

WEALTH INEQUALITY

LIFE ON A SHOESTRING BUT WHO OWNS THE SHOE?

As a nation we can't afford education, healthcare, Social Security, assistance to families in financial trouble, strong bridges and roads, clean air and water, decent wages for working people or any other services that lead to quality of life for most people.

As a state we can't afford education, child care, health and mental health services, welfare services, services for the sick, aging or poverty-stricken.

Why? They tell us that:

We're Broke

But are we?

We have the money; it's simply a question of our priorities. Here are some of the problems:

- ➡ Unfair distribution of wealth
- ➡ Inequitable taxation
- ➡ Subsidies to rich corporations
- ➡ Corporate profiteering/hoarding
- ➡ The war economy

In reality--

We're NOT Broke!
**We just need to change our
priorities and divide our resources
more equitably.**

Unfair distribution of wealth

- \$ U.S. is the 5th most unequal country in the world in wealth distribution.
- \$ In 2011 the top 1% received 24% of all income in the U.S.
- \$ The top 400 richest people in the U.S. have more wealth than the bottom 150 million put together.
- \$ This just in--Forbes magazine released its annual list on Wednesday, and the combined net worth jumped 13% to \$1.7 trillion in 2012, up from \$1.5 trillion in 2011. The average net worth of a member of the Forbes 400 hit \$4.2 billion.
- \$ The top 1% have 35% of the country's private wealth, more than the bottom 95% combined, and 42% of the country's financial wealth, more than the bottom 97% combined.
- \$ Between 1983 and 2009 over 40% of wealth gains went to the top 1%, 82% went to the top 5%. Bottom 60% lost money during this time period.
- \$ In the last decade, the top 1% have seen their income increase by \$700,000/year while the bottom 90% have experienced a \$900/year decrease.
- \$ The world's top 1% owns \$42.7 trillion, more than the bottom 3 billion of the world's population.
- \$ Current average CEO's pay is 380 times more than the average worker (was 42 times in 1980 and 343 times in 2010).
- \$ Average CEO's pay is \$12.94 million/year; the average worker's pay is \$34,053.
- \$ In 2010, the first year of economic recovery, the top 1% captured 93% of the growth in income.
- \$ Between 2001-2010, the U.S. borrowed \$1 trillion (on which we're paying interest) while giving tax breaks to the wealthy to the tune of \$81.5 billion.
- \$ After the bailout (paid for by us) 38 of the largest Wall Street companies' investors and executives received \$140 billion. Goldman Sachs paid its top employees half a million each.
- \$ Student debt collectively is \$1 trillion in 2012; middle income professionals will not be able to accumulate any wealth with such high debt hanging over their heads.

- \$ Employee pay is the smallest share of the U.S. economy since 1929 (when records were first kept) while corporate profits are the largest share.
- \$ 20% of the U.S. workforce is “contingent” (temporary, contract workers, consultants) without job security, benefits, regular wages or other amenities of employment.
- \$ In 1980, 70% of middle or large sized companies offered their employees full health benefits; today less than 10% of them do.
- \$ In 1980, 80% of middle or large sized companies offered their employees pensions; today less than 10% of them do.
- \$ Bankruptcy laws have changed, making it difficult, if not impossible, for students, home owners, small business owners to get out of debt; big business uses bankruptcy frequently to reorganize and eliminate debt.

Here’s some interesting information about CEO pay and corporations. Lesson from this—apparently, if you’re rich, you don’t have to worry about your work performance.

Corporation	CEO pay in 2011	What else you should know
Merck	\$17.9 million	Laid off 44,000 workers
Bank of America	\$10 million	Laid off 30,000 workers
Qualcomm	\$50.6 million	
JC Penney	\$51.5 million	
Starbucks	\$68.8 million	
Apple	\$378 million	
Disney	\$52.8 million	With a guarantee of \$50mil/yr regardless of company performance—laid off 3,400 in 2010
Citigroup	\$22.1 million	Stock decreased 44%
JP Morgan Chase	\$22.9 million	Stock decreased 20%
Lear	\$5.4 million	As company filed for bankruptcy
United Health	\$286 million	As he was being forced to resign due to financial scandal
New Century Financial	\$2.9 million	After he was found guilty of fraud and the company tanked
Viacom	\$101 million	For 9 months of work
Yahoo	\$7 million	For 4 months of work
	Before 2011	
AIG	\$250 million	In 2008, the year AIG collapsed and was bailed out
Wal-mart	\$19.2 million	2009, laid off 13,350 workers in 2010
AT&T	\$20.2 million	2009, laid off 12,300 workers in 2010
Hewlett Packard	\$24.2 million	2009, laid off 6,400 workers in 2010

