

Nobody Makes it on their Own

Andy Nash

Ever since the recession, there's been a lot of talk about "job creators" – individuals whose successful businesses will provide jobs for the rest of us. Their success is usually portrayed as the result of their own hard work, exceptional intelligence, creativity and personal sacrifice. From this perspective, the government only gets in the way of business' success by taxing their profits and regulating their business practices.



The famous American idiom says we should all be able to "pull ourselves up by our bootstraps."

Businesses and Taxes

Yet, after drawing upon the public to build their fortunes, many at the top claim that they made it on their own and are not obliged to pay their full share of taxes. And their efforts to avoid taxes have paid off for them. In 1950, corporate taxes as a portion of all federal revenue were 30%. In 2009 they were 6.6%. (UFE infographic) For every dollar of workers' payroll tax paid in the 1950s, corporations paid three dollars. Now it's 22 cents.

The Self-Made Myth

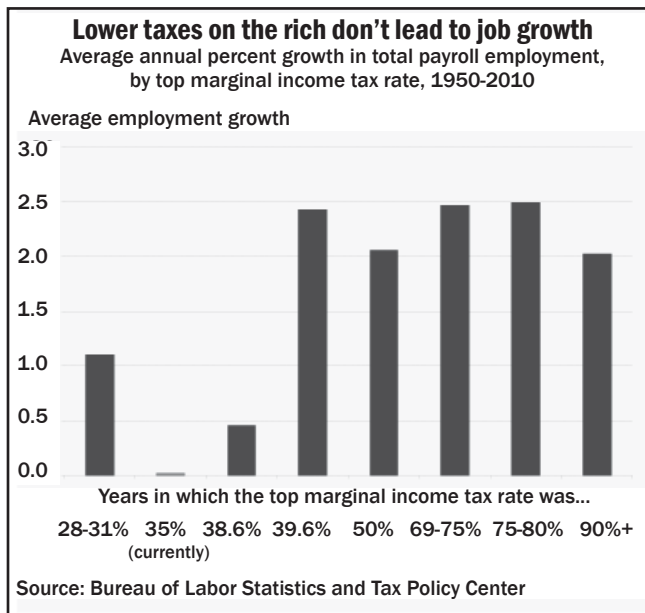
The idea that successful people have made it all on their own is challenged in a new book called, *The Self-Made Myth: And the Truth about How Government Helps Individuals and Businesses Succeed*. The authors interviewed dozens of wealthy business owners about how they became successful, and learned that they couldn't have done it without government and taxpayer supports such as:

- transportation systems to move their products to customers
- public schools and libraries to educate their workers
- government-funded research (which created the internet and other discoveries)
- the courts to keep the system fair
- regulations (such as food inspection)
- government services (from snow removal to bank deposit insurance)

When we consider all the ways that the government and taxpayers contribute to the creation of successful businesses, we see that we all share the credit for creating jobs. Together, we have laid the groundwork for companies to grow and prosper.

So do lower taxes for business-

es lead them to create more jobs? It doesn't seem so. In the past 60 years, many more jobs were created when the top tax rate was high, not when it was low (see chart below). During times of low tax rates, businesses have not used their tax savings to create jobs. They have banked the money, sometimes moving it offshore where it can't be taxed.



The Common Good

The government uses our tax money to create jobs directly (hiring teachers, police, etc.) and indirectly (by providing services and infrastructure that businesses need in order to succeed). We all contribute to building the economy. Despite some business's claims to have pulled themselves up by their bootstraps, nobody makes it on their own.

And nobody deserves to take the benefits without giving back to the common good.

Andy Nash is the director of the New England Literacy Resource Center.

Sources: *The Self-Made Myth*, Brian Miller and Mike Lapham; <www.alternet.org/economy/ten-numbers-rich-would-fudged>; <www.americanprogress.org/issues/tax-reform/news/2011/06/27/9856/rich-peoples-taxes-have-little-to-do-with-job-creation/>.

How do we CODDLE the super-wealthy?

The rules that help shape our economy have been influenced by the super-wealthy over the past 30 years, and tilted in their favor. Here's how:

1. Huge Tax Breaks

Tax rates for our nation's wealthiest have plummeted since the 1940s. Despite historically low tax rates in the late 1990s, President Bush created more tax giveaways that flowed directly into the pockets of the wealthiest Americans.

\$1.8 trillion revenue lost as a result of the Bush tax cuts.

40% of this went into the bank accounts of Americans making over \$500,000 annually.

2. Preferential Tax Treatment

It pays to make money from money. A paycheck—that is, income from work—is taxed at a higher rate than income from interest on capital gains and investments, which is the main source of income for most millionaires and billionaires.

2010 Effective Tax Rates as a % of income

Warren Buffett	17.4%
His Secretary	36%

Our leaders have asked for 'shared sacrifice.' But when they did the asking, they spared me."
—Warren Buffett (NY Times op-ed)

3. Tax Dodging and Loopholes

Wealthy corporations have become very skilled at avoiding taxes. Shifting operations overseas, creating sham headquarters in tax haven countries, and even renouncing U.S. status are all common ways of "gaming" the system.

EXON Mobil \$15 billion income taxes paid in 2010
\$0 paid to the U.S.

GE \$5.1 billion U.S. profits in 2010
\$0 paid in taxes

CORPORATE TAXES AS A PORTION OF ALL FEDERAL REVENUE

1950	30%
2009	6.6%

Infographic created by Shannon M. for United for a Fair Economy. Excerpted and adapted slightly by Cynthia Peters. See full infographic at <faireconomy.org/coddle>. Look at the chart on p. 29 for more on wealth inequality over the years.

Fact vs. Opinion

Use the left column to list facts and the right column to list opinions from the article and graphics.
