings and tend to spend more of their paychecks anyway.

The bigger debate over the impact of the tax cuts centers around small businesses. Millions of small businesses use the individual, rather than corporate, tax process. If they make earnings of more than \$200,000 or \$250,000 a year, under the Obama proposal, their top marginal tax rate would go up.

Republicans, recognizing small businesses as crucial to job growth, have



**CBO Estimate - How many jobs would \$70 billion create?**

staunchly objected to Democratic plans. But as Dean Baker of the Center for Economic and Policy Research, points out, the tax hit would not be too high for most small businesses. For one, the marginal tax increase impacts earnings, not revenue. A business would need to be clearing more than \$250,000 a year after salaries and other costs in order to see a tax hit, "For the \$250,000 to \$500,000 a year bracket," Baker notes, "the estimated tax hit is \$700. That isn't enough to hire anyone." ■

## Who's Really Rich?

Pop quiz. Say you make a steady \$250,001, every year. How many dollars of additional income tax will you pay if the Obama administration's tax plan goes through? A thousand dollars? A few thousand? Nope. Three cents!

Here's how it works. Your taxes below \$250,000 remain the same. And on that excess \$1, your income tax rate increases from 33 percent to 36 percent. For most earners making between \$250,000 and \$500,000 a year, the Obama plan would increase income tax liability by just a few hundred dollars — an average of \$600, according to the Center for Economic and Policy Research's Dean Baker. ■

## Mickey Mouse, the Estate Tax, and Me

By Abigail Disney, *Washington Post*

Once upon a time there was a cartoon character created by an inventive man named Walt Disney, my great uncle. Plucky, irascible and spirited, this character delighted families across the country and was the first in a long line of successes for the company Walt started with my grandfather, Roy O. Disney.

But the character's name might surprise you: Oswald the Lucky Rabbit. The Disney brothers' first success wasn't all that lucky for the company. The cartoon's distributor wrested the rights to Oswald away from Walt and Roy almost as soon as he had become popular. This loss was a huge setback for both men, and my grandfather vowed never to let himself be taken advantage of again. He soon registered a copyright on a new character named Mickey Mouse. It was 1928, and it was neither the first nor the last time the Walt Disney Co. benefited from a federal system of protections, laws and taxes that created fertile ground for building a business empire.

In addition to the copyright protections for Mickey, the Federal Communications Commission regulated the airwaves that carried the Disneyland television series and, of course, the Mickey Mouse Club. The transportation and federal highway system built in the wake of World War II took millions of visitors to Disneyland. The Marshall Plan helped rebuild devastated European markets into which Disney poured its products, turning a quaint American company into a global brand.

What does this have to do with the estate tax? If lawmakers do nothing, the estate tax will automatically be reinstated after a year's hiatus. I recently signed the Call to Preserve the Estate Tax organized by United for a Fair Economy because the estate tax is an expression of our deepest American values. In a far stricter tax environment, my grandfather still managed to accumulate and pass on ample funds to make three subsequent generations very comfortable. And his taxes helped fund the very federal services that made his wealth possible.

As an inheritor I am here to tell you, the estate tax is not as much of a bogeyman as you've been led to believe.

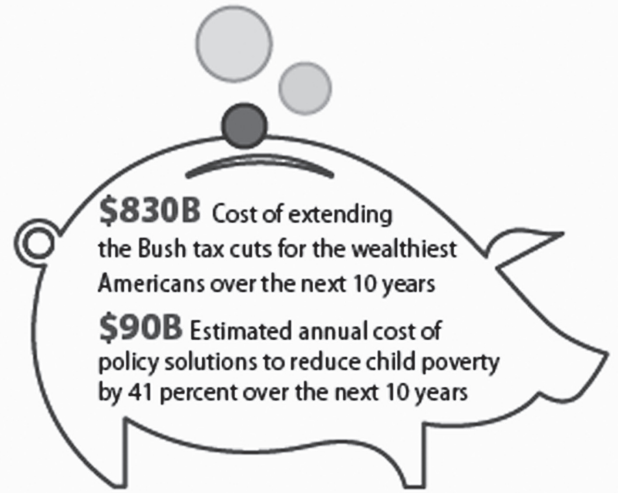
People who make enough to be affected by the estate tax amass their fortunes by investing. Investment income is taxed differently from earned income, often not at all until it's sold. People like me, who inherit assets such as Disney stock, can spend our lives watching those assets grow, and when we pass them along to our children, they have not been touched or diminished at all by the tax system. The only thing I have paid taxes on is the interest from these assets, not their increased value.

The estate tax incentivizes people like me to do good with our wealth because there is no estate tax on donations to charity. My filmmaking and foundations rely on a tax code that supports a vigorous non-profit sector, a vital part of our society that is bigger and stronger because of the many millions of dollars that flow into it as a result of the estate tax and other tax provisions.

To those who believe the estate tax is unfair, I say that there is no tax more fair than this one.

I have watched the gap between rich and poor driven to historic highs by a tax policy that has exacerbated our deficit and eviscerated our basic capacity to provide schooling, emergency services, and clean water and air for one and all. The estate tax is the cornerstone of a progressive system that leaves wealthy heirs with ample funds while providing the government with the resources it needs to build an environment for the common good. By preserving it, we not only restore billions in revenue to the national treasury — we also restore our most cherished collective ideals as a nation.