How we could shift priorities

Rich People's Toys	Cost Per Item (based on current price info)	# of school aged children—child care for 1 year	# of preschool children—child care for 1 year
Leather/Gold Monopoly Game	\$7,570	3	1
Louis Vuitton Skateboard	8,250	3	1
Espresso Machine	21,230	8	3
Nesbuk Knife	39,600	14	5
Beluga Caviar (kg)	49,800	18	7
Diamond Bluetooth Headset	50,000	18	7
Crocodile Skin Umbrella	50,000	18	7
Child's Playhouse	200,000	73	28
Gold Ipod	231,776	85	32
Luxury Doghouse	405,000	148	56
Rolls Royce	450,000	164	62
MacDaddy Fishing Lure	1,000,000	365	138
Vacation Home	25,000,000	9,114	3,460
Gulfstream Jet	51,900,000	18,921	7,182
Yacht	195,000,000	71,090	26,986
Totals	\$274,413,226	100,042	37,975

Note: If all the billionaires and millionaires of California agreed to give up collectively one of each of these toys, we could fund all the child care needs of California and have money left over. If they each agreed to give up a toy and donate to the state, we'd solve the economic crisis, have a surplus and our children would be safe and educated.

Just a little note about Romney's comments about the 47% of people in the U.S. who, he says, don't pay income taxes and who he'll *"never convince [that] they should take personal responsibility and care for their lives."*

- Most of these people do pay payroll taxes, as well as state taxes, sales tax, gas taxes, property taxes (to name a few).
- Only 18% paid no federal taxes last year.
- Of those, 44% were seniors who qualify for elderly tax benefits and who paid into the system (the extra standard deduction for the elderly, the exclusion of a portion of Social Security benefits, and the credit for the elderly)
- 30.4% had credits for children and the working poor (the child tax credit, the child and dependent care tax credit, and the earned income tax credit)
- 70,000 troops overseas
- 6 of them were part of the 400 richest people with income over \$77 million
- 19,551 had incomes over \$200,000
- Poorest workers paid 17.4% of income in taxes—same rate as Romney paid on his \$21.6 million last year

Source: Forbes and The Tax Policy Center

Inequitable Taxation

- \$ Between 1950 and 1981, the rich paid a tax rate of 70% (91% under Eisenhower). Now the top rate for the rich is 35% (which is really 26% after certain deductions), and most pay less than that.
- \$ Capital gains tax rate is 15% which accounts for most income of the wealthy.
- \$ Estate tax until 2000 was 55% after the first million (which was not taxed at all). Bush's tax cuts reduced it to 35% after the first 5 million.
- \$ In 2011 the tax cuts enacted in 2001 and 2003 (and extended in 2010) saved the top 1% more money than the entire bottom 99% (140,890,000 taxpayers) earned that year.
- \$ Social security tax is 15% (half paid by employers and half paid by employees) but is capped at \$110,000 which means that all earnings over that are tax free. The Social Security system would be solvent long into the foreseeable future if the cap was raised or eliminated.
- \$ The top federal tax rate for corporations is 35%, but most corporations pay much less.
- \$ Fortune 500 companies pay about an 18% tax rate.
- \$ Many pay nothing at all. According to Senator Bernie Sanders:
 - 1) Exxon Mobil made \$19 billion in profits in 2009. Exxon not only paid no federal income taxes, it actually received a \$156 million rebate from the IRS, according to its SEC filings.
 - 2) Bank of America received a \$1.9 billion tax refund from the IRS last year, although it made \$4.4 billion in profits and received a bailout from the Federal Reserve and the Treasury Department of nearly \$1 trillion.
 - 3) Over the past five years, while General Electric made \$26 billion in profits in the United States, it received a \$4.1 billion refund from the IRS.
 - 4) Chevron received a \$19 million refund from the IRS last year after it made \$10 billion in profits in 2009.
 - 5) Boeing, which received a \$30 billion contract from the Pentagon to build 179 airborne tankers, got a \$124 million refund from the IRS last year.
 - 6) Valero Energy, the 25th largest company in America with \$68 billion in sales last year received a \$157 million tax refund check from the IRS and, over the past three years, it received a \$134 million tax break from the oil and gas manufacturing tax deduction.

