

Where is the Money?

“. . . When population has increased nearly to the utmost limits of the food, all the preventive and the positive checks [*mostly war and famine - cm*] will naturally operate with increased force. . . . But the farmers and capitalists are growing rich from the real cheapness of labour. . . . the return to comparative plenty will again produce an increase, [*of population*] and, after a certain period, its further progress will again be checked by the same causes.” - Thomas Malthus

“How Malthusian we are today?” asks Carlos. “Thomas Malthus saw the cyclic plenty and shortages that plague the working people. He saw no real solution but to encourage the poor to celibacy and death by war or famine. To him it was natural law. God's law and natural law were synonymous in his righteous bourgeois perspective. In his arrogance, he never questioned his moral superiority to the people he and his rich masters looked down upon and relied on to do the real work.

“Today the same kind of moralization prevails, among our meritorious upper middle class, who never see the contribution that their relatively wealthy (and wannabe luxurious) existence (or that of the idle masters they serve) makes to the shortage of the means of survival for the rest of us.”

The top 1% of households in America possess \$16.555 trillion of the nations \$48.8262 trillion of wealth. [Wolff, 2004; it's worse today] There's \$10.94 trillion in the net worth of 1% [0.999%] of the population that's in excess of their first \$5 million each. The wealth in America owned by top 0.999% is \$16.538T; the next 9% own 36.9% that amounts to \$17.809T. If we taxed the entire \$10.94T excess of the of the one percenters, their households would each still be worth \$5 million.

Carlos is incensed. “But they say it would be unfair to make them give it up for America. We're forced into debt because they grow richer by paying us less to work to produce their wealth. Then they get more by the fees and interest on the debt to them. They own the government that asks us to give up our lives to expand or defend their empire and property. But they won't give up the excess over \$5 million, which by any credible account, they've stolen from us.”

Adam Smith said in “The Wealth of Nations,” that wealth is “the annual produce of the land and labour of the society”.

-

In the February/March 1996 issue of the Boston Review:

“What is Wealth?”

“Wealth (or net worth) is the difference between assets and debt. There are four major types of assets:

- Homes (technically referred to as “owner-occupied housing”);
- Liquid assets, including cash, bank deposits, money market funds, and savings in insurance and pension plans;
- Investment real estate and unincorporated businesses; and
- Corporate stock, financial securities, and personal trusts.

“Debt consists primarily of mortgage debt (usually on one's home), and credit card debt and consumer loans.” <http://www.bostonreview.net/BR21.1/wolff.html>

-

Much data is available at the Bureau of Labor Statistics [bls.gov] and the Federal Reserve Survey of Consumer Finances (SCF) conducted by the Federal Reserve Board.

<http://www.federalreserve.gov/pubs/oss/oss2/scfindex.html>

download: scf09.pdf

-

The following data has been gleaned from Edward N. Wolff's "Working Paper No. 502"

[www.levyinstitute.org/pubs/wp_502.pdf]

{revised in 2010: http://www.levyinstitute.org/pubs/wp_589.pdf
Wolff-update_589.pdf }

for the USA:

1)

2004 Total Households; households with Net Worth >= 1M	5M	10M
(1000s)		
$T_H=112107$	6,466	1,120.0 344.8

2)

2004 Mean Net Worth (1000s)	$W_N=430.5$
-----------------------------	-------------

3)

2004	% share Net Worth						
	top 1%	next: 4%	5%	10%	20%	20%	40%
	34.3	24.6	12.3	13.4	11.3	3.8	2.2

4)

	mean wealth holdings (1000s)						
	top 1%	next: 4%	5%	10%	20%	20%	40%
1983	8,315	1,375	598.2	323.0	154.8	64.3	5.4
2004	14,786	2,645	1,062.7	576.7	243.6	81.9	2.2
	% Δ 1983 to 2004						
	77.8	92.3	77.7	78.5	57.3	27.3	-58.7

from 1) and 2)

Total American Wealth in 2004

$$W_T = T_H \times 1000 \times W_N \times 1000 = 4.8262 \times 10^{13} = \$48.262 \text{ trillion}$$

from 1)

$$1120.0 / 112107 \times 100 = 0.999\% \text{ have } \geq \$5M$$

from 3)