We can afford to end child poverty



“Tax me” may be the least popular sentence in America, but it’s what I am asking, and I hope that our leaders are listening. ■



Prominent anti-war activist Ret. Col. Ann Wright spoke for three days to capacity crowds at Rochester colleges, schools and churches, sponsored by Military Families Speak Out, Peace Action & Education, and other groups. Her varied talks on dissent, the military, the Gaza flotilla and Afghanistan hopefully will re-energize the local anti-war movement.

## Making Wall Street Pay Their Fair Share

### *Jobs With Justice*

A Financial Speculation Tax (also known as a financial transaction tax) is a small tax on purchases or sales of stocks and other financial purchases like futures, options, or credit default swaps. We need a Financial Speculation Tax for several reasons:

It would raise an estimated \$200-\$500 billion per year in badly needed revenue. This is a substantial sum of money that -- from a sector that can afford it.

It would also reduce dangerous financial market speculation and encourage productive long-term investments. The tax would hit high-volume, high-speed trading the hardest, making short-term speculation and complicated financial transactions (that would be subject to the tax over and over again) less attractive.

Finally, Wall Street should pay their fair share for the mess they created, costing working people trillions in lost jobs savings and housing wealth, and costing states billions in lost revenue.

Most of the trading and speculation that takes place in stock, currency and



debt markets is unrelated to any productive activity in the real economy. During the 1970's, for every dollar of new investment in plants and equipment, \$1.30 in stocks were traded. But from 1998 to 2007, \$27 in stocks were traded for every dollar of corporate investment in plant equipment.

Britain has had a tax on stock trading of .5% for many years. It has provided needed government revenue and has not hampered the growth of the British stock market, which is now the second largest in the world. Since most of the trading and speculation that takes place in US stock, currency and debt markets is unrelated to any productive activity in the real economy, such a tax would not hurt the overall U.S. economy. In fact, the U.S. had a "transfer tax" from 1914 to 1966 which levied a 0.2% tax on all

sales or transfers of stock. In 1932, Congress more than doubled the tax to help financial recovery and job creation during the Great Depression.

In Congress, Rep. Pete DeFazio (D-Oregon) has introduced HR 4191, the "Let Wall Street Pay for the Restoration of Main Street Act." Senator Tom Harkin (D-Iowa) has introduced S 2927, the "Wall Street Fair Share Act." Under these bills, half the funds would be deposited in a job creation reserve fund to put Americans back to work and half would be designated to reduce the deficit. The bills were designed this way to have broad bipartisan appeal in Congress. Clearly the time to reinstate a Financial Speculation Tax is now.

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## Putting People Back to Work: Do Helicopter Drops of Cash Have to Come From Somewhere?

By Matthew Yglesias,  
*Center for American Progress*

On Twitter I recently unveiled my jobs program, namely that the government should spend a bunch of money to hire unemployed people to do some stuff. Useful stuff would be ideal. Harmful stuff should be avoided. If some of it is only very slightly useful or some of the money is wasted, that's not so terrible. The important thing is to locate people who are currently not working but who

are open to the idea of doing work in exchange for money, and then to give them some money in exchange for doing some work.

This naturally prompted some smart-ass retorts about how the money has to come from somewhere. A fallacy that's so commonsensical that even reasonable well-informed conservative economists sometimes fall into it. The problem, I think, is that because one of the functions of money is to serve as a unit of

account we tend to measure wealth in terms of its dollar value, which leads people to confuse money and wealth. We say things like "Bill Gates has a lot more money than your average NBA player" when what we actually mean is that Bill Gates owns a ton of valuable Microsoft stock not that he carries more cash around in his pockets or is pointlessly stockpiling billions of dollars in checking accounts. But valuable resources and money are actually *(Continued on page 11)*

## Should Rich People Pay More Taxes?

By Jon Greenbaum,  
*dragonflyeye.net*

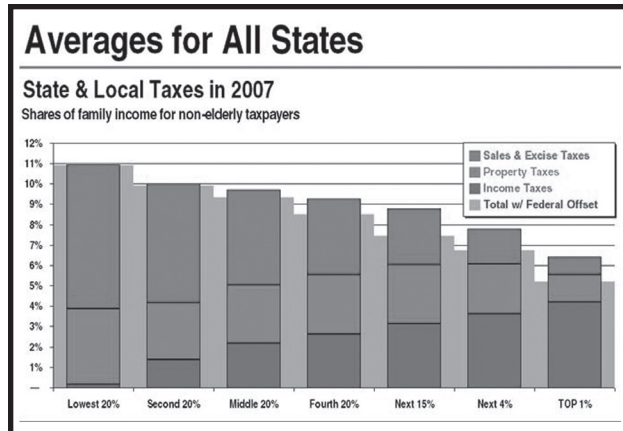
Andrea writes:

*Isn't it already their fair share if they're paying the same rate as people making \$40,000? If they make more money, they're paying more taxes, the rate doesn't have to be higher. They pay more taxes, but they get the same roads, schools and police that they don't even use as much.*

Good question. Why should the rich (the 2% of the population that earns over \$250,000) pay more, don't they already pay more taxes? Well, yes they pay more taxes. But that's because they earn more- the top 2% take in more than a fifth of all income in the U.S.

In the United States we are committed to a progressive tax structure in which we expect the wealthy to pay a higher percentage of their income than those less well off. But the system has been whittled down through tax shifting, increasingly moving the tax burden to sales and property taxes which take up a bigger percentage of income for the rest of us.

