Funding the Future

The US is waking up to the fact that large corporations...

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It's encouraging to see the plethora of articles in the US on the subject of corporate tax abuse.

I've just published some data on this issue.

The US Institute of Policy Studies has a report out on it. They say:

Reversing tax giveaways to the super-rich and the nation's largest corporations could raise $4 trillion within a decade and avert possible government closures.

"We're broke." Or so claim governors and lawmakers all over the country. Our states and our nation can no longer afford, their plaint goes, the programs and services that Americans expect government to provide. We must do with less. We need "austerity."

But we're not broke. Not even close. The United States of America is awash in wealth. Our corporations are holding record trillions in cash. And overall individual wealth in the United States, the Credit Suisse Research Institute reported this past fall, has risen 23 percent since the year 2000, to $236,213 per American adult.

We have, these indicators of overall wealth suggest, survived the Great Recession quite nicely. So how can average families – and the national, state, and local governments that exist to serve them – be doing so poorly? Why do "deficits" dominate our political discourse? What explains the red-ink hurricane now pounding government budgets at every level?

This Tax Day report identifies two prime drivers behind our current budget "squeeze."

One, we have indeed become wealthier than ever. But our wealth has become incredibly more concentrated at our economic summit. U.S. income is cascading disproportionately to the top.

Two, we are taxing the dollars that go to our ever-richer rich – and the corporations they own – at levels far below the tax rates that America levied just a few decades ago.

We have, in effect, shifted our tax burden off the shoulders of those most able to bear it and away from those who disproportionately benefit from government investments the most.

These two factors – more dollars at the top, significantly lower taxes on these dollars – have unleashed a fiscal nightmare. Can we wake up in time to avoid the crippling austerity that so many of our political leaders insist we must accept?

This report offers both an analysis of our current predicament and a series of proposals that can help open our eyes to a far more equitable – and brighter – future.

Sorry for the long quote - but it sums up exatly what the right have done, and what they intend to keep doing very well.

The US can afford to provide good pueblos services. The UK can do the same.

I few are stopping both countries doing so. They're the richest, seeking to exploit the poorest. Yes, this is class warfare.

But this think tank is not alone. Nancy Folbre, an economics professor at the University of Massachusetts Amherst, has argued in the New York Times:

Our budget deficit would be smaller — and pressure to cut social programs lower — if corporate tax revenues had not declined over time relative to gross domestic product and relative to individual income tax revenues.

And Jesse Drucker in Business Week:

For the 400 U.S. taxpayers with the highest adjusted gross income, the effective federal income tax rate–what they actually pay–fell from almost 30 percent in 1995 to just under 17 percent in 2007, according to the IRS. And for the approximately 1.4 million people who make up the top 1 percent of taxpayers, the effective federal income tax rate dropped from 29 percent to 23 percent in 2008. It may seem too fantastic to be true, but the top 400 end up paying a lower rate than the next 1,399,600 or so.

There's nothing wrong with US (and UK) finances in other words, except for the fact that they're being abused by the rich.

It's time people woke up and realised what's happening.

And got rightfully angry.