34.3% of W_T owned by top 1% = \$16.555T

[the next 9% own 36.9% of W_T = \$17.809T]

$W_{5+} = 0.999 \times \$16.555T = \$16.538T$ collectively owned by those who have $\geq \$5M$

from 1)

$$1120 \times 1000 \times \$5M = \$5.600 \times 10^{12} \text{ is the sum of the first } \$5Ms \text{ of all the top } 0.999\%$$

Conclusion:

$\$16.538 \times 10^{12} - \$5.600 \times 10^{12} = \$10.94 \text{ trillion}$ in excess of \$5M each owned by top 0.999% of American Households. We can infer from the trend indicated in 4) that less taxes for the top-floaters

did not raise all boats. Ours and our government's debt made the top 1% richer. Cuts in entitlements and social spending for 90% of us will further exacerbate the ill distribution that has already impoverished or imperiled most Americans. The imbalance grew with every bubble and “cyclic downturn” that collapsed or brought down the economy. We've been told there is no zero sum game. Malthus knew better but being better said better let them starve or die in war, as dictated by market forces.

We could solve our budget problems by taxing half of the net worth in excess of \$5 Million. That is: a wealth [property] tax of 50% with a \$5M deduction. Everyone, rich or poor, is taxed at the same rate and receives the same exemption. That would yield \$5.47 Trillion and the Tea Party's Rep. Paul Ryan was asking for \$5.6T in cuts starting in 2012. Sen. Coburn now demands \$9T. The wealth of the top ten percent is not liquid for the most part but can still be taxed if we have the will to make them pay. It just won't be a simple bank transfer or debit from their accounts.

On Face the Nation (March 15,2011) the Speaker of the House was asked about jobs. Boehner said we must cut the deficit. That's the reason small business owners are too scared to create jobs. They must be given confidence in order to move forward.

A little later, w.r.t. the mortgage crisis, he said we've got to resolve the foreclosures, get the houses off the books by selling them, then the housing market can recover, because Americans will have the confidence to buy homes again. In others words, recovery is dependent on consumer confidence and will be seen when the prices go back up. Carlos asks, “Recovery for who?”

The Boehner was asked again if addressing the deficit would create jobs. He said the \$14 trillion dollar debt causes the lack of confidence that stifles job creation. Carlos remembers, “His face momentarily betrayed the recognition of his logical absurdity. He requires supply and demand to act independently. His repetition of the inconsistent lies probably doesn't fit Orwell's definition of doublethink but it's close enough for intelligent life forms to doubt the sanity of the cons, who all repeat the same blather.

“I ask, will entrepreneurs and small or large business create jobs to provide products that people have no money to buy? Doesn't demand drive supply? How will people buy the excess inventory of houses, which is being increased by ongoing foreclosures, if we didn't have the money to keep our overpriced [for the benefit of real estate, mortgage brokers and lenders] homes in the first place? If housing does recover, how will jobless people buy the new houses? Even if speculators buy them as rentals, who will pay the rents they demand? The 'best and brightest' corporatist ruling class seems to be eating its own tail.”

<http://www.informationclearinghouse.info/article28569.htm>

ICH-Pivarnus-consumption-driven-7-13-11

Many are starting to question the common wisdom. They see that it's not government or individual debt that destroyed the economy or impedes its recovery. It's concentration of wealth on the supply side that is the heart of the problem. The money is stuck at the top. You can't sell houses or any other products to consumers who are jobless or so debt ridden that they can barely get by or even lack essentials like food and clothing. The lenders and landlords are the problem. Government [collective] and individual debt are the symptom of a parasitic affliction of usury.

“The cure for what ails us is a 100% wealth/property tax with a \$5M deduction,” proclaims Carlos. “That amounts to almost \$11 trillion. If that property can't be liquidated to pay the tax, it can be foreclosed to pay the people's lien and the industry it represents nationalized [taken by the people it victimizes] to provide income to pay off our \$14T collective debt. How much property is there that might be used to pay our creditors. Of course the assets that are government bonds are dealt with most easily. But those bonds that are the \$2.9 trillion in SS Trust Fund assets are the one's the conservatives, who looted SS to fatten their contractor cronies, want to default on. They know SS will be insolvent if they refuse to pay that debt. It's win win for the looters of America. Oh, by the way, most of the creditors we owe are the same investors who created our economic hardship to get the money the lend

us. Our debts are their investment capital. See more on the con's con of our Social Security later.