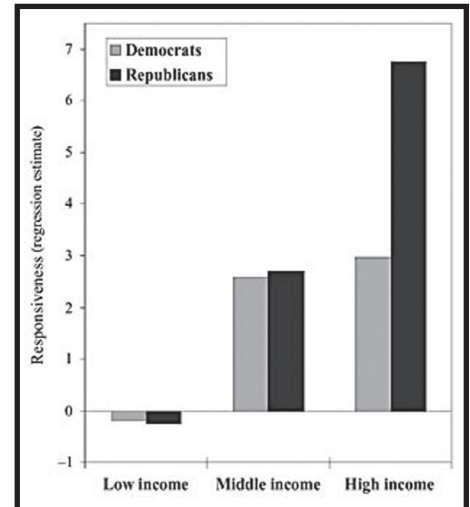
Why is the U.S. committed to a progressive income tax structure? It's the same reason that third piece of pie you eat at Thanksgiving doesn't taste as good as the first piece of pie. Earning your first \$30,000 in East Irondequoit is way more important to you than the hundredth stack of \$30,000 means to someone earning \$3 billion in NYC. They've already earned \$30,000 ninety nine times. What's another \$30,000 to them? Every dollar you earn is precious, but those last \$30,000 dollars earned by that billionaire are less precious. Our culture says that it's ok to tax the billionaire's last \$30,000 at a higher rate than your first \$30,000. As Americans we have made a moral judgment about what is right and just about how we take care of each other.



**When you take into consideration all the taxes we pay (sale tax, property tax and income tax) the wealthiest Americans pay less of their income in taxes than the rest of us. Even though the income tax system is slightly progressive it is more than offset by other taxes. Income taxes would have to be a LOT more progressive just to achieve an overall flat rate.**

A progressive tax structure also throws some sand in the gears of increasing inequality. Inequality in our society is growing. While the wealthiest have benefited from steep income increases the rest of us are being squeezed. As the wealthy have increased their lead over the rest of us they've also increased their power in state capitals and in Washington DC.

With politicians having to amass large campaign war chests they have to go to wealthy individuals for funding.



**As research from Princeton political scientist Larry Bartels demonstrated several years ago, American politicians are powerfully affected by the views of the rich. Using data from voting records in the early 90s, [the chart] shows that the responsiveness of senators to the views of the poor and working class is.....zero. Or maybe even negative. And that's true for both parties. – Kevin Drum, *Mother Jones***

They can talk all they want about their integrity, but at the end of the day it's obvious who gets to have lunch with the candidate and who gets 20 minutes with their aide. This influence on public policy explains why the system keeps getting tweaked in favor of the wealthy. ■

## Shale Game: Playing with Unknowns Underground

By Sandra Steingraber, *Orion magazine*

When I moved my family from a cabin in the woods outside of Ithaca, New York, into a house in a nearby village, it felt like a faith healing. I could walk again. A sidewalk stretched from my door out to a craggy maple tree and then connected with another sidewalk that headed down the block toward Main Street. Here was a track, upon which the wheels of a double stroller could roll, that linked me to coffee, library books, postage stamps, hardware displays, bank tellers, and a bus line. Hallelujah.

Out in the woods, foxes and newts had roamed our backyard, but I myself wasn't doing much roaming. The road that connected me and my children to the rest of the world was ditched on both sides and carried trucks and a 50 mph speed limit. Nobody was going to be tricycling along it, and trips to obtain cash, *(Continued on page 10)*

# Protecting \$ocial \$ecurity

## Slash Social Security? No – double it!

By Steven Hill, NY Daily News

In the aftermath of the Great Recession, a debate over Social Security is heating up. So far, the debate has been between those deficit busters who say Social Security must be trimmed back to reduce government indebtedness, and others who want to maintain it as is.

But the New America Foundation just released a study that proposes a different approach: doubling the current Social Security payout and making it a true national retirement system. Creating a more robust system of “Social Security Plus” not only would be good for American retirees, but also would be good for the greater macroeconomy.

Here’s the dilemma that the U.S. faces. Since World War II, retirement has been conceived as a “three-legged stool,” with the three legs being Social Security, pensions and personal savings centered around homeownership. But today most private-sector employers have quit providing pensions, and state and local government’s public pensions are drastically underfunded.

In addition, a collapsed housing and stock market, combined with increased inequality even before the Great Recession, has drastically reduced Americans’ personal savings. In short, the “retirement stool” no longer is stable and secure. Suddenly, Social Security, which always has been viewed as a supplement to private savings, is the only leg left for hundreds of millions of Americans.

Studies show that people in the bottom two income quartiles depend on Social Security for 84% of their retirement income, and even the second-richest quartile depends on Social Security for 55% of its retirement income. Only the richest 25% of Americans don’t rely heavily on Social Security.

The real problem with Social Security is not, as its critics say, that it is underfunded. Contrary to gloomy predic-

tions, the program is on solid financial footing, with the Congressional Budget Office projecting that Social Security can pay all scheduled benefits out of its own tax revenue stream through at least 2037.

The bigger problem is that Social Security’s payout is so meager, which is problematic since it has been thrust into this new role as a de facto national retirement plan. Currently, it replaces only about 33% to 40% of a worker’s average wage from the year prior to retirement (compared with Germany, where it replaces 70%). That is simply not enough money to live on when it is your primary - perhaps your only - source of retirement income.

