

Corporate America versus Middle America:

The Necessity of a New American Revolution

Elyse Kufeldt

March 23, 2007

Cedarcrest High School

“No taxation without representation” was the battle cry of the anonymous revolutionists of the thirteen colonies. Frustrated with the tyrannical moves of the British chartered East India Trade Company, average citizens resolved to stand up and flex their power as individuals to affect change against something as colossal as a state sponsored corporation. While such endeavors were successful then, the battle against businesses who ignore the welfare of their customers is being lost today without a single outcry. In fact, after the Civil War, with passage of the 14th Amendment, corporations interpreted it to extend to them by claiming, “We are a person” (Zinn, 2004) and the Supreme Court “[went] along with that” (Zinn, 2004). Shockingly, even though created by humans, a corporation is endowed with many of the constitutional protections given to protect citizens from the government or other oppressors (Hartmann, 2002). With the combined competitive advantages of legal personhood, limited liability, wealth and ability to wield influence, a corporate person is easily more powerful than the average American citizen is. The American government has allowed corporations to force policies of dispensation and compensation that have pushed the middle class to the brink of destruction.

Corporate America’s persistent tax evasion and refusal to play by the rules leaves the average American (and his children) with the remainder and the assumed responsibility to pay a debt he cannot afford. Corporations and their executives will go to great lengths to avoid paying their due to society by hiring men “who [appear] as a Midas before [their] bankers and look like paupers to the taxman” (Johnston, 2003). These men find plans “so lucrative that [Corporate executives] would not have to pay a single dollar in tax and would even be entitled to an income tax deduction of [around] \$6 million” (Johnston, 2003). Corporations constantly keep one set of books for investors and one set for the government which “has defrauded tens of thousands of shareholders and pensioners out of billions of dollars” (Gutman, 2003). This is achieved by

exaggerating the corporation's profits to its investors while making it look as though they are struggling to survive to the government (Gutman, 2003). This chronic double accounting, combined with the utilization of skilled tax strategists, allows corporations to avoid taxes already significantly reduced on their behalf.

Many will argue with some success that the richest pay much more in taxes than the average American and therefore deserve a break. However, "when all federal taxes are considered [...] the top 1 percent's share drops [...] from 37 percent of individual federal income taxes [...] to about a fourth of the total tax bill" (Johnston, 2003). Moreover, when compared in a smaller pool, "the 10,000 largest corporations had over 25 times the total profits that the second tier generated—and got away with paying at a lesser rate even though they earned a lot more" (Gutman, 2003). America no longer believes in a progressive tax that takes more from those who have more, but in a regressive tax that leaves more with those who have the most.

Over time, this practice consolidates America's wealth into a small percentage of people who keep making more while the rest continually makes less. "In recent years the richest 1 percent of Americans, the top 1.3 million or so households, have owned almost half of the stocks, bonds, cash and other financial assets in the country" (Johnston, 2003). Meanwhile,

The [wages of the] poorly educated [...] adjusted for inflation, fell by more than \$2 an hour from 1973 to 2001 [...] Wages fell slightly for high school graduates and were flat for those with some college but not a four-year degree. (Johnston, 2003)

While the super-rich have access to tax strategists assisting in devising ways to keep their large piles of money safe from the government, the average American cannot afford such a luxury and is therefore forced to pay much more to make up for corporate selfishness.

In a stunning twist of irony, the famed corporate term "trickle-down economics" is turned

on its head. When corporations do not pay the taxes they owe, the bill falls on middle America either in higher taxes, a mounting national debt (Gutman, 2003) or “in fewer government services [...] But the bill is always paid” (Johnston, 2003) and trickles down to the rest of society. “Trickle-down economics” has been synonymous with wealth making its way down to the lower classes for years, but in actuality, the only thing that passes down is the insurmountable national debt and rising taxes that attempt to alleviate it. Corporate America’s clever ability to protect its money from the government places the debt on future generations and forces today’s working class Americans to pay the balance.

If indeed legally considered a person and therefore citizen of the United States, it should follow that Corporate America care about its fellow citizens. However, corporations have become about money even to the expense of their fellow Americans, taking jobs away from them to low-wage, overseas markets. For example, “the state of Pennsylvania has already been hard hit by job losses, having seen 132,000 manufacturing jobs evaporate” (Dobbs, 2004). Furthermore, “Forrester Research estimates that \$151.2 billion in wages will be shifted from the United States to lower-wage countries by 2015. That includes about 3.4 million white-collar service jobs” (Dobbs, 2004). The list and scope of American job loss to overseas markets drones on without an apparent end.