“The cons will tell us that the elites need their money and excess property to invest and create jobs. We know from present experience that they don't do that because they have no confidence that we'll have the money to buy the products that will be produced. They know that because they have the money we need. The politicians will also claim that taxing the rich will kill incentive but 99% of us will still be glad to get to \$5M so we can start paying the tax - and we bargain back 50% of the excess. Half is better than nothing, which is more than I'd allow the rich parasites.

“Remember from 3) above? The next 9% own 36.9% of W_T . That's equal to \$17.809T. We can do a lot without touching what those up and comers have until they get to the \$5M level, though since these people benefit the most from the freedom to exploit Americans, it's appropriate that they pay the most to maintain our ability to consume their products. If they continue to threaten our existence by moving our jobs and their profits offshore, more drastic measures than fair taxation may be necessary.”

They won't tell us how much they've invested in the offshore corporations or how much untaxed money they have stashed in places like the Cayman Islands. We don't know how much of the money that we paid them for the goods and services they provide has been spirited off to foreign banks.

“there are 10—anywhere between 10 and 20 trillion U.S. dollars sitting offshore at the moment” -

Nicholas Shaxson [Offshore Banking and Tax Havens Have Become Heart of Global Economy](#)

DN-Shaxson-Treasure-Islands-4-15-11

Apple, Google, Microsoft Sitting on 58 Billion in Overseas Profits, Blackmailing Us to Avoid Taxes

- By Les Leopold, AlterNet <http://www.alternet.org/story/151413/> AN-Leopold-58G-overseas-profits-6-23-11

Rep. Ryan has chanted that we need to cut 5.6T and won't see we can get it easily from the rich who've looted the country in the past thirty to forty years. Instead, we're diverted by Ryan's bullshit about vouchers for Medicare that will cause insurance companies to compete and we'll all win. All the while they say the market will create the jobs but it never happens. And any savings from cheaper labor or competition goes into the pockets of the rich or to campaign contributions. The prices rarely go down. The rich and their skills [they, in case you ever wondered who they are] just take more and more from us.

<http://robertreich.org/>

<http://www.alternet.org/story/150497>

Reich-blog-on-Ryan-plan-4-5-11-and-AN-tax-the-rich-4-4-11

<http://www.vanityfair.com/society/features/2011/05/top-one-percent-201105>

Of-By-and-for-the-top-1p-Stiglitz-4-6-11-May-Vanity-Fair

“If we cut out some of the Pharmaceutical, Insurance and corporate health care provider price gouging and taxed excess wealth at 90%, we could have free health care for all.” Carlos is still looking for ways to cut expenses and increase revenue for we the people and our government. “Forty percent of \$10.94T divided by 112,707,000 households yields \$38,826.34 per family. More than twice that much, if we make all of the top 10% pay for the privilege to grow rich by our hard work. For profit health care is a huge burden on the economy, the people and our government. Guess what? The cons say the solution is to not tax those who have all the money. No, they want to privatize Medicare and give the rich even more. Medicare has 3% overhead. Insurance company bureaucracies and CEOs overhead is 30% before the cost of investor profit. And is the cost of advertising in the overhead or a separate expense, like bribes to politicians? Oh well. That's all part of the cost of doing business.”

The idea that further privatization and competition will cause the greedy insurance, pharmaceutical and corporate healthcare providers to lower prices is ludicrous. It's a theory that is repeated ad nauseam. The result of every attempted implementation has been failure, since Milton Friedman and his puppets, Thatcher and Reagan, advanced the hypothesis in the 70s and 80s. That's evidenced by the growth in MIC, medical, all other costs and the concentration of wealth that's resulted. [see % Δ s 1983 to 2004 above] The ability of tax cuts for the rich to produce jobs has been

debunked by the reality we're suffering. "But not for the most hardcore conservative dupes - the Tea partiers and Libertarians," adds Carlos.