- 7) Goldman Sachs in 2008 only paid 1.1 percent of its income in taxes even though it earned a profit of \$2.3 billion and received almost \$800 billion from the Federal Reserve and U.S. Treasury Department.
- 8) Citigroup last year made more than \$4 billion in profits but paid no federal income taxes. It received a \$2.5 trillion bailout from the Federal Reserve and U.S. Treasury.
- 9) ConocoPhillips, the fifth largest oil company in the United States, made \$16 billion in profits from 2007 through 2009 but received \$451 million in tax breaks through the oil and gas manufacturing deduction.
- 10) Over the past five years, Carnival Cruise Lines made more than \$11 billion in profits, but its federal income tax rate during those years was just 1.1 percent.

\$ In 2010, 25 of the 100 largest U.S. companies paid their CEO's more than they paid in taxes.

\$ Corporations are supposed to pay 6.2% of their profits in state taxes but they average less than 3%.

\$ Some corporations that have paid nothing in state taxes in the past 2-3 years are:

Corporation	Profit
Pepco Holdings	\$779 million
American Electric Power	\$5.8 billion
Dupont	\$2.1 billion
Computer Sciences	\$939 million
General Electric	\$4.2 billion
Verizon	\$11.9 billion
Monsanto	\$1.2 billion
Merck	\$956 million

Source: Institute on Taxation and Economic Policy

\$ How do corporations avoid paying taxes?

- a. Deducting CEO salaries
- b. Tax deductions on stock options
- c. Off shore accounts or headquartered out of U.S.

\$ The U.S. loses about \$100 billion a year from corporations which do not pay their taxes.

\$ The proposed Republican budget would:

- Reduce corporate taxes, taxes on the wealthy and eliminate the estate tax.
- Increase the incomes of people making more than \$1 million/year by \$300,000/year through tax cuts.
- Cut \$3.3 trillion (over 10 years) to programs for the poor (example: 17% cut in food stamps); 62% of budget cuts come from safety net programs.
- Increase military spending.
- Add \$1.2 trillion to the deficit.

Subsidies for Rich Corporations (just a few examples)

\$37 billion in new loan guarantees for energy (meant for emerging small businesses but largely given to large corporations) (mostly for nuclear reactors and coal).

\$52 billion for farm subsidies (again mostly for agribusiness) (payment to over grow or not to grow crops to control market prices).

\$ 197.5 billion for MAP programs (marketing programs to sell overseas) given to multinationals like McDonalds, Nabisco and Mars to build markets in other countries.

\$11 billion in crop insurance, mostly used to reimburse farmers for fluctuations in the price of their crops. In 2011, fewer than 4% of producers received more than 32% of the subsidy payments, including 53 producers who each received subsidies exceeding \$500,000. (from Government Accounting Office)

The Oil Pollution Act of 1990 caps a corporation's liability for oil spills at \$75 million; the public has to pick up the rest of the tab.

The Price-Anderson Act makes the federal government responsible for nuclear accident damages over \$2 billion; the estimated cost in Fukushima, Japan already tops \$200 billion.

In order to encourage westward expansion, in 1872 Congress passed the General Mining Law (unchanged since then) which allows companies to extract precious metals (high priced ones like gold, copper and silver) without paying any royalties for the use of public land.

In 2011, the Big Five of oil companies (BP, Exxon, Chevron, Shell and ConocoPhillips) received \$2.5 billion in subsidies while they each made record profits and paid little in taxes.

Walmart received more than \$1.2 billion in tax breaks, free land, infrastructure assistance, low-cost financing and outright grants from state and local governments around the country. In addition, taxpayers indirectly subsidize the company by paying the healthcare costs of Wal-Mart employees.

Many types of government support of corporations do not come in the form of direct subsidies. Support can include:

- \$ Tax breaks
- \$ Patent extensions
- \$ Non-enforcement of labor or environmental laws or tiny fines relative to profits
- \$ Tariffs

Corporate Profiteering/Hoarding

Between 1999 and 2009 U.S. parent corporations cut 864,000 jobs in the U.S. while creating 2.9 million jobs overseas.

