Free or Slaves?

by Dr. Nick Begich

While writing some of the other articles for this issue of Flashpoints several themes emerged, all of which are likely to spark a bit of debate and controversy. Many of the ideas might loosen us a little from our more comfortable intellectual places and perhaps see things differently. The contrasts of east and west are indelible in my mind. The essence of what was seen and what was perceived has led to unexpected conclusions. The idea that people, educated and professional people, could live on so little in the old eastern block nations is amazing. The idea that they could begin to build an organized society out of the chaos of the last ten years is a testament to human endurance.

During the last summer, my family hosted a Russian scientist in our home for six weeks. In that time, we learned a good deal about the way Americans are perceived. It is of course as skewed as the way we perceive the east. At one point our guest was commenting on the fine homes, "great cars" and the general trappings of "affluent western countries". He was contrasting the plight of his friends in Russia while explaining how people survived on very little.
I explained that what he saw in the United States was not exactly what it appeared to be. I explained that most of the people who lived in these homes and drove the great cars actually didn't own a thing - the banks were their silent partners. In fact, most people, if they lost their jobs, could only sustain themselves for a few months at best and then would be living on the street. I explained that our system no longer taught people how to survive as independent producers and, for the most part, we were totally dependent on distribution systems, banks and governments which are out of our individual control. In fact, it was suggested that in an economic collapse, like his country had sustained, Americans were less equipped than Russian's were to bring themselves out of the situation.

If Americans were to experience 1,000 percent inflation rates that Russians endured what would be happening in the United States? If savings were dissipating faster than money could be turned into goods and life savings and pensions had virtually no purchasing power, what would happen? If families were forced to forage for food and health care were not available, could we survive? The picture would be ugly in this country. Unlike the great depression of sixty years ago, people today are mostly urban, do not have the knowledge to create from the earth such things as food, clothing or shelter and do not have practical skills. Average Americans don't know much about living independently. It is easy to imagine, under circumstances similar to what the Russians had experienced, our population would be rioting in the streets.
Are We Industry Serfs?

When our individual productive labor, whether we are self-employed or wage earners, is traded for money, what do we get? First of all we have to deduct our federal taxes, state taxes, unemployment taxes and social security taxes. Then with the money we have left to spend we buy things which have other taxes built in like energy taxes, excise taxes, sales taxes, property taxes and a portion of the money that we spend with businesses is used to pay the same taxes. After that, when we die, whatever we have managed to save is divided between our heirs, lawyers and estate taxes. Where does the vast majority of the tax money go? Most is redistributed to corporations in the form of government expenditures, lucrative contracts and other concessions. In the end of the tax collection game we might get to keep about half of what we earned.

Over the last forty years significant structural changes in the distribution of wealth have occurred in the United States. According to the Internal Revenue Service (IRS) the following facts emerge:

- In 1959 the top 4% of families in the United States earned as much as the bottom 35%. In 1989 the top 4% of families in the United States earned as much as the bottom 51%. In other words, the spread between rich and poor increased dramatically.
- During the 1980’s, people earning between $20,000 and $50,000 had average salary increases of 44% for the decade, while those earning $200,000 to $1,000,000 a year had a 697% increase
in salary over the same period.

- In the 1980's, and again in the 1990's, there were significant tax code revisions. Most Americans were pleased to see this happening because we all know that too much is being wasted in running government operations. The result however did not significantly benefit working people who, at the bottom of the income scale, saw a 6% tax cut while top income earners enjoyed a 34% cut. Again, at the moment of this writing, huge tax code changes are being debated. Will these changes result in even more unfairness? The answer is simple - those who pay for the politics dictate the policy and that is not the little person.

- Part of the divergence in the tax collection reality was to be creatively dealt with in 1989 by the "minimum tax", which was to equalize the system and make sure that the rich paid "their fair share". The reality, according to the IRS, was that before 1989, under the 1986 minimum tax requirement, $6.7 billion was collected and the year after the new "tax reform", only $.7 billion was collected. The number of rich tax payers paying the minimum tax actually decreased by over 60% while those few still paying the minimum tax realized a reduction of 53% to 61% in what they had to pay.

- Interest for the little person on consumer debt used to be tax deductible. No more. Corporations and business related interest remained deductible, saving corporations $92.2 billion in taxes during the 1980's alone.

- In the 1950's, individual tax payers paid 61% of federal taxes and corporations
paid 39%, but by the 1980's, individuals were paying 83% and corporations only 17% of U.S. taxes. During this period corporate taxes increased 264% in terms of dollars collected and individual taxes went up 1041%.

The above highlights the divergence of money from working people towards the wealthier segments of society. Should taxes have been reduced? Were they too high? Yes, the system takes too much from all segments of the population, rich and poor alike. Our system rewards those who know the system the best and can afford to influence political outcomes. The consequence of this reality is that average people are shut out of the system. Average people can not afford either the time or the political cash contribution levels to access influence and fairness in the political process. This is not a new problem. Periodically, it rises to the surface and real reforms are made. What we now call campaign contributions used to be more honestly called for what they really are - bribery.