Unlike the Europeans, who from Iceland and Ireland to Greece are rising in revolt to austerity imposed to pay for banksters crimes, most Americans remain enthralled by neo con artists' lies. We foolishly believe the government and the poor are responsible for the collapse and depression that's killing us, while Wall St and the banks we bailed out continue to thrive. How is that possible?

' . . . A Le Monde article accused the EU-IMF plan: "will result in a collapse of the economy and of peoples' incomes without precedent in Europe since the 1930s. Equally glaring is the collusion of markets, central banks and governments to make the people pay the bill for the arbitrary caprice of the system." [3] Olivier Besancenot and Pierre-François Grond, "[The Greek People are the Victims of an Extortion Racket](#)," Le Monde, May 14, 2010. . . . "The problem is that the more Iceland's economy shrinks, the more impossible it becomes to pay foreign debts. . . . It would plunge the krona's exchange rate, shrink the economy, drive young workers to emigrate to find jobs and to avoid the bankruptcy foreclosures that would result from subjecting the nation to austerity. . . .'

<http://www.informationclearinghouse.info/article27851.htm>

ICH-Hudson-Iceland-vote-4-9-11

An almost \$15T government debt is huge. But the biggest number to think and worry about is the amount of outstanding derivatives of assets. If they read, it might help to debunk the propaganda that's so effective at programming the dupes. The \$48T of wealth among 112M households consists of the material things that exist for our money to buy. There's up to \$1000T [a quadrillion] in derivatives of those assets.

If you haven't yet figured it out don't worry. Neither have the so called experts we rely on. At least that's what they say. Maybe they don't want to admit that derivatives are totally imaginary securities that are too often exchanged for real (our tax/bailout and other) money. How does that work? [rhetorical question because it only works for the con artists of the financial non-industry] Imaginary money can only inflate the real thing. "But it gives the top proportionally more and, inversely, the bottom less" says C, "except in the fantasies of conservatives and their fools.

I've seen estimates of derivatives outstanding from less than \$100T to more than a quadrillion. "The notional value of all outstanding derivatives now totals approximately \$1.144 QUADRILLION."

<http://www.rense.com/general82/out.htm>

JPMorgan, topping all commercial banks, holds nearly \$78 trillion of the industry's \$231 trillion in derivatives, according to the report by the comptroller ...

<http://dealbook.nytimes.com/2011/03/22/4-wall-st-banks-still>

If you're worry about the debt that's subtracted to arrive at your negative net worth, don't. It's someone else's asset and so included in the \$48T of real wealth. Unless the lender leveraged its assets to the point that the material collateral is a negligible part of the whole, to create the funds you borrowed, only interest, derivatives and financial profits consist of purely imaginary money. But why worry about material things. They're of the small world in which we grew up. Now we are subsumed in the whole Earth economy. The discussion so far has been mostly limited to the activities in the domestic subset of the global market.

Moving on to a bigger picture, imagine this scenario. An American trade corporation buys the goods from a Caribbean corporation owned by the same principal stockholders/board members. The offshore entity buys from China and sells it to their American sister firm at a steep markup, which determines what we pay for it. The investors don't make most of their money in America, though they pay taxes on the domestic profits. The offshore operation makes the big bucks; the vig from which stays there and isn't subject to our taxes, even though it's our money that buys the products and supports the entire operation. In the end we don't get the promised jobs either. Our money doesn't circulate, because of that big sucking sound you hear above you.

Don't worry, even if we're broke, the rich and their servants won't go out of business. We may succumb to the Malthusian final solution. They expect to continue to profit by retailing in China. It will save on shipping too! The capitalists are moving on from America. We no longer have the money to

consume enough from them. Soon the slash and burn capitalist economy won't need us at all. Doh!

I think it was Friday 8 April 2011 on NPR Marketplace that I heard Home Depot is retailing their Chinese goods in China. And it looks like GM has wrung all they could out of the autoworkers and the rest of us too. Carlos comments. "I don't expect that the Chinese Communist government will be as docile as ours, when the capitalists move on from China to Indonesia or Africa in search of cheaper labor to make goods to sell to the Chinese victims of slash and burn capitalism."

