



THE TRUE SHAME OF AMERICA: LOCAL GOVERNMENT LEADERS WHO HAVE SOLD OUT THEIR COMMUNITIES TO THE HIGHEST BIDDER FROM WALL STREET

This photo I took a couple of years ago in Quapaw Oklahoma. Like many communities across the USA, its local government leaders sold out Quapaw years ago. Most of the town is boarded up. The other side of this decaying building is painted with a huge warning sign for the children of the town: DON'T PLAY ON THE CHAT PILES. Chat piles are can be found all over the town. These are metal mountains, massive piles of sand mixed with arsenic, lead, cadmium and manganese tailings--toxic leftovers from more than 300 mines that once made this northeast corner of Oklahoma a series of boomtowns. When the wind comes, it blows dust from these toxic piles into the homes and lungs of the people who live there. The creek that runs through the town is so polluted from the legacy left by mining operations that it runs orange and cannot sustain aquatic life. Once it supported the entire community with fresh fish. Not everyone can afford to move after a Wall Street corporation has ruined the landscape of a community and turned it into another Superfund site in America.

How different is the town of Quapaw from Dallas County? Not that different. At least not that different from the direction we are headed as are many metropolitan areas. You may have noticed that our Orange alerts in Dallas County have dramatically increased over the past five years—along with the level of pollution of the air that we breathe. This is directly the result of government officials, at state and local levels, selling out their citizens to Wall Street corporations and it must stop because the ultimate conclusion of these backroom deals made to bring a Wall Street business into a community is a Quapaw.

A PLAN FOR THE CITIES OF DALLAS COUNTY:

ESTABLISHING LOCAL CORPORATIONS

To the members of the City Governments of

Addison, Balch Springs, Cedar Hill, Carrollton, Cockrell Hills, Combine, Coppell, Dallas, DeSoto, Duncanville, Farmers Branch, Ferris, Garland, Glenn Heights, Grand Prairie, Grapevine, Highland Park, Hutchins, Irving, Lancaster, Lewisville, Mesquite, Ovilla, Richardson, Rowlett, Sachse, Sand Branch, Seagoville, Sunnyvale, University Park, Wilmer and Wylie

The communities above have my permission to make copies of this report for the elected officials of their community leadership teams.

From

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I sent copies of this document to all of the City Governments in August of 2010. In all cases I sent it first class mail and in many cases I hand-delivered this information. To date, I have not received a single reply from any member of any local government in Dallas County—not even a courtesy notification of receipt of the material.

These people are not interested because, like members of Congress, most members of our local city councils are also heavily invested in Wall Street. And like members of Congress they are influenced by the Chamber of Commerce, Wall Street's handmaiden. They have been selling out the citizens of their communities to Wall Street corporations for years—selling the farm in the name of job creation. There is no reason why a Wall Street corporation should be given any special treatment by any local community. This needs to change.

EXECUTIVE SUMMARY

America must stop the hemorrhaging of its local economies across the nation. We must begin by rebuilding the manufacturing base of our nation. Americans were sold a bill of goods in the 1990's with the notion of globalization. Much like the tales from the tailors who wove the emperor's new clothes, we were told fantastic tales of how manufacturing was the "old economy." We were having a new "Industrial Revolution." We would become a service economy. People would be retrained as computer experts. Remember that spin? We hear less of it today, but it is still proselytized heavily from the Beltway's K Street today—along with the one-sided trade agreements that support it.

Globalization is just another name for *Monopoly Game for the Rich*.

If only more people (and government leaders especially) had stood up fifteen years ago and declared that we were being sold a bill of goods by the Wall Street rich. The truth is that human beings will always need manufactured goods that are made by other human beings. It's an inescapable fact of civilized human existence. Dismantling our manufacturing base and shipping millions of the jobs for Americans overseas has practically bankrupted our nation and sentenced millions of Americans to unemployment and underemployment at best. In addition it has destabilized our nation and made us less secure. Shipping our manufacturing base overseas was an ultimate triumph of Wall Street management that has broken the back of American labor.

This paper explores just a little bit of the reality of what community leaders and their backroom deals with Wall Street corporations really do to the people who live in their communities. It also puts forth a solution to the problem—the establishment of local corporations that can only be owned by people who live in the community and only as long as they live in the community; that the goods and services manufactured from these local corporations are primarily consumed locally; and to the extent possible all the raw materials needed to manufacture these products come from the region. These corporations are not designed to replace Wall Street corporations. They are designed to anchor the local economy and make it more secure and competitive. They are designed

to reduce the need for local governments to give away the farm in order to attract a Wall Street corporation into their community.