Doubling Social Security’s individual payout would cost about \$650 billion annually for the 51 million Americans

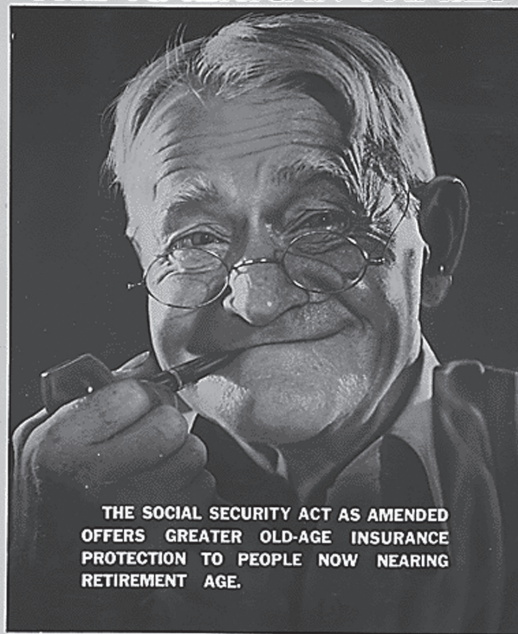
who receive benefits. Here are some ways to pay for it.

First, lift Social Security’s payroll cap that favors

the wealthy. Currently, Social Security taxes wages up to only \$106,800 a year. Any income earned above that is not subject to the tax. The net result is that poor, middle-class and even moderately upper-middle-class Americans are taxed 12.4% (split between employee and employer) on 100% of their income, but the wealthy pay a much lower percentage. Millionaire bankers effectively pay a paltry 1.2%.

Making all income levels pay the same percentage - that’s how Medicare works - is popular with Americans and would raise about \$377 billion.

### **MORE SECURITY FOR THE AMERICAN FAMILY**



**THE SOCIAL SECURITY ACT AS AMENDED  
OFFERS GREATER OLD-AGE INSURANCE  
PROTECTION TO PEOPLE NOW NEARING  
RETIREMENT AGE.**

FOR INFORMATION WRITE OR CALL AT THE NEAREST FIELD OFFICE OF THE  
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Second, with all Americans receiving Social Security Plus, employer-based pensions would be redundant - so businesses would no longer need the substantial federal deductions they currently receive for providing employees with retirement plans. These deductions total a whopping \$126 billion annually.

Those two savings alone would provide three-fourths of the revenue needed to double Social Security’s payout. Other possible revenue streams exist, such as reducing or eliminating other unfair deductions in the tax code that currently allow the top 20% of income earners to reap generous deductions that most low- and moderate-income Americans cannot enjoy. We also could implement this in stages, targeting first those who are most in need. And we could allow active seniors who have not yet reached full retirement age to take a half-pension and work a half schedule without losing their right to a full pension upon their retirement.

An expansion of Social Security - one of the most successful and popular social programs in (Continued on page 7)

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That is simply not enough money  
to live on . . .

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# Protecting Social Security

## Co-Chair of Obama's 'Fiscal Commission' Calls Social Security a 'Milk Cow with 310 Million Tits'

By Josh Holland, *Alternet*

Alan Simpson, the former Republican senator from Wyoming and co-chair of Barack Obama's fiscal reform commission, sent a note to an advocate for the elderly that reveals the depth of elite scorn for working Americans. Simpson's missive dripped with condescension as he derided our Social Security program as "a milk cow with 310 million tits!"

Simpson sent the note to Ashley Carson, Executive Director of OWL, a group that advocates on the behalf of older women, in response to a post Carson wrote on the Huffington Post in April. In it, Carson accused Simpson of painting

a "picture that everyone receiving Social Security benefits is living the high life - driving luxury cars, dining out and living in gated communities." The reality of poverty for seniors, she wrote,

"is alarming. The most shocking of all is that almost one quarter of older African American women live in poverty and that 45% of older women living alone are poor. This means that each of these people lives on less than \$10,400 annually."

Simpson chose to respond to the column with petty insults. "Some of what you say is true," he wrote. "Much is not ... I've spent many years in public life trying to stabilize that system while people like you babble into the vapors about 'disgusting attempts at ageism and sex-

ism' and all the rest of that crap."

The commission Simpson co-chairs deliberates behind closed doors, but what little light has escaped its proceedings suggests that, as reporter David Dayen noted, it is "stacked with people who want to target entitlement spending rather than any balanced proposal."

The commission is ostensibly looking at all options for reducing America's long-term budget gap, but in an interview with CNBC Simpson conceded, "We are going to stick to the big three," meaning, Social Security, Medicare, and Medicaid. As the Alliance for Retired Americans noted, throughout the interview Simpson "leveled several attacks against seniors and senior advocacy orga-

nizations, accusing them of not caring 'a whit about their grandchildren...not a whit.'" Simpson has a long history of arrogantly belittling advocates for the working class and the elderly. According to the Washington Post, Simpson "has chastised 'greedy geezers' for fighting to protect their retirement checks while their grandchildren face a towering debt." But those "geezers" paid into the system over the course of their careers -- the rate's been set at 7.65 percent of their incomes

since 1990.