"Moreover, in an age when finance circles the globe continuously seeking any comparative advantage, trying to return to an age of national capital is folly. Just look at GM; its [top market is now China](#), having surpassed sales in the United States in 2010, and these vehicles tend to be built in union-free [plants right in China](#). So much for saving jobs by accepting 50 percent pay cuts."

http://www.alternet.org/story/150555/the_american_dream_as_we_know_it_is_obsolete

But wait! We owe too much money. We can't default on China or Wall St. We must sell a default on the American people as a cut in government spending and a reduction of the size of government.

Are Social Security and Medicare the budget assassins or victims of corporate looters and pillagers?

Total federal government interest spending 2010 - \$413,954,825,362.17. That interest we paid is someone else's profit. And they probably don't pay tax on it.

http://www.treasurydirect.gov/govt/reports/ir/ir_expense.htm
treasury-on-interest-expense-7-11-11

Total Military Spending [defense budget plus wars costs]

Defense including wars [Wikipedia] 2010 \$685.1 billion

2012 request \$1.030–\$1.415 trillion [ibid.]

2nd source: <http://www.marketwatch.com/story/obama-to-sign-2010-defense-spending-bill-2009-10-27> says \$680 billion bill signed by the president.

In 2010 SS and Medicare income [payroll tax and interest on congressional debt] exceeded outgo by \$36.8 billion.

I found government and non government sources for Social Security accounting. The following is from: <http://www.ssa.gov/oact/trsum/index.html> 2010:

Programs that are paid out of the Trust Fund	Income	Outgo	net change (billions)
Old-Age and Survivors Insurance (OASI)	\$677.1	\$584.9	+\$92.2
Disability Insurance (DI)	\$104.0	\$127.7	-\$23.6
Medicare, the Hospital Insurance (HI)	\$215.6	\$247.9	-\$32.3
Supplementary Medical Insurance (SMI)	\$270	\$274.9	-\$4.5

[SMI includes Medicare Part B, doctors/outpatient and Part D, prescription drugs.]

In 2010 there was no net expenditures by the SS Trust Fund. At the end of 2009 its assets

totalled: \$2.9211 trillion. At the end of 2010: \$2.9529 trillion. There was a net increase of \$31.8 billion.
<http://www.ssa.gov/oact/trsum/index.html>
SS-Trustees-Report-2011

The SS trust fund has been borrowed to pay corporate welfare to defense concerns like the Dubai company, [Dick Cheney's] Halliburton. Healthcare industries, including insurance companies and sanctioned Medicare frauds like HCA [Hospital Corporation of America] owned by former Senate Majority Leader Bill Frist (R-TN) and family, are among many privatizations and other scams that have also cashed in on conservative supported government spending.

The cons throw the SS [Payroll] Tax in with general revenues and show total SS/Medicare outlays in with general expenditures and claim those pre-funded and asset backed expenses - and not the conservative looters who got all the borrowed and spent trust fund - are what break the budget.

The con [servative] artists keep on putting out the crap and so many morons keep eating it up. That is: they tell you the corporate welfares that have broken us are necessary expenditures and the SS/Medicare trust they looted to pay for it must be cut to make up the losses. That's what auto industry bankruptcies, which looted private healthcare and pension plans to prevent investors losses, did to a subset of Americans, many in Michigan, a few years ago. And the dupes of the cons believe the UAW and social spending have ruined the economy! Are they for real?

The biggest single holder of government debt is the American People's Social Security Trust Fund. At the end of 2010 it had \$2.9529 trillion in assets, which as we all know, are government bonds/IOUs. We collectively own \$9,023 trillion of ~\$14.512 trillion publicly and privately held bonds, including the biggest part, our SS Trust Fund. China is the biggest foreign investor in American debt at \$1.1 trillion at the end of 2010. \$4.4396 trillion is the total of foreign holdings.