FOREWARD

Although most of the communities located within the Dallas metro area are not as hard-hit (yet) with the visual blight and economic hardships that have hit small towns across the USA, there are glimpses of the unraveling economy to be seen throughout Dallas County.

The only way to mend the economic fabric of our communities and to secure it is to establish locally owned corporations—ideally at least two per community to anchor the economy locally. Wall Street corporations, because of their global positioning are not anchored locally. They will even close doors in communities where they are making a profit and sell off their assets, leaving the community and its people to deal with the hardships of unemployment and lowered property values. I daresay that at least half of the cities/towns in Dallas County have had this experience of a Wall Street corporation pulling up stakes at least once in their history, and those who have not will likely have this experience in the near future. Addison with its recent loss of the Pizza Hut headquarters to Plano can attest to this.

Rather than try to change Wall Street, the wiser path is to change ourselves at a local level where we do have control. I'm not suggesting that we kick the Wall Street corporations to the curb, but I am suggesting that governments can and should take certain decisive steps to secure their economies for their citizens at a local level by working with the local citizens in their community to create locally owned corporations. The model for these corporations is similar to the model for a Wall Street corporation with a few important differences which are noted in the text that follows.

WHERE THE AMERICAN ECONOMY IS TODAY AND WHY

If we are to save our nation and grow our economy, it will be ordinary Americans like you and me who do it. Corporations with their global model for business continue to break apart our communities and erode the diversity and uniqueness of America.

Those of us who are old enough to remember can tell the stories of a different America—no I'm not talking about the America with the different drinking fountains, one for "colored" and one for "whites." That is not the America that I would like to nourish back to life.

I'm talking about the America in which small businesses thrived—the America where a road trip meant traveling over the geography of community landscapes that were as varied as a patchwork quilt. Sixty years ago, instead of stopping at an ugly fast-food chain for lunch when travelling across the USA on vacation, families stopped at the local hamburger joint and café in the small town where they stopped for gas.

Much of the food sold in these cafes and restaurants was grown locally. The beef, pork and chicken most likely came from the livestock of local farmers. When in season, the vegetables also were from local farmers. Some owners even grew and canned their own vegetables to serve their customers during the winter months.

Small communities thrived back then. However, today there are few thriving small communities. The superhighways (built in the late 1950's to bypass the small towns) strangled their economy. Main roads once went straight through the heart of all communities. These meant more traffic from the outside world and travelers stopping to eat, to spend the night, to purchase a few goods from the local Five & Dime store. Today the only traffic that most small towns get from the outside world is from the Wal-Mart trucks that deliver goods from China.

The small town that I grew up in west Texas during the 1950's supported two hardware stores, three movie houses, two five and dime stores, three furniture and appliance stores, four department stores, two drug stores, two restaurants, one hamburger joint, two dry cleaners, three or four car dealerships, four grocery stores (two of which were still local and then a Safeway and a Piggly Wiggly). The town's thriving population

consisted of 5,000 people. Today both the hardware stores are gone; both the five and dimes are gone; all three furniture stores are gone; both drug stores are gone; all the movie theaters are long closed. The only businesses that could be considered as “thriving” are the Winn-Dixie, a corporate-owned franchise on one end of town and the Wal-Mart at the other end. In 2008 the population of my home town was 3,111—reduced by almost 40% from its heyday in the 1950’s.

The story of my home town is neither unique nor the worst tale of a small town. Some of these communities have literally been wiped off the map. If you travel along Route 66, you will see several communities where no one lives any more—communities that once supported several hundred people.

Progress you say? I don’t think so. More and more Americans are awakening to the truth of what it really means to our nation to have our small towns and communities broken apart by Wall Street and sold out by our own community leaders who bought the Kool-Aid of globalization in the 1990’s—and with it, the unraveling of our economy.

If you think that Wall Street and the upper 5% who own it are going to put the American economy back together again, you do not understand the global corporate model and its priorities. The global corporate model is to make the cheapest goods with the cheapest labor and sell for the highest price [cheap, at first to demolish competition—after that the prices will rise].

