

Tax Middle-America or Tax Plutocrats?

A View from the Ranch

By Bob Williams

A dictionary definition of a plutocrat would be “a person whose power derives from their wealth.” This also comes uncomfortably close to being a definition of our political system – a plutocracy rather than a democracy. Those whose power derives from wealth don’t often hold political office, but they exert themselves to determine who does occupy high office.

One of the hottest debates in Congress today concerns taxes or tax cuts and their effects on deficits and the national debt. A less talked-about issue has also arisen in the last few weeks, how to fix the Social Security system. These sound like separate problems, but they are, in fact, the same old problem, the contest over who gets taxed.

In February President Obama signed an executive order creating the National Commission on Fiscal Responsibility and Reform. The Commission is charged with “identifying policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run. Specifically, the Commission shall propose recommendations designed to balance the budget . . .” By April it was clear that the target of the bipartisan commission had become entitlement spending and, in particular, Social Security.

The committee is co-chaired by Republican Alan Simpson and Democrat Erskine Bowles. Simpson, in an email rejoinder to a column by the Executive Director of the Older Women’s League said, “We’ve reached a point now where [Social Security] is like a milk cow with 310 million tits!

Call when you get honest work!” This was the comment of a fool, but it lets us know where the co-chairman of the committee stands on Social Security.

But what is it about Social Security that needs fixing? The Social Security trust funds are in surplus to the tune of \$2.5 trillion. Under somewhat pessimistic assumptions, this means that with no changes the funds will not go into deficit until 2037. That is one full generation from now. Under more optimistic assumptions about the economy, the funding may never go into deficit.

This means that if the pessimistic assumptions prove correct in 10 or 15 years there is time to fix any problem. Why are fixes to be proposed now? It is because Social Security funds are being used to fix another problem, lack of a spinal-column among many in Congress. They are afraid to raise taxes, especially on the very wealthy, and prefer using the Social Security funds as a very large slush fund to cover general government expenses from the Department of Defense to the Department of Agriculture, expenses that would otherwise show up as a larger annual deficit.

“Fixing” Social Security means maintaining this large slush fund rather than reducing it through benefit payments. This fund is paid for by middle-America through Social Security (FICA) taxes. Congress, when it established the Social Security system, did not intend that funds sit as cash in a vault, but they did intend that it would be available as a cushion against bad times. We’re there.

When the Treasury begins to repay Social Security bond indebtedness to satisfy benefit payouts, as happened this year for the first time, this will indeed increase the deficit. But the problem to be solved lies not with Social Security

but with such things as entering wars without passing tax bills to finance these wars, as well as similarly irresponsible acts in domestic spending – in other words, congressional lack of backbone.

Congress lacks the political backbone to tax the plutocrats. The richest one percent of our population has benefited inordinately, compared to other Americans, from changes in the tax laws over the past 30 years. Studies on the period 2002 to 2007 show that the upper one percent accounted for two-thirds of all income growth. By the year 2007 they had garnered twenty-three percent of all income in the United States. Members of this plutocratic class pay \$6,622 per year in Social Security taxes. Your dentist down the street probably pays the same. This is the top amount anyone pays no matter how much they earn.

The suggestions now being advanced for cutting Social Security benefits or raising the retirement age are simply ways of avoiding raising taxes on the plutocrats, the upper one percent. It is a way of continuing to use Social Security payroll taxes to pay for what should be paid for by income taxes. It is a hidden argument over who gets taxed, middle-America or the plutocrats.

It is not as though Social Security cannot be improved. It can, but these improvements need not involve cuts in benefits or raising payroll taxes on middle-America. And there is no necessity for addressing these issues now. There are far more pressing economic problems to be solved in the immediate future. Now is not the time to fix what isn’t broken.

Bob Williams is an emeritus professor of the University of California. He now operates a cattle ranch in Millville. He can be reached by email at wmsranch@hughes.net

What happens when a small town speaks truth to power?