General information about distribution of government debt:

<http://www.fms.treas.gov/bulletin/index.html>

US-Treasury-general-debt-info

More recent data on foreign holdings at:

<http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt>

see also The Federal Reserve website and BLS. <http://www.bls.gov/pir/publications.htm>

When perfidious politicians want to reduce the debt, they claim that the money we owe Social Security is the expense we must cut. They'll insist we must pay the contractors of the MIC and other private operators. We must honor the debts to rich banks, investors and hedge funds. Goldman Sachs, BOA, Citigroup must have their due, including their everything tax on all of our transactions. But debts to the American people, including veterans health care and pensions, can be defaulted. Just call them growth of government or unsustainable spending.

The treachery is labeled reduction of spending and size of government. Our response to 'government' has been conditioned. We're as mindless as Pavlov's dogs, thanks to politicians and the puppet masters, like Rupert the Fox. We all, including veterans, paid up front and now hold debt to secure the promise of pensions and healthcare we purchased. A multi trillion dollar promise to us is not a conservative priority.

Apparently the good faith of our leaders is like that of a con artist. They've taken the money and spent it on their cronies presently in the private sector as they themselves once were and in the future will be. Now they want us to reimburse what they steal from us, by cutting ours, so they can keep theirs and get even more. Our debt holdings are not important like some Wall St parasite's, or even China's.

Don't worry they say, if we let them keep what they have and give them more, we'll grow our way out of the problem. Now they'll invest in America and create jobs, though they made the money by investing in China and outsourcing our livelihoods. The top 1% of households in America possess \$16.555 trillion of the nations \$48.8262 trillion of wealth. The next 9% own 36.9% that amounts to \$17.809T. [Wolff, 2004] That's more than a two thirds of the wealth of America in the hands of ten

percent of the population. But don't worry. It's not a zero sum game. If we tax those who have everything they won't create jobs to make a profit and in the end have even more. How does that work? It sounds like lose lose to me.

Zero Sum conditions must exist in a growing economy for any profits in excess of growth. If profits merely equal growth, then only the few who have positive net worth [ten percent or less] have benefited from it. The majority, in this, as in all, must suffer a loss and increase in debt, which supplies more profit [interest/usury] for the masters.

When earnings are reinvested, the interest [profits] they earn are compounded. That's also our loss. Zero sum economics are as certain, in practice, as conservation of matter and energy is in reality and the theory that predicts it. Reality and economics are worlds apart in American weltanschauungen.

When cultures of raiders and pillagers form the whole of the Human Race, we must necessarily go extinct from the failure to have anyone to produce what we need to live. That is: when we're all successful business people and investors, we'll all starve.

All bullshit aside the question remains. Where is the money?

I don't know if we can call the troops home from the Middle East and invade the Cayman Islands to get our money back. But each year we could tax the excess over \$5M of the less than 0.999% who have it. If some of them run honest businesses - not selling out America - maybe they'd get mad and rat the majority, their tax cheating peers. That would yield substantial income for our government and the services we can't now afford, because private industry takes so much for the investors there's not enough for us, may become possible.

In fact we must get our wealth back from the rich parasites. One way or another, we must secure enough to live or we will die young. I'll leave it to an honest economist - if unlike the politicians and the rich owners they pander to, there is one - to calculate the amount that the tax burden of the rest of us could be lightened by making the rich pay a fair share. That's one that reflects the amount of wealth they take from our community and which has been created by the hard work that we did for them.

http://www.alternet.org/story/150598/how_12_multinational_corporations_avoid_paying_taxes
AN-XNat-Tax-avoiders-Shepherd-4-13-11

government sources

IRS stats

<http://www.irs.gov/taxstats/index.html>

<http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96426,00.html>

bls.gov

<http://www.bls.gov/pir/publications.htm>

contribution of inheritance to inequality:

U.S. Department of Labor

U.S. Bureau of Labor Statistics

Office of Compensation and Working Conditions

Inheritances and the Distribution of Wealth

Or Whatever Happened to the Great Inheritance Boom?

Edward N. Wolff, New York University

Maury Gittleman, U.S. Bureau of Labor Statistics

<http://www.bls.gov/osmr/pdf/ec110030.pdf>

http://www.alternet.org/newsandviews/article/635585/29_companies_had_more_cash_than_the_u.s._treasury_as_of_july_13/

Posted on Monday, July 18, 2011 @ 08:22 AM
AN-29-Companies-that-have-the-money-7-18-11