In our system the innovation of the wealthy should be rewarded. In our system people should be able to get rich and enjoy the fruits of their creativity, labor and risk taking; however, the system must be fairly balanced in a way where cash is not king, where people are placed first, where values drive the decisions of businesses and where equity means more than dollars.

These days we have all heard about how great the economy is and that everyone who wants to work is working. Yet, only three decades ago a family in the United States could plan on
owning and paying for their home in fifteen to twenty years, owning their cars, sending their children to good colleges and enjoy a reasonable retirement in old age. Today, we see almost universally two-income households, with many households needing two full time jobs and an additional third job to make ends meet. We see increases in taxes and an ever increasing percentage of household incomes being spent on interest payments. Interest is a hidden tax - it is the "banker's tax".

During the 1980's and 1990's consumer debt increased dramatically. Easy credit, low interest rates and over-consumption increasingly put people further behind the debt curve. Interest rates are expected to begin to rise, which will divert even larger portions of individual incomes into interest payments and have a dramatic impact on the structure of national debt service payments. When taxes and interest payments are combined, the remaining money available for investment and just plain living is reduced to about 25% of the dollars we each actually earn. People who rent and do not own their homes are impacted as well because rents are established taking into consideration interest and taxes. So whether we pay directly, or indirectly, the result is the same - we all have a decrease in the amount of money that we have which can be spent in the economy and others make these decisions for us.

**Time Theft**

Even more important than the loss of actual cash and the benefits derived from having money, we are all losing our most valuable resource - our time. The only thing that can not be replaced when spent is time. Surplus time is
what used to allow people to be involved with their families, building friendships, volunteering in their communities and, most importantly, engaging in the political process which controls so much of our lives. Time is life and it is being replaced by the need for cash. The need for cash is shifting our values from community and family to lower impulses for many people. At the same time, stress levels in the population are having devastating impacts on our health, society and future.

A good example of what can happen when money and the trappings of wealth take a greater place in our lives than human values was illustrated in an article which appeared in the Atlanta Constitution1. The article dealt with a suburban family living in the United States in a better neighborhood with nice furniture, a VCR, stereo and golf clubs. The two parents, described in the article as thirty-seven and forty-five years old, had three children ages two, three and six. Their youngest died of starvation and the other two were close to death when police pulled them from the situation. All the "things" that consumers think they need were in the home, but in the kitchen the only things which could be called food were a few spices and a bottle of cooking oil. The family even had kept up their life insurance payments but let their children starve. The American dream has become a nightmare of misplaced values. While it is true that this is a single isolated family, it does represent an extreme which civilized people should contemplate and try and change. The drifting direction must be turned towards reform and change.

What else has our system yielded? In the last
couple of decades we have intervened in Granada, Panama, Nicaragua, Iraq, Haiti, Somalia and several other places. We went to all of these places to "protect American interests". What interests were we protecting? Were they the interests of most Americans or were they the interests of multi-national corporations? In fairness, they were both. Military personnel often find themselves in wars where the mission and purpose is unclear and popularized by government propaganda. Militaries are the collection agents for governments and those who influence governments. It is up to each citizen to protect the integrity of the military so that our friends, neighbors and children are not placed in harm's way for reasons that are not in our interests. War should be the last resort. The interference in another country's sovereignty should be significantly limited and openly subject to national debate rather than left to secret initiatives.

Think about one of these recent conflicts. What were we doing in Panama? Stopping the flow of drugs was the story we all heard. To do this in Panama we toppled a President, brought him to the United States, gave him a trial, kept the press away from him and then hid him in a hole where he could not tell his side of the story. What was our government afraid of - the truth about what we were allowing to reach our shores as long as we could control Noriega's country? In how many countries do our "security agencies" interfere with internal politics and decision making? There are plenty of reports to illustrate the point. Are our armies being used as the gladiators for corporate interests, corrupt politicians and hidden
agendas?

Webster's defines a slave as: one who is the property of and wholly subject to another; a bond servant, or one entirely under the domination of some influence or person... So what have we become? Are we conquerors, stewards, victims or slaves? Perhaps, we are a little of each in the way we are allowing our lives to be directed.

We must begin to break the chains which bind us. We must let go of hate, fear, misplaced values and take control of the things which impact our lives. We must begin to select what we buy, who we help and what we do in life based on what is right and true. Perhaps, to recover the ground we have lost, we might even have to sacrifice a little of our most precious possession - our time.

In this Flashpoints, comparisons of the east and west have been made. In 1989, I remember the beginning of the changes as people, without leadership except the leadership of their own souls, took to the streets demanding change. They took different risks than we take in reshaping democracies in the west - they risked everything. They risked their lives, saw friends die and economies collapse, but did what they each could do to create change without violence. They each made an independent effort toward change.

We are each called to make an effort in our daily lives, in our individual spheres of influence, in the things within our immediate control. Effort is the key to change. Every small effort, independently taken by people, has a cumulative effect on the outcomes. The
greatest power is held in the moment - in the instance in which we each decide to act. Let solid human values guide each and every action.


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