Social Security is in fine shape. It's got a surplus that will run out in 2037. Fiscal scare-mongers like Simpson make a great deal of fuss about the fact that by 2016, the total benefits paid out of the program will exceed Social Security tax revenues, and the fund will have to be tapped to make up the difference. Yet that's exactly what it was always supposed to do. That's why Congress created it -- to ease the boomers into the system without shock.

But a long-standing campaign against the popular program has had an effect -- polls consistently show that younger people are pessimistic about the program's stability and fear that it won't be there when they reach retirement.

Advocates for the elderly are now calling for Simpson to be kicked out of the commission. As Syracuse University scholar and Social Security Works co-director Eric Kingson writes, "Simpson should be sent packing because he is a crude bully whose disposition and biases render him totally inappropriate to co-chair this important commission." ■



(Slash from page 6)

American history, currently celebrating its 75th year - would be good for the macroeconomy as well because it would act as an "automatic stabilizer" during economic downturns, keeping money in retirees' pockets and stimulating consumer demand. Benefits would be portable when changing from

one job to another.

It also would help American businesses trying to compete with foreign companies that don't provide pensions to their employees, because those countries already have generous national retirement plans. And it would be broadly fair, because even those higher-income Americans who are losing their

tax deductions would see part of them returned to them in the form of a greater Social Security payout.

In short, Social Security Plus would provide a stable, secure retirement for every American and contribute greatly toward a solid foundation from which to build a strong and vibrant 21st century U.S. economy. ■

# Daniel Ellsberg Still in the Struggle

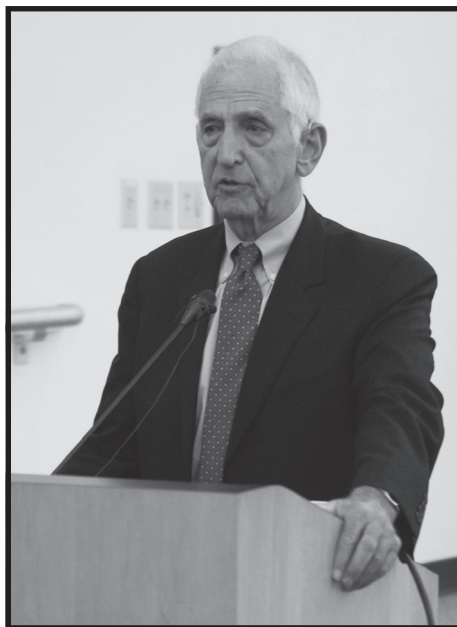
By Doug Noble, Metro Justice Member

This August I had the honor of spending a day in the presence of Daniel Ellsberg. Ellsberg was in Tacoma, WA to provide expert testimony at the trial of an antiwar activist who helped block a highway ramp to delay the delivery of Stryker vehicles from Ft Lewis to the Port of Tacoma, enroute back to Iraq.

Daniel Ellsberg is famous for his courageous release of the Pentagon Papers in 1969. The Pentagon Papers, commissioned by Defense Secretary McNamara and written largely by Ellsberg himself, detailed the lies and decisions leading to the US quagmire in Vietnam. Many historians attribute the eventual ending of the war (as well as the Watergate scandal and the resignation of President Nixon) to the release of these documents. (I hadn't known that Ellsberg first sent copies to George McGovern, William Fulbright and other high-ranking liberal Senators, and that only after they refused to hold Senate hearings did Ellsberg release the papers to the press.)

At the Tacoma trial, Ellsberg was testifying in support of the "necessity defense," arguing that the defendant, though violating a local law by hindering traffic, was in fact acting from necessity (having exhausted other alternatives) in order to prevent a far greater harm (in Iraq). Ellsberg, now 79, regularly offers pro bono testimonies in such trials and has himself been arrested over seventy times in recent years for acts of civil disobedience against the wars in Iraq and Afghanistan. (Also testifying at the trial was another activist, Seth Manzel of Iraq Veterans Against the War, who runs the GI coffee house Coffee Strong outside Ft Lewis.)

For me, the most significant (and hopeful) point Ellsberg emphasized during his testimony is how essential civil disobedience is for any chance of being effective in opposition to the war. He insists that it would not have occurred to him in 1969 to violate his top secret security oaths and risk prison if he



Daniel Ellsberg

had not already witnessed many others around the country taking that risk by committing acts of civil disobedience against the Vietnam War. He stressed that today there are, again, many high-ranking government officials opposed to current war policies who might be similarly encouraged by our actions to speak out or influence policy in other powerful ways. So, Ellsberg underscored, we cannot know the actual efficacy of seemingly pointless acts of civil disobedience.

Ellsberg notes, for example, the recent Wikileaks disclosures of 90,000 Iraq War documents. He asserts that Bradley Manning, the 22-year-old soldier accused of releasing them and now in solitary confinement facing years in prison, is his "hero." Ellsberg recently wrote the preface of the book *Resist: Voices of Conscience*, by Col. Ann Wright, about "government insiders [who] speak out against the war in Iraq."

At a time when many antiwar activists have become discouraged by recent events, Daniel Ellsberg remains fully engaged and offers a powerful, encouraging message for the rest of us. ■

(Fresh Air from page 1)

with the rich," the Time analyst pointed out, "makes our economy prone to booms and busts, and less stable."

The Washington Post, for its part, reacted to the wonky uproar that Surowiecki's New Yorker column created by quizzing a cross section of tax experts and politicians on how high a super tax rate on super incomes should go.