Corporate Cash Hoarders

Company	Cash	Jobs Lost	2011 CEO Pay
Verizon Cash increase 311% Worker decrease 17.5%	\$10.6 billion	41,100	\$23.1 million
Bristol-Meyers Squibb Cash increase 300% Worker decrease 30%	\$6.5 billion	15,000	\$14.9 million
Wellpoint Cash increase 197% Worker decrease 9.6%	\$12.8 billion	4,700	\$13.3 million
News Corporation (Fox News) Cash increase 66% Worker decrease 3.8%	\$5 billion	2,000	\$33.3 million
Johnson & Johnson Cash increase 246% Worker decrease ?%	\$22.9 billion	1,300 (8,900 in 2010)	\$26.8 million

Source: Companies' own tax records

According to the Federal Reserve, non-financial institutions had more than \$2.2 trillion in liquid reserves; if they invested less than 25% of that into the economy, 2.4 million jobs would be created.

Financial institutions are sitting on \$1.5 trillion in excess reserves; investing \$1.4 billion of that cash into job creation and productive investments, would decrease unemployment to less than 5% by 2014.

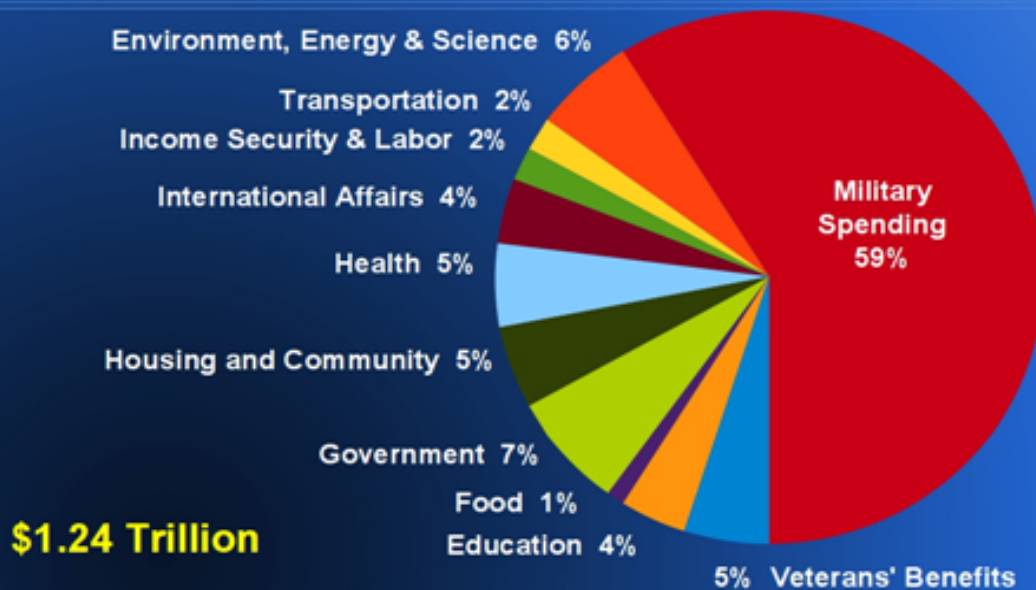
"Buy, Flip and Strip" model of doing business: A leverage buyout firm buys a company that is doing well, borrows money on its equity, extracts lots of money from it and either restructures it for resale or forces it to file for bankruptcy. The people hurt most are the employees who lose their jobs.

Some examples in 2011:

Buyout firm	CEO	CEO earnings 2011
Blackstone Group LP	Stephen Schwarzman	\$139.5 million
Apollo Global Management	Leon D. Black	\$104.2 million
Kohlberg Kravis & Roberts	Henry Kravis	\$93.1 million
Carlyle Group	William Conway, Daniel D'Aiello, David Rubenstein	\$137,775 million ea
Bain Capitol	Mitt Romney	\$20.9 million (10 yrs after leaving)

