

FAIR - AND - ADEQUATE

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September 2010

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Wisconsin groups prepare to fight for more federal funding

On September 17th, over 70 community leaders from around the state gathered in Stevens Point for a conference on *Standing Up for Wisconsin Communities: Why we need federal aid — how to fight for it and win!*



The event was organized by the Institute for Wisconsin's Future and Wisconsin Voices to give these leaders the knowledge and ability to fight for federal aid to support the essential public structures upon which Wisconsin residents all rely.

Wisconsin (and the nation) survived the severe recession only because of massive federal recovery aid. But unless this aid is renewed, state and local budgets will not make it through 2011 and the nation might slip back into recession. The focus of the conference was how to get out the message that more federal aid is needed. Take a look at: wisrecovers.org

Harley-Davidson squeeze play hits the state



Harley-Davidson's squeeze on its unions typifies a style of corporate behavior that is endangering the middle class. It eliminates middle-class wages for its employees and reduces the state's tax base, all while demanding an increasing array of expensive public services. IWF's Jack Norman explores Harley's brutal approach and the unwillingness of its top executives to share in any sacrifices required. [See the article in the Milwaukee Journal Sentinel.](#)

Harley CEO Keith Wandell seemed to take the article very personally, saying that portrayals of Harley-Davidson Inc. management as "greedy, mean business people trying to take advantage of the middle class in America" are unfair and untrue. "The management, over time, gave away the keys to the company," he said. "This is not about being mean-spirited. I refuse to work in a company where we cannot be the leaders."

As *Journal Sentinel* noted, Wandell's "remarks came less than two weeks after Harley's labor unions in Milwaukee and Tomahawk ratified seven-year contracts that included job losses, a wage freeze, increased health care costs and increased use of seasonal, temporary workers. Union officials reacted angrily. 'Something is definitely wrong when the CEO of a troubled company makes more than \$6 million a year and then whines about how out of control workers' wages have become,' said Frank Larkin, spokesman for the International Association of Machinists and Aerospace Workers, which represents some Harley workers in Milwaukee." [Milwaukee Journal Sentinel: Harley follow-up](#)

Corporations share "cash cow" opportunities

"But, Mom, everybody is doing it."

Unemployment is still high, the economy is fragile and communities are looking at reduced revenues to maintain vital public systems. What a great time to game the system.

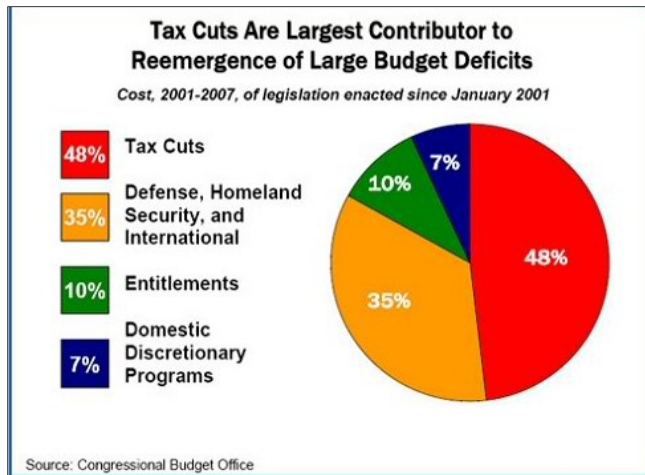
According to the conservative Evergreen Foundation, international business consultants Ernst and Young created a presentation in 2004 on how to use state and local governments as a cash cow for business. "Among those heavy hitters that E&Y emailed this presentation to are Nextel, Best Buy, Alcoa, Goodyear, Wal-Mart, Home Depot, Toyota, Capital One, Bank of America, Bayer, Bellsouth, Verizon, MBNA, Microsoft, Coors, Nissan, Anheuser-Bush, and Pfizer. Though E&Y's report quickly acknowledges that taxpayers don't like corporate welfare, the report offers ways to "provide government with justification" for providing businesses state incentives. Among its suggestions: employers should identify 'public benefits' of the projects seeking subsidies, while also making a 'but for' the incentives threat."

