

Big Business Gets Something for Nothing

In early June, as a prelude to an expansive study of the Fortune 500 due later this summer, Citizens for Tax Justice (CTJ) published an analysis of “the current corporate tax debate.” Anarchists oppose taxes on principle as an exalted form of theft, but the fact that the most profitable firms in the country aren’t paying up raises other important questions.

Arguing that the “tax code has ... become overburdened with loopholes, shelters and special tax breaks,” CTJ’s study demonstrates that twelve of America’s largest companies currently pay, in effect, a tax rate of negative 1.5 percent. That means that some corporations — among them, Boeing — are in fact making money through the tax system as it is currently operating.

Even apart from its tax bill sleights of hand, corporate America is the beneficiary of federal spending that amounts to a gratuitous handout. While none of us working folk pay negative tax rates, the state has, for decades, channeled our greenbacks to favored Big Business players.

C4SS

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It’s no exaggeration at all to single out corporate welfare as the defining feature of the American political system, to see the federal government itself as just a slimy culvert for giveaways to the rich.

In the United States, though, champions of our system of “free enterprise” keep themselves perpetually up in arms only at “illegals” and the inner city poor “getting something for nothing.”

The American Right is quick to denounce cradle-to-grave welfare statism, carping that people on public assistance ought to “pull themselves up by their bootstraps.” But if we really, sincerely oppose people living off of the hard work of others, then perhaps it is time we undertook an honest

inquiry into who benefits most from the welfare state.

As Stephen Slivinski observes, companies like “Boeing, Xerox, IBM, Motorola, Dow Chemical, General Electric, and others have received millions in taxpayer-funded benefits through programs like the Advanced Technology Program and the Export-Import Bank.”

Through policies ranging from

market” to mean “field day for moneyed bigwigs.”

Since all we ever hear from the corporate establishment are claims that we presently enjoy a free market system, such confusion is a matter of course.

Contrary to the scores of corporate press releases dominating the media, however, freedom and competition don’t translate to funneling billions of dollars from struggling taxpayers to suits at the largest companies in the world. Whatever anyone thinks of the free market in theory, the statist “public/private partnerships” we have today just

poratism [is] systematic and all-pervasive” rather than “mere friction in an essentially free-market mechanism.”

The state provides an exceedingly valuable service to the rich. Unlike ordinary working people, however, who have to pay for the “services” that the state ostensibly provides us, Big Business just has to kick back and guzzle down our dollars. Comparing public assistance for the poor with corporate welfare, do we really have to wonder whom the state intends to serve?

A market anarchist society, free of the state’s upward redistribution, would break the elite’s coercive monopolization of societal wealth.

Absent the state, there are plenty of seats at the table of economic plenitude. Today, on the other hand, those seats are stolen as footrests for the idle rich.

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direct subsidies and grants for research and development to the Foreign Military Financing Program, the federal government is a goose laying golden eggs for the rich. Although none of these policies are properly part of a free market, it’s understandable that conscientious, left-leaning Americans look understand “free

aren’t it.

Market anarchists — who regard free markets as a means of liberating working people from corporate mastery — have no interest in identifying with today’s collusive economic framework. As philosopher Roderick Long explains, market anarchists regard the present economy as one in which “cor-

Bush Tax Cuts: 10 Years of Economic Disaster

This month marks the tenth anniversary of the first of the two tax cuts sought by the President George Bush. The Economic Growth and Tax Relief Reconciliation Act was enacted in 2001 to be followed, in 2003, by the Jobs and Growth Tax Relief Reconciliation Act. Ten years later, it is time we assess the actual results of these tax cuts, looking at economic performance rather than political promises. The results have been a disaster for the US economy and for almost all of the American people. We have experienced very slow income and employment growth for the vast majority of families, an extremely unequal distribution of the direct financial benefits from these measures, and, very slow growth in the economy as a whole.

As someone who has personally

AMERICAN FORUM

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2.3% from the end of the 2000 – 01 recession to the onset of the Great Recession. This is unique in the post WWII period. Further, the recovery from the 2000 – 01 recession was the slowest of any post WWII recession to date, requiring 39 months before the number of employed Americans reached the pre-recession level. Where is even a scintilla of evidence that tax cuts such as those passed in 2001 and 2003 generate income and employment growth for the vast majority of the population?

A significant part of the failure of the Bush tax cuts to generate jobs and income growth flows

from the top-heavy distribution of the benefits conveyed by these measures. The vast bulk of the reduced taxes were reaped by

a very small number of families. In 2011, the average tax reduction to families receiving an income of \$1 million or more (about 321,000 families) will be \$139,199. For this less than 0.5% of all families this is a reduction in taxes of \$860 million/week. Compare these tax benefits to the yearly savings proposed by cutting the WIC program: \$833 million. An obvious question is, why can’t this very small group of extremely high income families give up just one week of their tax cut to provide nutrition for the tens of thousands of women and children that benefit from the WIC program? More significantly, in light of the deficit

hysteria gripping Washington D.C., the combined impact of the 2001 and 2003 Bush tax cuts has been the addition of more than \$2.6 trillion to the federal debt. This included more than \$400 billion in interest payments on the debt necessary to pay for the cuts.

Of course, one might forgive these policy failures if the promise of economic growth had been fulfilled. On this measure, however, the record is even worse. The 2000 – 01 recession ended in the fourth quarter of 2001, just in time for the first Bush tax cut to take effect. From the end of the recession until the onset of the Great

Recession, the economy grew at a slower rate than in any other post recession period since WWII. Thus, despite promises from the advocates of the tax cuts, the reality was slower growth rather than faster growth. The additional tax cut in 2003 did nothing to increase the pace of economic growth.

In sum, the Bush tax cuts were a bad idea at the time and are an even worse idea today. Ending these cuts for incomes over \$250,000 would generate over \$100 billion/year in additional revenue. If we also created additional tax rates for very high-income families (e.g. at \$500,000,

\$1,000,000, \$5,000,000 and \$10,000,000) we could increase federal revenue by more than double that amount and put us on the road to reducing deficits and debts.

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received these tax cuts during the past 10 years, I feel it is my responsibility to speak out.

Supporters of tax cuts for high income households, such as House majority leader John Boehner, argue that wealthy people are the “job creators” and that tax cuts will encourage them to create jobs and that these new jobs will, in turn, increase employment opportunities and improve the wages of the remainder of the population. Did any of these benefits occur after the Bush tax cuts? The quick and accurate answer is, no, they did not. Adjusted for inflation, the median weekly earnings of working Americans actually fell by

Week on the Web

Sen. Ron Wyden has introduced legislation **cracking down on GPS spying** ... in “Breaking News”



Steve Wonder was inducted into the Apollo Theater’s Legends Hall of Fame this week ... in “Music Reviews”

A Congressional report **criticizes the ATF** for their role in a gun smuggling operation to Mexico ... in “National News”

Kam Williams interviews Hawthorne’s **Jada Pinkett Smith**, who talks about her career and taking care of her children Willow and Jaden ... in “Movie Reviews”

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