—by Frank Galusha

If a small town speaks truth to power are its pleas for mercy actually heard? That was the question August 17, 2007 in Whitmore when over 100 residents descended upon their volunteer-built Community Center to ask the Federal Energy Regulatory Commission to spare Kilarc Reservoir. I think the answer is “It

won’t matter!”

The people of Whitmore, like their antecedents at Lexington and Concord, are not going to cut and run. They are standing up to the lies made by their enemies, the “Crown’s” so-called resource agencies, and they are going to win the day. It may take a while, even a journey into the courts, but in the end I believe the hydroelectric facili-

ties will be saved, and Kilarc will be fished for another 100 years.

Why am I so optimistic? A fired up citizenry armed with the truth and common sense will eventually beat down even the most entrenched bureaucracy. It won’t matter a whit that the representatives from FERC tried to sit stiff and stony-faced, seemingly unaffected as they got read

the riot act.

The town’s speakers, like those who signed our Declaration of Independence, made their numerous grievances known one by one. Some were emotional, almost to tears while reciting their fears should Kilarc be destroyed. Others used humor, sarcasm and satire to make their points. No one resorted to anything less than the facts.

As a result, every one of the 20+ citizens who took to the podium drew blood. Some remarks were only pinpricks but others stung like a cat-o’-nine-tails. When the scolding was over, the “King’s” ministers knew the tongue lashing they had just received was just the beginning. It may not be “the shot heard ‘round the world,” but the people of Whitmore are not going to

be trod upon. They will Save Kilarc! And like their battle, this story will be continued.

[Author’s Note: There was not time to replay my numerous recordings so that I could share the many points scored by the people of Whitmore, Congressman Wally Herger, Supervisor Glenn Hawes and representatives of from Shasta County and Sierra Pacific Industries. I will try to do so when I pick up my “pen” again. -- FG]

LETTERS TO EDITOR

Whitmore School invites community to Vision Night

Dear Editor:

On Thursday, September 30, 2010 Whitmore School will host a “Vision Night” town hall meeting at the school. This meeting is an opportunity for the school staff to hear from the parents and members of the Whitmore Community and to discuss ideas for improving Whitmore School.

“Vision Night” will be an evening of brainstorming by parents, community members and staff as to how we can make Whitmore School a better school in the future. It is very different from most school events in that everyone can play a part in transforming the school through their positive suggestions. We hope you will come and share with us your suggestions for what you would like to see Whitmore School offer our children and how you would like to see it serve our community.

Tom Armelino, Shasta County Superintendent of Schools will be here to help facilitate the event.

We plan to take the ideas that come out of the “Vision Night” meeting and develop three year goals for the school through an on-going “Vision” Committee.” Community members, as well as parents and staff, are welcome to participate on this committee. We will utilize the on-going committee to study how we can transform our school from good to great.

The meeting will begin at 6:00 p.m. in the Cafeteria and run until approximately 8:00 p.m. Childcare, refreshments and a no-charge spaghetti dinner will be offered.

So that we will be sure to have enough food for everyone, please call Linda Barneby, School Secretary, if you plan on joining us for dinner.

I look forward to seeing you there and hearing your ideas.

George DeFillipo
Superintendent/ Principal

The death of a village: A community fights for survival

Dear Editor:

The small community of Whitmore in Northern California is in a fight for its future. The village nestles in the pine covered hills thirty miles east of Redding and its very existence is threatened by unsubstantiated bureaucratic decisions. The Village has only three major businesses, along with a Post Office, two Churches, an Elementary School, a Community Center, and a Volunteer Fire Department second to none.