The University of Michigan's Joel Slemrod, in response, put the optimum top rate at "60 percent or higher." Emmanuel Saez from the University of California, the nation's top expert on high incomes, opted for 69 percent top federal rate. Dean Baker, from the Center for Economic and Policy Research in Washington, D.C., suggested "somewhere around 70 percent and possibly a bit higher."

The Post also put the same question to conservative analysts. Even one of them, former Reagan adviser Bruce Bartlett, called for a rate - at 50 percent - substantially higher than the current 35 percent U.S. top rate.

Robert Reich, the former U.S. labor secretary, last week shoved history into this spirited new tax-the-rich debate. How about, Reich mused in a nationally circulated column, setting the top tax rate at 91 percent, the level where that rate stood back during the 1950s under Republican President Dwight D. Eisenhower?

That 91 percent rate applied to income over \$400,000, the equivalent of about \$3 million in today's dollars. The rich, no surprise, loathed that rate. With that rate in effect, they felt their plutocratic power fading away fast.

"The United States Government makes the old 'Robber Barons' look like children," multi-millionaire Richard Lounsbery, the heir to a mining fortune, fumed to the New York Times in 1959. "And there's no difference between the Republicans and the Democrats, either. The Republicans are Socialists and the Democrats are Communists - that's all."

Middle class Americans, in the meantime, did just fine in a 91 percent top-tax-rate America. The mid 20th century would see the incomes of average Americans double, after taking inflation into account. "Soaking the rich" helped nurture a middle class Golden Age.

Apologists for America's staggeringly unequal status quo, until this summer, had good reason to think that history forgotten. Now they have reason to worry. History remembered, after all, can become history repeated. ■

## One Day Longer, One Day Stronger

By Candace Rubin, Metro Justice Member

*Down with Greed and Exploitation  
Tyranny must fall!  
Hail to Toil's Emancipation  
Labor shall be all.*

The lyrics to this early twentieth century IWW song seem appropriate to the Mott's strike which ended on September 13, after more than 100 days of picketing by local 220 of the UFCW. Workers did gain some concessions from Dr. Pepper/Snapple, at least averting pay cuts and maintaining pensions for workers who are currently employed. However, pensions for new employees were forfeited, eroding an employment right which was the norm in the 1960s and 70s.

The Mott's strike was a bellweather for the American labor movement, and it was particularly notable because of the audacious management claim that workers were simply paid excessively. Picketing workers expressed the concern that the Texas based firm was trying to destroy the union on principle, adopting a management style under which workers were reminded of their expendability through structured changes in the plant, new management policies, and finally, a proposed reduction in pay and benefits. As worker benefits were put in jeopardy, the salary of CEO Larry Young increased by 113% in three years.

Mott's policies of paternalism were replaced by the harsh management style which depersonalized workers, likening them to "trained monkeys". Quality control was slashed by approximately 25%, and mechanics and electricians were placed in unskilled jobs. One employee evoked images of Dickensian

conditions when he described electricians assigned to repair apple boxes in unheated buildings. Workers interviewed for this article were nostalgic for the Mott's "big family" management style, stating that they were proud to work at Mott's and confident that Mott's products were the best. Although numerous strikers stated that they now

feel like "pieces of equipment", many were concerned about the long term health of a company which has so negatively held the attention of the public.

Mott's workers can be commended for their courageous stance against the tsunami of corporate downsizing, outsourcing, and erosion of employment benefits. Many Williamson residents related to the strikers' fight for a basic middle class lifestyle, providing words of support and proffering gifts of hamburgers, doughnuts, and cash as they drove by the picketers. There was unprecedented support from other unions and CSEA representatives were served with an injunction for placing stickers on Mott's products, identifying them as being processed by scab workers. Ultimately, it was an unfavorable ruling from the National Labor Relations Board that hastened the end of the strike, but even Big Bill Haywood himself would have to acknowledge the union solidarity generated by the 300 Mott's workers. ■

I Support  
Mott's Workers



Good Jobs. Strong Communities.  
[www.NoBadApples.org](http://www.NoBadApples.org)

## Armory Subsidy Raises Questions that Reporters Aren't Asking

By Jon Greenbaum,  
[dragonflyeye.net](http://dragonflyeye.net)

The D&C and City reported in August that the County Republicans will hand Whitney Baird a huge subsidy to develop the Armory on Culver into retail and office space. Whitney Baird is Fred Rainaldi – the guy who developed the Rite Aid on Park and Goodman and the man who is still sitting on the Monroe Theater.

A bunch of questions come to mind but none were asked. I know that Jim Stinson and Tim Louis

Macaluso are busy reporters, but this situation is begging for more clarity. We deserve more than a rephrasing of the press release sent by COMIDA's Judy Seil.

Why are we subsidizing the creation of more retail and office space? Shouldn't we let the market operate on its own rather than have government intervene? Last I heard the Rochester region's office vacancy rate was higher than the national average and much higher than Syracuse or Buffalo. Why are we subsidizing the creation of more office space when a bunch of landlords are already sitting on vacant offices? Business reporters should be routinely asking about the market impact of government subsidies.

Is the Armory project subsidy in violation of the state prohibition against subsidizing retail? The state is absolutely right about prohibiting Industrial Development Agencies from handing out subsidies to retail establishments. Government has no role in taking sides and supporting one retailer or landlord over another. That just opens up a slippery slope into cronyism and insider baseball.