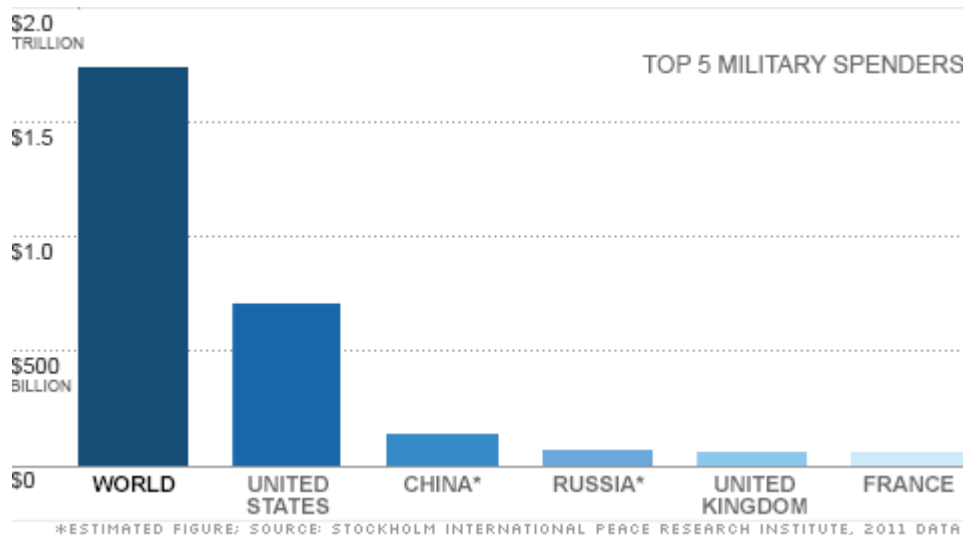
The War Economy

The Proposed FY2012 Discretionary Budget



www.NationalPriorities.org

MILITARY SPENDING FY 2011



Bearing the Burden of War & Military Spending

- 6000+ U.S. dead
- \$1.5 Trillion spent
- Real Cost = \$5-6 Trillion
- 46 of 50 states in the red



Total state deficits = \$122 billion



Bearing the Burden of War & Military Spending



Afghanistan = \$122 billion

+ Iraq = \$47.4 billion

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Total = \$169.4 billion
(Libya = \$7 million/day)

State Deficits = \$122 billion

Iraq 40,000 troops + Afghanistan 100,000 troops



Source: The New Priorities Campaign (see the whole video from which these slides were taken)

Military spending has risen for the last 13 consecutive years.

In the last decade, military spending has risen to \$700 billion/year.

Year	Peak spending	War
1952	\$485 billion	Korean War
1968	\$409 billion	Vietnam War
1985	\$546 billion	Reagan Security
2012	\$700 billion	Afghanistan

The military spends \$60 billion/year to maintain useless weapons including nukes.

Contracts for \$46 billion on weapon systems that had to be terminated recently because they were obsolete or dysfunctional .

We have \$200 billion cost overrides on current weapon system purchases.

According to the Pentagon, they could reduce spending by \$200 billion by 2016 just by making their operations more efficient.

Who makes the most profit from military spending:

Corporation	Profits from Iraq War
Lockheed Martin	\$2.93 billion
BAE Systems	\$1.67 billion
Boeing	\$3.31 billion
Northrop Grumman	\$2.05 billion
General Dynamics	\$2.62 billion
Raytheon	\$1.88 billion
United Technologies	\$4.71 billion
Halliburton	\$17.2 billion
Bechtel	\$14.6 billion

The military budget does not include Black Ops which are private operations that do not answer to Congress. This includes CIA, NSA, private overseas prisons, other secret operations and probably lots more that we don't know about.

What can we do about it?

Share this kind of information with your friends, families and colleagues; an uninformed public is an easily deceived electorate.

Vote for candidates who represent your best interests.

Read and study. Learn about politics, issues, your representatives and your community.

Develop your critical thinking skills. Remember the rallying cry of earlier times: Question Authority

Fact-check (including me). Don't believe everything you hear. Or as one of my bumperstickers says, "Don't believe everything you think."

Learn about organizations who support your interests and support them.

Get involved in activism—whatever kind you like.

Check yourself for stereotypes and misconceptions about others.

Tell each other the truth; as a nation we are dying in a flood of lies and half-truths. Nothing can make someone crazier than a denial of reality.

Do not lend financial support to corporations that are destroying your world and your political system.

If you believe in democracy, participate. We're in serious danger of losing our democracy to a plutocracy (rule by the rich) or corporatocracy. Some think we already have. Democracy is a government in which the supreme power is vested in the people. Democracy requires us, the people.

Don't allow cynicism or hopelessness to prevail. Optimism is the belief that change can happen. Change can't happen if we don't believe in it.

Don't quietly accept that WE ARE BROKE because WE'RE NOT.

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Films:

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