

A Simple Solution to the States' Budget Crises

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Global Research, February 19, 2009

19 February 2009

Region: [USA](#)

Theme: [Global Economy](#)

On February 16, in Salem, Oregon a rally of more than 5,000 students, teachers, parents, and social service workers assembled in front of the state capitol, demanding a solution to the state's financial crisis.

This was but one of many similar protests nationwide; and Oregon is par for the course when it comes to U.S. states neck deep in a budget crisis. It is estimated that, unless other sources of revenue are raised immediately, the state will make \$800 million in cuts...by June. The projected deficit for the next two years is \$2.5 billion.

At the Oregon rally people demanded that education and social services be left out of the states cuts. The solutions offered by the various speakers were diverse, and only a few actually resonated with the crowd.

Least impressive were those speakers who "demanded" that the legislature make "tough decisions" when it came to cutting state programs. Roughly translated, this 'demand' means, "don't cut education, instead cut benefits to the elderly," or vice versa.

By making separate demands, some of the speakers at the rally pitted education against social services and other programs that ultimately benefit the majority of society. This is a divide and be-conquered "strategy" at its worst.

On the other hand, some speakers offered more thought-out solutions. As the Oregonian noted, "Calls for higher taxes — on beer and wine, [and] on corporations...drew some of the loudest cheers."

The loudest cheers were in fact given for calls to end Oregon's minimum corporate tax of 10 dollars.

And this is where things get interesting.

Whereas many of the speakers merely pleaded to "save education," the more serious spoke about actually solving the problems in general though "raising revenue."

This question, more than any other, deserves the most serious attention.

State budgets everywhere are being decimated due to the enormous economic problems that continue to create mass unemployment, and consequently, less money being collected via income tax. If new ways of raising money aren't immediately put into place, education, aid for the unemployed, elderly, and disabled — not to mention the most basic social-infrastructural projects — will be laid to waste.

Raising taxes is always a class question. We can choose to raise taxes that will adversely affect working people, like the sales tax, gas, alcohol, the lottery, etc. Or we can begin to seriously confront the woefully inadequate tax system that is currently in place.

In most states, there is barely a distinction between what the poor pay in taxes and what the very wealthy pay. In Oregon, for example, everyone minus those living in abject poverty pays 9% in income taxes.

It becomes immediately obvious, then, that adding two or three new tax brackets at a higher rate for the wealthier citizens — and corporations — would be an immediate source of income for the states.

And while labor unions have been proposing this solution for some years, it has always been “on the agenda,” but never on the immediate agenda. The budget crises around the country have transformed this “long term goal” into an immediate, necessary demand.

This is not an ordinary recession. The staggering deficit numbers will soon be transformed into real, mass suffering unless something is done quickly. The only serious, immediate solution to the problem is to raise revenue by taxing the rich and corporations, and do it NOW!

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