The $10 Trillion US Tax Giveaway-$10 Trillion More Coming

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How U.S. Congress and Presidential Candidates keep the cash flowing to corporations and investors.

From 2001 to 2016 US politicians have cut taxes on corporations and wealthy investors by no less than US$10 trillion. Another US$10 is coming.

Proposals for more tax cuts now pending in Congress – plus proposals supported by Trump, Cruz, other Republican presidential candidates – will add another US$10 trillion in tax cuts. And, as from 2001 to 2016, the latest proposals will once again benefit mostly US big banks, big corporations, and the wealthiest investors – i.e. the 1 percent and, even more so, the 0.1 percent and 0.01 percent.

Bill Clinton Opens the Door: 1997-1998

It is little known, but the trend toward massive investor and corporate tax cutting in recent decades began with Bill Clinton and his 1997-98 tax cut legislation. The 1997 Act cut taxes by US$400 billion. The wealthiest 20 percent households received 75 percent of the tax cuts or US$300 billion. The Clinton cuts reduced capital gains and estate taxes, cut gift taxes and the corporate alternative minimum tax, and opened up corporate tax loopholes while limiting the IRS ability to investigate wealthy tax evasion. Forty-eight million of the lowest income households got no cuts or saw their taxes actually increased. Another 48 million households got tax cuts averaging US$300. Capital gains taxes were cut by US$200 billion benefiting the wealthiest 1 percent households (1.2 million) who received an average cut of US$16,187, according to the Center for Tax Justice. A follow up tax act in 1998 further restricted the IRS from investigating tax fraud by the wealthy and corporations, while expanding capital gains tax provisions still further. The modern era of tax cutting for the wealthy and their corporations thus begins with Bill Clinton.

George W. Bush 'The Great Benefactor': 2001-2008

George Bush wasted no time in blowing open the door unlocked by Clinton. In a succession of annual tax cuts starting in 2001, personal income taxes under Bush were reduced by US$3.3 trillion, according to the independent research source, 'Tax Notes.'

In 2001, as the ultra-conservative think tank, the Heritage Foundation, admitted the 2001 Bush cuts in personal income taxes mostly benefited capital incomes and the 4.7 percent wealthiest households; 95 million U.S. taxpayers received no reductions at all from Bush's US$1.35 trillion 2001 cuts. Roughly three-fourths of the US$1.35 trillion – i.e. US$1 trillion – went to the wealthiest households, according to the National Tax Journal's analysis. In 2001, the wealthiest 1 percent households also received another US$138 billion tax windfall in the reduction of Estate and Gift taxes.

In 2002, Bush turned to reducing corporations' taxes. Faster business depreciation write offs (a tax cut) and more corporate tax loopholes, like 'net operating loss', added another US$1 trillion in tax cuts.

In 2003, it was back to more tax cuts for wealthy individuals. Cuts in capital gains and dividend taxes, from 39.5 percent to 15 percent were enacted, faster tax rate cuts at the top levels, and even more generous depreciation and business tax cuts, cut taxes for businesses by another US$400 billion and for mostly wealthy individuals by another US$800 billion.

In 2004 it was tax cuts benefiting mostly the largest U.S. multinational corporations. The 700 page Corporate Tax Reduction Act of 2004 produced, according to the Center for Tax Justice, "the largest business tax relief program in more than a decade". Many of the dozens of offshore tax sheltering corporate tax loopholes that exist today were born in the 2004 Act, which also provided a 'tax holiday' that saved multinationals US$195 billion in back taxes owed, a US$80-$100 billion in export subsidy tax rebates to corporations, deduction of foreign taxes from U.S. taxes, and scores of special tax cut provisions for industries like tech, pharmaceuticals, banks, aircraft leasing, beer and wine, film and entertainment and other special interests. Estimates are the 2004 corporate reductions amounted to another US$500 billion for the decade.

Bush cuts for just his first term in office, add up to wealthiest households, investors, and businesses getting approximately US$3.8 trillion in tax cuts. No wonder U.S. tax revenues from corporations declined to only 6 percent of total government tax revenues, compared to previous averages as high as 20 percent.

With the 2008 crash, Bush and the Democratic Congress passed another US$168 billion emergency tax cuts to try to slow the recession, with little effect. It added another US$50 billion in business tax cuts, along with emergency rebates to consumers.

Obama 'The Generous': 2009-2015

Obama's initial emergency stimulus bill of 2009 called for US$787 billion, about US$315 billion of which were tax cuts and at least US$200 billion in business and investor cuts. Democrats in Congress at the time proposed an additional US$120 billion in consumer household tax cuts, but Obama agreed with his business advisers and Republicans and cut it out of his 2009 stimulus proposals.