In August Jobs with Justice released a report about the utter failure of these Industrial Development Agencies. The report reveals that New York's IDAs have pumped up the subsidy machine by 82% since 2003, from \$354 million in 2003 to \$645 million in 2008. Keep in mind that these are tax dollars that have been denied your local school system and municipality without your input. Also in the report:

IDA's waste \$135 million a year on subsidies to businesses that create no new jobs and even cut jobs.

Over 80% of IDA spending results in net revenue loss to local government.

If government is going to encourage job creation that's wonderful but, with teachers and municipal employees being laid off, this bogus COMIDA subsidy scam isn't a game we can afford to continue. ■



**Judy Seil's COMIDA routinely violates NYS prohibitions against subsidizing retail development.**

(Shale from page 5)

band-aids, or wallboard nails involved car-seat buckles, tantrums, and drive-through windows.

But now I sat on my front stoop and grinned. To be sure, the village sidewalks—century-old slabs of stone—were neither plumb nor true, but this was evidence that they had outlasted a generation of street trees whose roots must have lifted them and then, in dying, set them down uncrumbled but askew. Looking at the misalignments, I tried to guess where trees had stood in 1840. From a geologist neighbor, Bill Chaisson, I learned that our sidewalks are a form of shale—the mother of slate—created from marine sediments. That’s when I noticed the marks of a vanished ocean on the walks’ rippled surfaces.

And it is this vanished ocean—and a deeper layer of shale called the Marcellus—that has now placed the Finger Lakes region of New York, known for waterfalls, vineyards, and dairy farms, at the center of a looming epic battle over a new form of energy extraction known as high-volume slick water hydrofracturing. Or, to use the world’s ugliest gerund: fracking. There are four stories to tell about it.

The Marcellus Shale holds the largest natural gas deposit in the United States. (What geologists call methane, energy companies call natural gas.) Drilling for gas by fracturing shale is an established practice, but, before the twenty-first century, capturing an effervescence of gas bubbles dispersed within a horizontal formation like the Marcellus was not profitable.

Enter slick water hydrofracking.

For this method, a drill bores down and then turns sideways. Explosives are detonated along the horizontal pipe, shattering the shale bedrock above and below.

A pressurized slurry of water, sand, and chemicals goes down next. The water forces open the shattered rock, the sand grains keep it open, and the chemicals inhibit corrosion, kill algae, and reduce friction so that the released gas can flow up the pipe. Some of the water and chemicals forced into the fractured shale flows back up. And some of the water



**New Yorkers have been watching YouTube videos of residents near fracking operations lighting their tap water on fire.**

and chemicals—40 to 85 percent—stays in the ground.

A single fracking operation requires drill rigs, a compressor station, a network of pipelines, an access road, 2 to 8 million gallons of fresh water, 10 to 30 tons of chemicals, and about 1,000 tanker truckloads of water and toxic waste. About 4,000 wells are envisioned for my county alone.

In New York state, fracking represents the industrialization of a rural landscape and foodshed. If it goes forward, fracking will usher in the biggest ecological change since the original forests here were cleared. Road-building and pipe-laying will accelerate habitat fragmentation. Spills and seepage of toxic contaminants, including methane, into drinking-water supplies have been documented in other states and will certainly be an

ever-present threat in the Finger Lakes region as well. Beyond this lie the unknowns.

The

chemicals found in fracking fluid are unknowns both because their formulations are proprietary (Halliburton et al.) and because radioactive materials, heavy metals, and brine, freed at last from their subterranean chambers, combine with the chemicals in the flowback water. Where will it be treated? How will it be stored? We do know that fracking fluid

contains benzene, a known carcinogen. Of the 300 other chemicals that are suspected ingredients of fracking fluid, 40 percent are endocrine disrupters and a third are suspected carcinogens.

The nature of government oversight is unknown because fracking is exempt from federal environmental regulations, including the Safe Drinking Water Act, the Clean Air Act, the Clean Water Act, and the Superfund law.

The impact on agriculture and public health is unknown because a cumulative impact assessment has not been done. Dust, noise, traffic, diesel emissions, ozone, soil compaction, light at night, methane plumes. How will these affect asthma rates, pollination systems, cancer risk, the growth rate of alfalfa?

There are also more elusive unknowns. Can fractures in the Marcellus radiate upwards? Could they connect with other passages, faults, fissures, and channels? Could they crack an aquifer? Can shattered bedrock safely contain toxic chemicals for 430 million years?

The Marcellus Shale could be worth a trillion dollars. It may provide enough natural gas to supply the nation’s consumption for 2 years. Or 11 years. Or 20 years. Or 100 years. Leasing your land to a gas company can get you out of debt. It can allow you to retire.

Across the border in Pennsylvania, fracking is going full tilt, but, at this writing, there is a de facto moratorium in New York, as we await the release of a state review. Meanwhile, a pipeline

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An older man in the audience declared passionately, “We have to be ready to lie down in front of the trucks.”

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(Shale from page 10)

has been laid from Corning to Rockland County, and millions of dollars are being spent quietly issuing leases. In my village, 14 percent of the land is already leased to gas companies. In the county, 40 percent. “The shale army has arrived,” said a representative from an energy company. “Resistance is futile.” And, indeed, in December 2009, ExxonMobil purchased a large natural gas company, a decision widely viewed as a game-changing commitment to fracking technology.