All of this is in jeopardy because Pacific Gas and Electric Company has elected not to renew the license to operate two small hydroelectric plants. One, Kilarc, has a forebay that is the outstanding fishing and recreational facility in the area. It is maintained by PG&E as a requirement of the Federal Energy Regulatory Commission (FERC) which licenses the hydroelectric plants. The Kilarc forebay provides a 4.5 acre reservoir accessible from 90 percent of the shore line (no boats) and 85 percent for wheel chair handicapped fishermen. It provides picnic tables, BBQ stands, vault toilets, ample parking, and fantastic views in a mountain setting. The forebay is stocked with catchable trout by the California Department of Fish and Game (CDFG). Kilarc reservoir is located along the Pacific Flyway and wildlife viewing is abundant. For all of this there is no charge; it is free to the public.

The threat to the community of Whitmore is the loss of the Kilarc forebay. PG&E’s decision not to relicense the two small but clean hydropower plants in 2002/3 was based on the fact that power generation would not be economical with the impact of the Fish Agencies additional requirements for anadromous fish (Salmon and Steelhead).

An “Agreement” with the agencies was reached in 2005, without any local participation, to relinquish the license and decommission the facilities. This means returning the Cow Creek Watershed to its status as of 107 years ago. Where even in local history records might such information be available? FERC in their infinite wisdom initially issued a Draft Environmental Impact Statement (DEIS) that approved decommissioning the facilities.

In a quickly scheduled meeting in Redding on July 14, (only 22 days notice for a 300 page report) the local population took FERC to task for a document that was woefully inadequate and full of errors. The DEIS did not address any of the local problems, did not meet the National Environmental Protection Act (NEPA) requirements, ignored local effects, and the previous input of local stakeholders. There was so much lacking in the DEIS that it was equated to the holes in Swiss cheese.

There are several other factors that will impact the Community. Since there is no through traffic beyond Whitmore, local traffic for hunting and fishing are very important to local businesses. The General Store will suffer without the sale of fishing

supplies or picnic supplies (current operations are only marginally profitable). The outstanding Lavender Gardens will lose traffic that provides visibility and thus patrons. The local Way Station, an antique and collectables store, will have no traffic for recognition. The new Community Center will be utilized less, and as the activity diminishes the Post Office could be closed.

This is the potential future of a village that will die. Why? It is being driven by the fish Agencies. They claim opening up the creeks will enhance spawning of anadromous fish. There is no scientific backing, or studies to support this concept. Kilarc diverts water from Old Cow Creek above impassible falls which lie 2.7 miles above the Power Station. If all the water was retained in the creek, that would be the extent of streambed gained. It is however, conceded that Salmon will not transition Whitmore Falls (several miles below the Power house) and Steelhead can only transition in high water flows. Long time residents, and data handed down from previous generations, debunk Steelhead ever being seen above Whitmore Falls.

There are two smaller power companies that have presented alternatives to decommissioning that are not even being considered in the DEIS. One group, Evergreen Shasta Power has partnered with Shasta County and Sierra Pacific Industries (major surrounding land owners) to offer FERC a Settlement proposal that includes a 100 percent resolution to all the issues at hand. This Settlement offers a comprehensive plan that will not only benefit fish, but will retain green energy, maintain Kilarc reservoir, and protect the public interest. This alternative solution would avoid the adverse impacts on the community, individuals’ livelihoods, and the environment that would result from the PG&E decommissioning. Instead, it sets out a feasible way to meet the public standard, if adopted by the FERC, and allows PG&E a way to surrender its license in the public interest.

A second group, Davis Hydro LLC, has also proposed continuity of operation of the power house, the recreation aspects of Kilarc reservoir, and the establishment of a trout hatchery in the by-pass canal. This would enhance the fish production in the area and supplement the potential of the stream bed. The century old ecosystem and added riparian benefits would be retained for wildlife and for more miles than the by-pass area of the stream bed. No disruption of the lives and property of the residents and businesses would occur.

Life in Whitmore has been good for over a century. Now it may be destroyed because of an invalidated concern for anadromous fish which may never have been present. Not only will 5MGW of reliable green power be lost, the people of Shasta County must suffer tremendous damage and cost for a questionable 2.7 miles of increased water flow to enhance fish not even confirmed to exist there.

Thomas Glenn Dye,
Chairman “Save Kilarc” Committee

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