In order to accomplish this, they had to go outside the USA where, at least until recently, we had a government that supported worker safety and decent wages. Thus we were hoodwinked with the notion of globalization. It was nothing short of an “*Emperor’s New Clothes*” story that we were sold: “Manufacturing is the old technology. We are to be a service industry. Everyone will be retrained as computer experts.” Baloney! Pure Baloney! For as long as there are human beings on this planet they will need goods that are made by other human beings. Think about it for five seconds and allow the truth of it to smack you upside your head. Can you envision a day when you will not need goods that were made by another human being? Please! A little common sense is in order here. We must restore a manufacturing base to the USA.

We need manufacturing and we need to re-establish a manufacturing base in our nation that is owned at a local, Main Street level. This does not mean that communities could not also support Wall Street corporations. However it does mean that we must stop supporting Wall Street corporations to the exclusion of local corporations and local businesses because to do so destroys our communities and the quality of our lives with it. By destroying our communities at a local level, we ultimately destroy our nation.

Globalization is a notion that serves Wall Street and its wealthy investors—not Main Street. All Wall Street corporations have one goal: to deliver the largest dividends possible to their wealthiest shareholders—most of whom live off their investments and do not produce goods or deliver services. They are middlemen who make everything else more expensive for the rest of us. For one example, this is precisely what is wrong with healthcare insurance in the USA today. The argument about health care is purposefully obfuscated by politicians, many of whom have huge holdings in Wall Street health care insurance stock. The real argument is not about the **quality** of health care. We all agree that we have the finest doctors and medical technology in the world. Americans are leaders and innovators in this field.

The argument should be focused on the **delivery** of that health care to Americans—that is the system that is broken, not the actual health care itself. The health care of Americans is held hostage by Wall Street because they currently have the sole franchise for its delivery. Until that stranglehold is broken, not much will change. In short, our health care delivery system is broken because there is a corporate middleman known as private health care insurance who takes his cut out of the middle before delivering the services.

As long as Americans hold to the notion of private health care **insurance**, our health care costs will never be affordable for millions of us because there will always be the corporate middlemen who must be paid off and paid off handsomely as attested by the dividends paid out to their wealthy investors and salaries to their CEO's and corporate officers. These corporate middlemen and their investors extract far more than civil servants administering the same service would cost. Offering Americans a public option is NOT “socialized” medicine. It is merely offering them a means to purchase more affordable health insurance. This does NOT “socialize” medicine. Those who say

that it does, either don't understand, or they own large chunks of Wall Street health insurance stock.

Wall Street corporations such as Blue Cross do not deliver health care. Doctors, nurses and medical technicians deliver health care. Wall Street corporations like Blue Cross are middle men who sell the insurance and who add (and who will always add) more expense to the delivery of health care in the USA than is necessary. That is the nature of middle men—to skim off the top. That, in fact, is the nature of Wall Street—to skim off the top for its wealthy investors. This also translates decreased benefits and safety for the labor that creates the products and delivers the services. Wall Street is the Las Vegas for the wealthy and it works very well for them—just not so for the majority of Americans.

WHAT ARE LOCALLY OWNED CORPORATIONS?

How is a locally owned corporation any different from a Wall Street Corporation?

- Only people who live in the local area (as defined in the corporate charter) can own stock in the company. When they move out of the area, they are required to sell their stock.
- Stock options can be purchased with money and with sweat equity. Labor performed on behalf of the corporation for the purpose of purchasing stock is paid at the same rate for all—regardless the labor performed. (This rate is defined in the corporate charter).
- Although profits are delivered according to share ownership, all shareholders have one vote, regardless ownership of shares. There is no such thing as “controlling interest” in the local corporation, although according to number of shares owned, some will receive larger dividends than others.
- Products and services produced/delivered by local corporations use as much of the local raw materials as possible and produce goods/services that are designed to be primarily consumed locally.
- Your community may later develop local corporations that share/sell/purchase raw materials/goods/products with locally owned corporations in other parts of

the USA or even the world. However, initially your first two locally owned corporations should be grounded as much as possible to the local area.

- Unlike Wall Street Corporations, locally owned corporations are anchored in the community.
- Unlike Wall Street Corporations, local investors can see their investments at work. There is not the anonymity that investors in Wall Street have—some of them not even knowing what stocks they own, much less what these corporations are doing in their name.
- Unlike Wall Street Corporations, people in the community, even those who don't own stock can exert influence over a local corporation. You don't have to write a letter to some nameless entity in New York City. You can tell these owners of local corporations what you think when you see them in the grocery store.
- Only locally owned and held banks and financial institutions will be used by local corporations.