Nevertheless, at a recent meeting at my village firehouse, candidates for board and mayor declared their opposition to fracking. A public meeting about fracking at the village library included lively discussion about a community on nearby Keuka Lake that had turned away fracking wastewater trucked in from Pennsylvania. An older man in the audience declared passionately, “We have to be ready to lie down in front of the trucks.” On the way home, walking on an unbroken sidewalk made of shale above an as-of-yet unshattered bedrock made of shale, my son said, “We shouldn’t wreck this place down, right, Mom?” And his words drew a battle line across my heart. ■

(Putting People from page 4)

different things.

To see the relevance of this, imagine what happens if you’ve got a country with full employment, and suddenly some guys show up with suitcases full of really good counterfeit money looking to buy stuff. Well, since people mistake the counterfeit for money, they’re happy to exchange goods and services for it. But the mere arrival of counterfeit hasn’t increased the quantity of goods and services the country can produce.

The counterfeiters want a maid, so they need to find someone’s existing maid and offer her higher wages to go work for them. The counterfeiters buy some shoes, so there are fewer pairs of shoes for everyone else. What “has to come from somewhere” in this case isn’t the money (which is fake) it’s the maids and the shoes. There are only so many to go around.

But suppose the counterfeiters come to a country that’s fallen into recession? Here it’s a different situation. If they

want to hire a maid, they can find one who was laid off a month ago. If they want to buy some shoes, this creates a very temporary shortage and the shoe-factory quickly un-cancels that extra shift. Then the guys at the shoe factory have higher wages and celebrate with a night out at the bar. Suddenly, the brewery needs more manpower and the bar needs to re-hire that waitress they had to let go. It’s the miracle of counterfeiting.

But still, that’s counterfeiting. We can’t just counterfeit. The money still has to come from somewhere, right? Well, yes, literally speaking any money spent doing anything has to have an origin. But the government can do something even better than counterfeit—it can create real money. And if banks are holding excess reserves, the government can adopt policies that discourage them from doing so. If banks aren’t holding excess reserves, the government can adopt policies that reduce the quantity of reserves they’re required to hold. And if people have money that’s just sitting around because they like safety and liquidity, the government can offer to sell them safe and liquid treasuries and then redeploy the money for other purposes. ■

## WFP Needs Gov Votes to Maintain Line

By Jon Greenbaum, [dragonflyeye.net](http://dragonflyeye.net)

This November the Working Families Party will need 50,000 votes for Governor on the WFP line. Without the 50,000 votes the party would lose its standing as a party. The Working Families ballot line is both the “carrot” and the “stick” that the WFP uses to hold politicians accountable. When politicians support and fight for progressive issues, they get the reward of an extra ballot line and the additional votes the WFP brings. When they side with corporations and big money donors, they face the “stick” option — The WFP runs their own candidate on the WFP line, or supports the opposing party’s pick. In this way the WFP can hold politicians accountable on the issues that low income, working- and middle-class families care about, like good jobs, fair taxes, good schools, reliable public transportation, affordable housing, and universal healthcare. The local WFP chapter has executive council

seats set aside for Metro Justice representatives and MJ members have played critical roles in endorsement interviews and decisions. The WFP has fought and won on issues like progressive income taxes, increasing the minimum wage, reforming the Rockefeller Drug Laws, paid family leave, domestic worker rights and home-based child care workers. ■

## MJ and CANY Members Running for Office



Metro Justice member and award recipient Robin Wilt is running for NYS Senate.



Citizen Action of New York board member Eric Schneiderman is running for Attorney General.

Metro Justice, Inc.  
167 Flanders Street  
Rochester, New York 14619

## MJ Calendar

# July '64

**Thursday, October 21, 7pm,** Metro Justice Racial Justice Committee presents *July '64*, a film by Carvin Eison. Discussion to follow. Free and open to the public. Refreshments provided. Metro Justice Office, 167 Flanders Street

### Continuing Activities:

**Every Sunday, Noon-1,** Peace Action & Education (PA&E) weekly antiwar vigil at East Avenue and Goodman. Please join us in standing against the occupation of Iraq and demanding U.S. troops home now.

**First Wed., 7pm,** Rochester Committee on Latin America, Downtown United Presbyterian Church, 121 North Fitzhugh Street.

**Third Mon., 7:15pm,** Metro Justice Council meeting, 167 Flanders St. If you would like to address the Council, please contact Tanya at tanya\_metroj@frontiernet.net or at 325-2560 to get on the agenda.

**Fourth Thurs., 7pm,** Ciudad Hermana Task Force, St. Anne Church, 1600 Mt Hope Ave.

## Membership

**Yes!** I want to Join Metro Justice and support the important work it does. Levels of support:

\$30  \$50  \$70  \$100  Other \$ \_\_\_\_\_

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If you would like your contribution to support our campaigns and lobbying work, make checks payable to "Metro Justice." If you would like your contribution to be tax-deductible, please make check payable to "Metro Justice Education Fund", then send to:

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## 29TH ANNUAL



### Metro Justice Alternative Fair

Hundreds of fair trade, earth friendly, and/or locally produced holiday gifts. Food, music, information tables by local progressive organizations. Door prizes and free child care. **New Hours! December 3: 5-9:30pm; December 4: 9:30am-1pm**

### First Unitarian Church

220 Winton Road South, Rochester  
\$3 suggested donation (children under 12 free)  
Information: 325-2560