



Economic Report 2014

SENATOR BERNIE SANDERS

Dear Fellow Vermonter,

I don't have to tell you that these are tough economic times for Vermonters and people throughout the country.

Today, while the United States has the most unequal distribution of wealth and income of any major nation, there are more Americans living in poverty than at any time in our nation's history and the middle class continues to disappear.

The good news is that over the last 53 months, nearly 10 million jobs have been created and the "official" unemployment rate has gone down from 10 percent in October of 2009 to 6.2 percent today.

The bad news is that most of the new jobs that have been gained since the Great Recession are low-wage or part-time jobs – and real unemployment remains much too high. If we include those who have given up looking for work and those who are under-employed – "real" unemployment is 12.2 percent.

As a result of this weak recovery, the typical middle-class family now makes some \$5,000 less than it did in 1999, after adjusting for inflation. That's 5,000 fewer dollars to spend on buying products or services. When the middle class has less money to spend, businesses hire fewer workers, cut wages and eliminate pensions. We must do better than that.

The most important point to understand about the American economy today is that not all of our people are hurting. The fact of the matter is that while tens of millions of American families are struggling to put bread on the table and are often one paycheck away from economic devastation, the wealthiest people in this country have never had it so good.

Today, the top 1 percent owns 37 percent of the wealth of the nation, while the bottom 60 percent owns all of 1.7 percent. In fact, the top 0.1 percent, the richest 13,000 families in the U.S., now own 23.5 percent of all of our nation's wealth. One family, the Walton family, owns more wealth than the bottom 40 percent.

Since the Great Recession, despite continued increases in productivity, 95 percent of all new income created in this country has gone to the top 1 percent.

Today, the United States is No. 1 in billionaires, No. 1 in corporate profits, No. 1 in CEO salaries. Sadly, we are also No. 1 in childhood poverty, No. 1 in income and wealth inequality of any major country on Earth and No. 1 in the number of people in jail. Something is very wrong. We have got to get our priorities right.

The true greatness of a country does not lie in the number of millionaires and billionaires it has. Rather, a great nation is one in which justice, equality and dignity prevail.

I look forward to working with you so that we can, once again, expand the middle class in this country and make sure that our kids and grandchildren have a better future.

Sincerely,

A handwritten signature in blue ink that reads "Bernie".

Bernie Sanders
United States Senator



Saving the Middle Class

While the United States today has the most unequal distribution of wealth and income of any major country on earth, the middle class is disappearing and there are more Americans living in poverty than ever before. Given the economic crisis that we face, what should we do about it? How do we restore hope to the American people and rebuild the middle class? Here are just a few ideas that I have been working on in the Senate:

JOBS: First, we must understand that real unemployment in our country today is 12.2 percent, not the “official” rate of 6.2 which does not include those workers who have given up looking for work or who are working part-time. Further, the youth unemployment rate is over 20 percent, and African-American youth unemployment is nearly 35 percent. If we are serious about rebuilding the middle class and putting millions of people back to work, we need a major federal jobs program. We must create jobs by investing in our decaying roads, bridges, water systems, wastewater plants, dams and culverts. Further, we must end our disastrous trade policies that encourage corporate America to shut down U.S. plants and ship jobs to low-wage foreign countries.

WAGES: If we are serious about reducing poverty, we need to raise the federal minimum wage, which is now \$7.25 an hour, to at least \$10.10 an hour.



We also can no longer tolerate the pay equity gap that has women earning 77 cents for every dollar a man makes.

EDUCATION: From child care to college, we need major reform. Too many working families are unable to find affordable child care. It is a national disgrace that so many child-care workers, who are doing such important work, earn poverty wages.

In terms of higher education, we can learn from many other countries where students are able to go to college and graduate school for free or at little cost. These countries understand that in a competitive global economy, investing in an educated workforce is essential for their future economic well-being.

RETIREMENT SECURITY: At a time when poverty among seniors is increasing and when two-thirds of seniors rely on Social Security for more than half of their income, we must protect and expand Social Security so that every American can retire with dignity. I am proud to have founded the Defending Social Security Caucus. When Republicans and even some Democrats wanted to cut Social Security benefits, we were able to stop them by working with grassroots organizations and rallying millions of Americans.

Rebuild America!

Throughout this country, Americans are driving on roads and bridges in major disrepair. The American Society of Civil Engineers tells us that we need to invest trillions to rebuild our crumbling infrastructure. In addition to roads and bridges we must also repair our public transit systems and aging railroads, replace crumbling schools, upgrade drinking water and wastewater systems and bring state-of-the-art broadband Internet service to rural America.