The closest model to a locally owned corporation that people may be most familiar with is the example of the employee-owned corporation. However, it should be noted that the local corporation does have differing aspects from the employee-owned corporation which must be taken into consideration. As for the local owned corporation, there is no hierarchy of ownership. All owners share equally with each having only one vote. There is no one individual with controlling interest. Because of shares owned they may receive more dividends, but like voters in a democracy, they only have one vote.

When charters for local corporations are put into place, they should further be stabilized by putting limits on changes that can be made to the initial charter, just as we have such limitations on the Constitution for our Nation.

WHAT REALLY HAPPENS WHEN LOCAL GOVERNMENT SELLS OUT TO A WALL STREET CORPORATION?

Look no further than your local communities of Addison and Plano.

As, I'm sure Addison is painfully aware, they lost the location of Pizza Hut headquarters to the City of Plano last fall. This move hurt the people who live in Addison to some small extent. However, what many do not understand is this "win" by the city council of Plano was likely

not a win for the majority of citizens who live in that community. They may have actually lost more than their neighbors who live in Addison.

In order to “attract” Pizza Hut to their community, the Plano city council did what many local governments do: They sold out their citizens in the process. While it was a “great” deal for Pizza Hut and the wealthy Pizza Hut investors, it was not that great of a deal for the citizens of Plano.

First of all, use your common sense in considering the potential benefits to the people of Plano. Addison and Plano are only a few miles apart. How many people living in Addison and/or other nearby communities in the Dallas area and working at the Pizza Hut headquarters do you think sold their homes and moved to Plano because of the change? I daresay none. How many people living in Addison and/or other nearby communities changed the grocery store where they purchase the bulk of the food for their families? I daresay none. And I could go on with similar examples.

This is what Wall Street Corporations do best in the USA, they pit local communities against each other in bidding wars—often for the privilege of allowing them to come into a community and eventually destroy it—economically and ecologically. As noted in the example of Addison, Wall Street corporations have no loyalty or anchor to local communities. They can and will pull up stakes whenever they feel like they can get a better deal elsewhere. Many of them operate with the same ethics deployed by pirates on the high seas.

Second of all, look at the reality of who foots the bill for the Wall Street carnival coming to town. In November of 2009, for example, the Plano City Council provided Pizza Hut with incentives that included a \$1,350,000 tax break, \$500,000 in relocation expenses and \$250,000 cash for building inspection and permit fees to entice Pizza Hut away from Addison.

I wonder how many citizens of that community make the connection between such a give-away to a Wall Street corporation and their property taxes and budget short falls? There is most definitely a direct connection. Once again for the third time in as many years property taxes will be raised in Plano. In addition, they face a \$15 million deficit in planning their budget. Do you think that the good conservatives of Plano are making any of their cuts impact Pizza Hut? Not likely. Instead they say no to community centers and shelters to give a hand up to the homeless in their community. The culprit in many communities for budget shortfalls do not include community projects, but rather Wall Street handouts to corporations like Pizza Hut. How many citizens of Plano make the connection between a \$1,350,000 tax break to a Wall Street corporation and their city budget \$15 million deficit? And you can bet that Pizza Hut is not the only

Wall Street Corporation getting a handout from the Plano City Council. Local governments need to start better representing their citizens by paying attention to the real free-loaders and their so-called “trickle-down” handout to the rich.

PLAN OF ACTION FOR CREATING A LOCAL CORPORATION

BEGIN WITH A BRAINSTORMING SESSION:

1. Make a list of all your community assets:

- Unused property or land that might be made available to a local group for the establishment of a local corporation.
- List raw material resources that might be available
- List people resources needed: engineers, lawyers, business people with manufacturing experience in the community, small business owners, locally owned banks

2. Brainstorm possibilities for a local corporation.

- What is a product or service that most of the people in your community need and already buy? [To the extent possible you don't want to compete directly with existing small businesses or Wall Street Corporations located in your community for the sale of goods or services.]
- Do you have all the resources available locally or in adjoining counties to create this good or service? As much as possible all raw materials needed to create your goods or services should be available locally. This is another anchor for your local economy.