In 2010, the Bush tax cuts of 2001-03 were scheduled to expire. However, Obama supported the extension of the cuts for another two years. That resulted in US$450 billion in further tax cuts for investors and corporations.

In August 2011, the Congress cut $1 trillion in spending on education and other social programs, and scheduled another US$1 trillion for cuts starting in 2013 – half of which as for defense and half for more social programs. A 'fiscal cliff' crisis, as it was called, loomed for 2013 as the US economy slowed. A deal was struck at year-end 2012 between Obama, U.S. House of Representatives Republicans, and conservatives in the U.S. Senate to avoid the so-called 'fiscal cliff'. As part of that deal, no less than US$4 trillion more in tax cuts were passed – entrenching the Bush tax cuts benefiting corporations and investors with US$3 trillion more for the next decade, and at minimum US$3 trillion forever as the Bush era cuts now became permanent.

Meanwhile, throughout the Obama era, multinational corporations continued to hoard profits offshore and not pay U.S. taxes. Un-repatriated corporate taxes due but not paid rose from US$700 billion during the Bush years to more than US$2.1 trillion by 2014. If one averages the offshore tax avoidance by U.S. multinationals over the Obama years, it averages approximately US$1 trillion a year. If U.S. multinationals had paid the required 35 percent corporate tax rate, if the numerous loopholes created since 2002 were removed, if the 'tax inversion' scams since 2014 were not allowed, it would have meant US$350 billion a year for the eight years, or about US$2.8 trillion, in additional taxes paid by multinationals. Or, US$2.8 trillion in what amounts to de facto tax cuts since they were allowed by Bush-Obama and Congresses over the past decade and a half.

Thus, under the Obama regime a total of roughly US$6.5 trillion has been added in tax cuts for wealthy households, investors, multinational corporations, and U.S. business in general. Summing up, that's US$300 billion from Bill Clinton, US$3.8 trillion from Bush, and US$6.5 trillion under Obama – for a total of at minimum US$10.6 trillion!

However, that mind-boggling total is not the end of it. Candidates now running for office for president of the United States are proposing trillions more in tax giveaways to the 1 percent and their corporations.

The Republican Presidential Candidates: 'More Is Not Enough'

All the main republican presidential candidates propose cutting wealthy and corporate taxes by well more than US$10 trillion. Here's just a few of the main proposals of the top 3 Republican candidates:

Ted Cruz: Reduce the personal income tax from 35 percent to 10 percent. Then end the corporate income tax altogether and replace it with a 16 percent business value added tax (VAT) – most of which business would obviously then pass on to consumers to pay. Businesses could also deduct every penny they spend on investments from their taxes owed. Invest it all and pay no taxes whatsoever, in other words. The conservative Tax Foundation has estimated Cruz's plan would amount to US$768 billion in tax cuts for corporations and the wealthy 1 percent, the latter of whom would see their take home income immediately rise by 30 percent. Other detailed provisions would push it well over US$10 trillion for the next decade.

Marco Rubio: End all taxes on capital gains, dividends, and interest. Reduce the top rate for business incomes from 39.5 percent to 25 percent. (For wage incomes reduce it only from 39.5 percent to 35 percent). The Rubio proposal would have meant the US$5 trillion paid by corporations in stock buybacks and dividends since 2010 would have been totally tax-free for wealthy investor households. So too would the more than US$1 trillion a year in total capital gains every year since 2012. In other words, just the end of capital gains would mean a trillion dollars minimum a year for every year forever. Add to that the 15 percent rate cuts for business income and high end CEO salary tax cuts.

Donald Trump: the Tax Foundation and other sources estimate Trump's tax cut at US$12 trillion over the coming decade: US$10 trillion in personal income tax cuts and another

US$1.5 trillion in corporate tax cuts. Trump reduces the personal income tax top rate from 35 percent to 25 percent and corporate income tax to 15 percent. Trump would eliminate the estate tax (another US$238 billion), the Alternative Minimum Tax that hits the wealthy, and the 3.8 percent Obamacare tax on the wealthiest.

Other 'wannabe' Republicans – Carson, Paul, Christy and other assort 'goofies' – parrot the same, and more, US$10 trillion in new tax giveaways to the wealthiest, investors and businesses across the board.

It may have taken 15 years to give the first US$10 trillion away. But it looks like it will take less than half that to give the next US$10 trillion.

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