Total public spending on infrastructure has fallen from about 3 percent of GDP in 1962 to only 1.4 percent today. We're falling behind. Europe invests three times that amount. China's rate of infrastructure spending is six times greater than the United States. I'm on the Senate public works committee, which passed a six-year,



\$265 billion transportation bill that includes almost \$1.3 billion for Vermont to maintain its roads and bridges from 2015 through 2020. Sadly, that bill has not yet become law.

Turning Workers into Owners

Since 2001, over 63,000 factories have been shut down in this country and millions of workers have seen their decent paying jobs go to China, Mexico and other low-wage countries. Not only must we end our disastrous trade policies, but we must develop a new economic model which allows workers the opportunity to own the businesses where they work.

Vermont has been a national leader in developing this new economic model. There are more than 30 Employee Stock Ownership Plans (ESOPs) in Vermont and a half-dozen worker cooperatives. Nationally, there are more than 10,000 employee-owned businesses with more than 10 million employees. When workers own their own companies, they are involved in making the decisions that impact their jobs. Workers become

more motivated. Absenteeism goes down. Worker productivity goes up. People stay on the job longer. Employees with an ownership stake in their company will not be shipping their own jobs to China to increase profits. Instead, they become more productive and earn a better living.

The federal government has not committed the resources needed to allow employee ownership to realize its true potential. That is why I have introduced legislation to provide low-interest loans to workers so that they would be in a better position to buy the companies in which they work. It's time to stop providing corporate welfare to large companies that have shipped millions of jobs overseas and start investing in worker-owned companies that will expand decent-paying jobs in America.

Making College More Affordable

For decades, higher education was the path to the middle class for the children of working families. In today's economy, a college education is more important than ever. But skyrocketing tuition and

fees put college out of reach for millions of students.

Over the last decade, the cost of a college education has skyrocketed while middle class incomes have gone down. Too many Vermonters and people throughout the country are graduating college with over \$50,000 in student debt. Further, it is not uncommon for students who go to graduate school, medical school or dental school to end their education with \$200,000 to \$300,000 of debt. This is absurd. It is unfair to the students of our country and it is counter-productive to the goal of creating the best educated workforce in the world. We must do better. Every qualified American who wants to get a higher education should be able to do so regardless of the income of his/her family.



Corporate Deserters

There are a growing number of large corporations who are not only sending American jobs abroad, but who are now moving to foreign countries in order to avoid paying taxes here. The pharmaceutical giant Abbvie is the latest example of an American company exploiting a legal loophole called an "inversion" to avoid U.S. taxes. It recently announced plans to re-incorporate in Great Britain in order to lower its U.S. tax rate from 22 percent to just 13 percent by 2016. But it's not alone. At least a dozen other major companies are contemplating similar moves. The result of corporations running abroad to avoid their fair share of taxes will mean an increase in our \$17 trillion national debt. It may also mean that middle class Americans are forced to pay more in taxes. This is unacceptable.

In 1952, 32 percent of all of the revenue generated in this country came from large corporations. Today, less than 10 percent of federal revenue comes from corporate America. Incredibly, one out of four corporations in this country pays nothing in federal income tax. We need real tax reform that will crack down on these corporate deserters and make sure that large, profitable corporations pay their fair share in taxes.





Transforming Our Energy System

The debate is over. The science is clear. Global warming is real. It is substantially caused by human activity and it is already causing massive destruction. If we don't significantly reduce greenhouse gas emissions, the planet we leave to our children and grandchildren will be significantly less habitable. The United States must lead the world in undertaking a massive effort to transform the planet's energy system by moving away from fossil fuels to energy efficiency and sustainable energy.

The good news is that we are beginning to see some progress. Last year, the U.S. solar industry installed about 4.7 megawatts of new solar photovoltaic capacity, roughly one-third of all new U.S. electrical capacity. In 2013, the solar industry employed more than 140,000 Americans - almost 20 percent more than the year before.

Vermont is one of the national leaders in the clean energy economy. Some 1,300 Vermonters work in the solar industry, supporting more solar jobs per capita than any other state in the country. In addition, in Vermont thousands of homes have been weatherized, saving Vermonters significant money on their fuel bills, cutting greenhouse gas emissions and creating hundreds of jobs.

While we have been making some progress, we still have a very long way to go to cut carbon emissions and reverse global warming. The scientific community tells us that global warming is the most serious environmental threat facing our planet. We must listen and respond.