3. Create the business plan for the local corporation. It should include your marketing plan for selling shares to the local community. It should also include a Corporate Charter as a separate legal document that has all the elements necessary to ensure that the corporation will always be held and managed locally by people who live in the area. If they move, they must sell their shares to a local citizen or back to the local corporation.

4. Put your plan in action and grow the economic security of your community.

ONE EXAMPLE TO GET YOU STARTED:

First appoint a council of cities headed up by mayors or appointees of mayors.

All the communities of Dallas County could join together on one project—a small business calendar of Dallas County. The calendar would have several purposes:

1. First of all it would be part of a marketing campaign for Dallas County to advertise the establishment of local corporations—what they are and what they mean to a community.
2. Second of all, the sale of these calendars could provide seed money for the establishment of local corporation in Dallas county.
3. Third, it would provide support and recognition for small businesses in your community who help to anchor the health of your local economy.

Guidelines and thoughts

1. Set up this project much in the way that you would set up any local corporation. The cities who choose to participate would each own one share in the company. In the beginning, all the work that they do is on speculation, on the faith that their corporation will be a success. However, prior to providing any work or service, the fee (to be paid after expenses once the corporation is solvent) is voted upon and agreed to by the majority of the other shareholders.
2. Brainstorm the contents, style and size(s) of the calendar. On the inside of the front cover, you will want an explanation of local corporations and your local corporation in particular. You may want your local corporation calendar to feature photographs of small businesses in the area.
 - Engage local photographers in Dallas County in the project
 - Hold contests using photographs of amateur photographers in Dallas County
 - Keep the photograph submission open to all in the County

NOTE: for the 13 people chosen [one photo for each month and one for the cover]. They like the mayors representing the cities will be doing the work on speculation. They, like the mayors become shareholders in the corporation. Prior to accepting a photograph for inclusion, an agreement is made whereby each photographer will get a certain percentage, after expenses, from the sale of each

calendar. Choose a local printer. They, like the photographers, will be paid a certain amount after expenses. However, some special compensation must be worked out for the printers because, unlike the photographers who are only contributing sweat equity, printers are incurring a rather hefty raw materials expense. Perhaps the communities could chip in and pay for the paper.

The paper used should be from a paper manufacturer in the area if at all possible.

The calendars would be marketed locally through the city governments, local bookstores, local Art museums, etc. Dallas County has over 2.5 million people. At the average of three people per household, this is a potential market of about 830,000 people. At \$5 per calendar, this would represent gross revenue of \$4,150,000 and an estimated net profit of at least \$3,500,000.

If this project were done on an annual basis, it could generate enough seed money each year for the start of a new local corporation for Dallas County.

Before laughing off the suggestion as a calendar for the starting point to anchor your local economy, remember that this is a starting point—a simple idea that could generate \$3,500,000 annually for Dallas County. Remember also that 100% of this \$3,500,000 would be poured directly back into Dallas County. If you create a good plan, this revenue could double each year for Dallas County.

The money spent at local businesses has far-reaching effects. Several studies have shown that money spent at a locally owned business stays in the local economy and continues to strengthen the economic base of the community. A 2002 case study in Austin, Texas showed that for every \$100 in consumer spending at a national bookstore in Austin, Texas the local economic impact was only \$13. The same amount spent at locally based bookstores yielded \$45, having more than three times the economic impact. SOURCE:

<http://www.liveablecity.org/lcfullreport.pdf>

Being a citizen of Garland, here is an example of one of the small businesses from our local community that could be featured, Roach Feed and Seed, Inc.



In closing, while it is my unabashed opinion that Wall Street is by and large a corrupt system that works against the majority of the people in the world, there are examples of Wall Street Corporations who do exhibit good citizenship. However they are by and large the exception and certainly not the rule.

In spite of the Supreme Courts steps to deem a corporation with the same status as a person, corporations are not people. They are entities who act on the behalf of the ROI for their investors. This is defined as delivering the largest possible dividends each quarter. If this means taking unnecessary risks with worker safety as has been demonstrated time and again with corporations like BP and Massey Mining, then so be it. Investor profit appears to come before all else. Corporations are a menace to life as we know it on this planet. For local governments to treat them otherwise is to put the citizens and the environment of their community in harm's way. Communities must act now to stabilize their own economies and remove their citizens from harm's way. It's more than obvious that Washington is too close to K Street and Wall Street to have any impact.