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."

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.

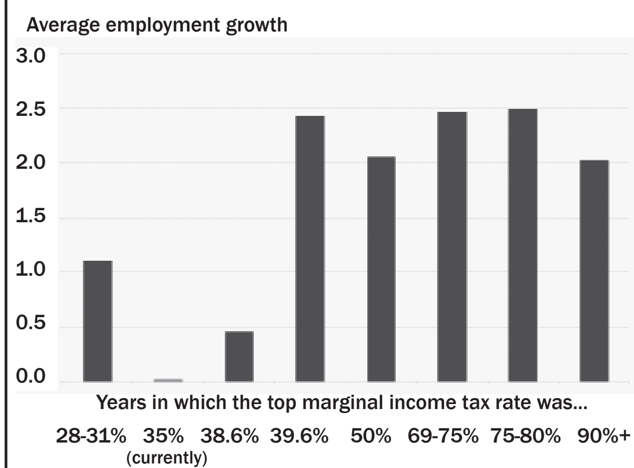
Businesses and Taxes

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.

So do lower taxes for businesses 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.

Lower taxes on the rich don't lead to job growth

Average annual percent growth in total payroll employment, by top marginal income tax rate, 1950-2010



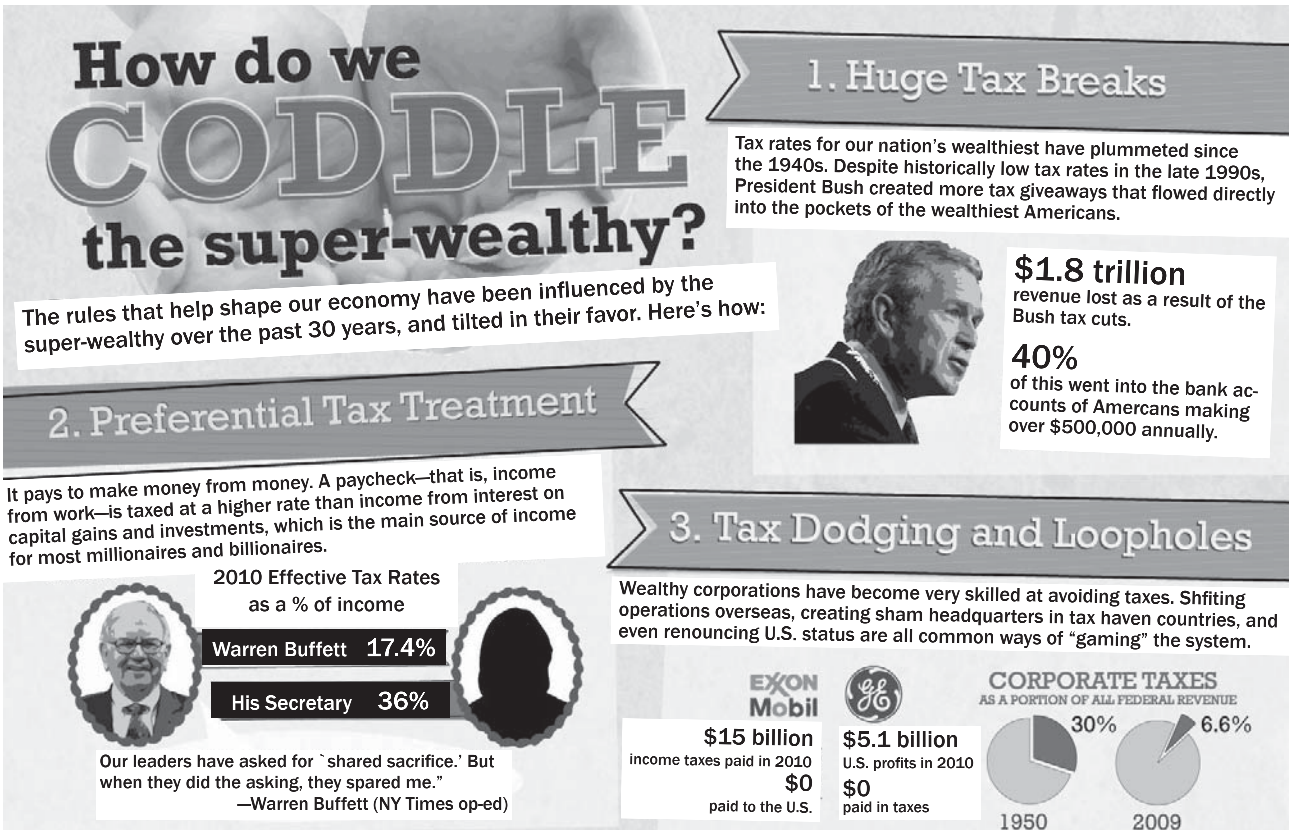
Source: Bureau of Labor Statistics and Tax Policy Center

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/>.



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.

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