[Evergreen website](#)

The latest winner in Wisconsin is Harley-Davidson, which received a \$25 million incentive to stay in Wisconsin. But according to the *Milwaukee Journal Sentinel*, they are part of a growing crowd of corporate beneficiaries. "Mercury Marine received a pledge of up to \$70 million in state tax credits, plus a \$50 million loan funded by an increase in the Fond du Lac County sales tax. Other companies that are receiving tax credits for creating or retaining jobs in Wisconsin include Republic Airways Holdings Inc. (\$27 million), Oshkosh Corp. (\$35 million) and Uline Inc. (\$18.6 million)." [Milwaukee Journal Sentinel business](#)



Bush tax cuts were a lose-lose policy



The Republicans are running this year on an economic platform of tax cuts, especially making the tax cuts permanent for the richest among us. So how did the tax cuts work out?

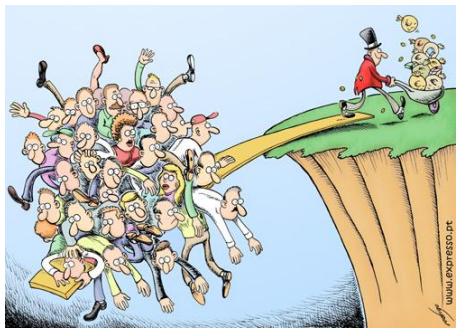
Total income was \$2.74 trillion less during the eight Bush years than if incomes had stayed at 2000 levels. That much additional income would have more than made up for the lack of demand that keeps us mired in the Great Recession.

Average incomes fell. Average taxpayer income was down \$3,512, or 5.7 percent in 2008, compared with 2000. Had incomes stayed at 2000 levels, the average taxpayer would have earned almost \$21,000 more over those eight years. That's almost \$50 per week."

[Tax.com website sponsored by Tax Analyst](#)

American middle class in jeopardy

The income gap between the richest and poorest Americans grew last year to its widest on record as young adults and children in particular struggled to stay afloat in the recession. A different measure, the international Gini index, found U.S. income inequality at its highest level since the Census Bureau began tracking household income in 1967. The U.S. also has the greatest disparity among Western industrialized nations.



- The poorest poor are at record highs. The share of Americans below half the poverty line — \$10,977 for a family of four — was the highest level since the government began tracking that group in 1975.
- The poverty gap between young and old has doubled since 2000. Child poverty is now 21 percent compared with 9 percent for older Americans.
- Safety nets are helping fill health gaps. The percentage of children covered by government-sponsored health insurance such as Medicaid and the Children's Health Insurance Program jumped to 37 percent, or 27.6 million, from 24 percent in 2000. That helped offset steady losses in employer-sponsored insurance.

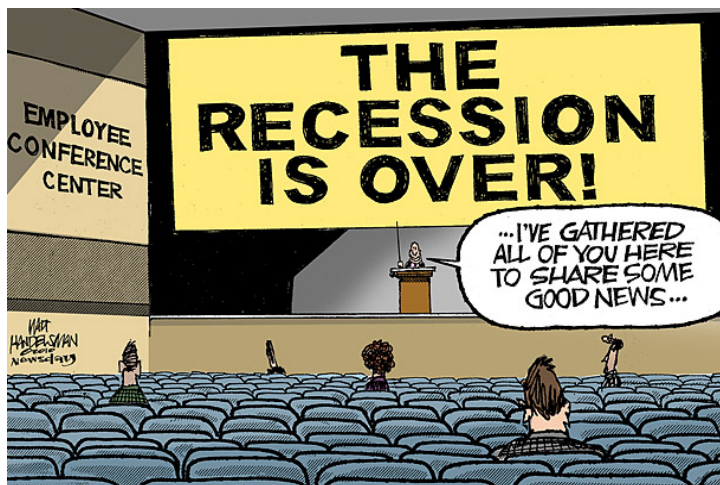
Sheldon Danziger, a University of Michigan public policy professor, said while the U.S. has developed policies to combat poverty, it has trouble addressing ever-widening income inequality — even with a growing federal deficit and previous warnings by former Federal Reserve Chairman Alan Greenspan about soaring executive pay.

An Associated Press-GfK Poll this month found that by 54 percent to 44 percent, most Americans support raising taxes on the highest U.S. earners. Still, many congressional Democrats have expressed wariness about provoking the 44 percent minority so close to Election Day.

"We're pretty good about not talking about income inequality," Danziger said.

<http://msbusiness.com/blog/2010/09/census-income-gap-reaches-all-time-high/>

Quote of the Month



Walt Handelsman - *Newsday* (N.Y.)