

A Cure for an Ailing Economy: Taxing the Rich

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Healthcare isn't the only social ill in the U.S. that needs a serious remedy. The list is long and growing: state budget crises, unemployment, infrastructure, education, housing, food assistance, etc. These are all things that must be paid for, but the money seems to be in short supply. When a country is in as much debt as the U.S., - \$12 trillion and counting — the tasks at hand seem all but unachievable.

And this is exactly what many politicians would like you to believe.

Fortunately, the seriousness of the crisis is forcing a return to a forgotten, "radical" debate. For the first time in decades, some mainstream media and politicians are posing an extremely controversial question: should we increase taxes on the rich — and if so, how much?

The debate is being open to the public for lack of other options. The social inequality in the U.S. has been rising for decades, and has now reached the point where most of the population has zero disposable income; millions owe much more than they own. The only people who have money to spare are the wealthy. Another reason to tax the rich is that "...tax increases on high-income residents are less harmful than spending cuts; wealthier taxpayers tend to pay higher taxes from savings, not money they would otherwise spend." (The New York Times, August 3, 2009).

Not pursuing higher taxes on the rich is resulting in social devastation. Look no farther than California, where Governor Schwarzenegger proudly declared that the state budget deficit was balanced "without raising taxes." Instead, the budget was balanced at the expense of education, health care, welfare, etc. The working class and poor bore nearly the full extent of the burden. This dynamic is quickly turning the country backwards to a world that resembles the last depression.

Indeed, during the great depression tax rates for the wealthiest were raised significantly, from 24% in 1929, to 79% in 1936. Again, it was economic necessity — combined with a growing working class insurgency — that determined the tax increase.

Tax rates for the wealthy remained high for decades — 90% at times — until Regan "revolutionized" the system. The man Obama speaks so highly of lowered the national income dramatically: taxes for the wealthiest individuals fell from 70% to 33% with both Democrats and Republicans voting for the reduction.

In an attempt to partially fund some of his campaign promises, Obama plans to allow the Bush Jr. tax cuts for the rich to expire, which will raise taxes on the wealthiest a mere 3%. This insufficient amount has caused an uproar in some sections of the elite who use their

control over media outlets to vent their frustration — branding Obama as a “socialist” (an insult to actual socialists). Their outrage is genuine, since they believe that giving up a little may cause people to then demand they give up much more.

This increasingly venomous rhetoric against taxing the wealthy often comes with implied threats, the most common being: if you tax the super-wealthy and corporations, they will move themselves and their money overseas. Jobs will thus be lost; the economy will be sabotaged.

It must first be noted that the rich are already professional tax evaders, while corporations are giant welfare recipients. Tax “exemptions,” off-shore tax havens, and the type of logic that allows mega-billionaire Rupert Murdoch to pay 17% in taxes from his stock market “earnings” are just a few of the problems in our tax system that need correcting.

Correcting these numerous, irrational loopholes, while greatly increasing taxes on the wealthy and corporations is likely to create the predicted exodus of rich, for the same reasons that the wealthy Venezuelans and Cubans crowd the shores of Miami Beach.

If this were to happen, we needn’t stand idly by as they further bankrupt the country. Such a purposely destabilizing act would require their bank accounts be frozen, and their excess property seized. Although harsh sounding, one must remember that this money isn’t legitimately theirs in the first place: they’ve acquired these billions by de-industrializing the country, driving down wages and slashing benefits, betting on housing bubbles and other financial schemes, bank bailouts, etc. In effect, they’ve bankrupted tens of millions of people and — if threatened by higher taxes — want to take their stolen money and run.

It should also be pointed out that the very question of the rich fleeing from higher taxes proves a higher economic law: our economic system is completely owned and manipulated by a tiny majority of ultra-rich individuals, who shield themselves behind omnipotent sounding corporate names: Goldman Sachs, Wells Fargo, Boeing, etc. This is not a topic of abstract philosophizing, but the cause of the country’s economic crisis.

For decades the whole economy has been run by and for the interests of the corporate elite, with the recent bank bailouts proving this beyond any question — the federal treasury has been opened up for the mega-banks to grab trillions of dollars, with no questions asked.

This bankrupting of the country by bank bailouts and foreign wars is being used by sections of the elite to demand the end of a program long-hated by them: Social Security. The bedrock social program that many have referred to as “untouchable” is in danger of being molested by Obama’s corporate-dominated administration. And although Obama has hinted at the coming attack by repeatedly stating that “entitlement programs need to be reformed,” he has yet to be as blunt as the many recent articles appearing in national magazines and newspapers, intended to soften public opinion. The enormous national debt will be used as the pretext for the attack.

This cannot be allowed to happen; working people and the poor have sacrificed enough. The giant shift of wealth that has occurred in the last 40 years towards the wealthy must cease and be drastically reversed. For society to regain any semblance of equilibrium, wealth must be re-distributed on a magnificent scale, since any society that intends to meet the basic needs of its citizens — food, housing, health care, education, etc. — is utterly incompatible with the current situation, where a small group of billionaires enrich themselves off bursting

financial bubbles and war profiteering.

The White House and Congress will do anything to avoid the urgently needed tax increases on the wealthy that the economic situation demands. All kinds of complicated tax increases on the working and middle-classes are likely to be proposed, such as the European-style Value Added Tax, and other taxes on consumption.

Labor unions and community organizations must unite to demand that the very wealthy – the top 5 percent of the population – and corporations pay for the economic crisis that they’ve manufactured. The enormous national debt and the dire need to maintain and expand social services make this demand especially urgent. There’s no time to waste.

And while placing the major burden of taxation on the rich who can afford it is an obvious necessity, a redistribution of existing wealth would be only a temporary solution to the current economic crisis. A basic restructuring of our society— taking political, economic, and social control out of the hands of the tiny group who have wielded power since the founding of this country— is the only road to a prosperous and sustainable future.

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