The worst of it is that these jobs are not necessarily being lost to better-qualified employees, but cheaper ones—all in the name of efficiency and higher productivity. CEOs, lobbyists, and politicians have said that they support outsourcing jobs because Americans are not well educated or sufficiently productive (Dobbs, 2004). But

Despite what Corporate America is suggesting, American workers are productive—in fact, the most productive in the world. They aren’t failing to compete with workers in any

part of the global economy. The truth is, American workers aren't being asked to compete. (Dobbs, 2004)

This is because Americans will always lose in any global contest where the winner is decided by the price of labor (Dobbs, 2004). There is no conclusive evidence that supports the atrocious claim that American workers are less qualified than their international counterparts are. They are being discriminated against for living in America and requiring a minimum wage, which is preposterous considering that these corporations are headquartered in America and considered citizens under its Constitution.

American Corporations show no sense of loyalty for their country or its citizens. While one would think that these corporations, which lobby so heavily in American politics, influence it so readily and, indeed, are even considered citizens, would at least feel some sense of duty or obligation to its people (being headquartered and given the chance to create their wealth here), but overwhelmingly, they do not. CEOs such as Hewlett-Packard's (Carly Fiorina) are even going so far as to declare that "No American has a God-given right to a job" (Dobbs, 2004). Even though our Declaration of Independence clearly states that everyone has the God-given right to the pursuit of happiness (property), no one erupted in anger over this statement because "working men and women in this country aren't part of the political equation. Business and capital rule" (Dobbs, 2004). Corporations' proclivity to outsource affects America negatively by showing no reverence for the country they are headquartered in, or for its citizens, by refusing to hire our highly employable workforce. While Corporations are legally citizens, they fail to act as an American and in the best interest of their country.

Corporate America's increasing presence in the government in the form of lobbyists decreases the representation of working Americans and in turn creates policy that negatively

affects the middle class. Over the past several decades, politics and economics have formed a tighter bond. United States policy and the actions of its officials reflect the philosophy that what is good for big business is good for America at the expense of the working class. This is due to corporations' extensive ability to lobby, shown by the fact that:

Business, industry associations, and lobbying groups like the Business Roundtable and the U.S. Chamber of Commerce concentrate [...] hundreds of millions of dollars on our congressmen and senators [...] in order to preserve the political gains of deregulation over the past quarter century. (Dobbs, 2004)

Their money gets their voices heard, causing politicians to back down from arguing issues like corporate tax evasion and reductions, minimum wage, etcetera because “then the vast campaign funding that flows from big business might slow to a trickle or be directed to candidates who profess their unblinking faith in the Market” (Dobbs, 2004). With the costs of campaigns steadily on the rise, how can any average working individual compete with the big bucks that corporations are capable and willing to dispense?

Because of corporations' capacity to fund campaigns, they have often been responsible for “getting the right people into the right offices and making sure that [their] voices [...] are heard loud and clear on Capitol Hill” (Dobbs, 2004). Not only do corporations control which politicians are in office, but also what information they base their policy decisions on. The information that the government uses to create policy largely comes from corporations' personal research and study (Dobbs, 2004). With the balance of their checkbooks and the ability to create information solely beneficial to the corporations, it is not hard to believe that

Through lobbying and campaign contributions, mining and drilling corporations get the federal government to give them free or inexpensive access to government-owned

lands—commons held in trust for you and me and all U.S. citizens—to extract [...] public resources, which they sell. (Hartmann, 2002)

Corporations are essentially creating policy that benefits them, even if it means harming America's middle class. When corporations wield their political power, their voice is louder and their money more persuasive than the average American citizen when making policy, in effect making the American middle class' voice powerless.

With all of these major issues surrounding American corporations, it becomes clear that the middle class needs to speak up and demand action. Unless something is done soon, the middle class faces the very real possibility of disappearing amidst the corporations and their executives. Do we value life, liberty and pursuit of property (happiness) for all Americans, or only the rich? Our country began because the colonists grew sick of England and her major corporation's tyrannical rule over us—our country will only continue to grow if our loyal citizens declaim the economic tyrants known as corporations once more. We must demand American corporations be held to ethical standards, keeping them loyal to America and its fellow citizens, and force them to use one set of books for taxes and shareholders. It is also imperative that we demand that our politicians serve our needs more than their corporate benefactors' selfish desires. We must include ourselves in the political process and make our voices louder than the corporations' if we wish to retain our ability to achieve the American Dream. We must make the standard of living for every American more important than the Gross Domestic Product or the DOW Jones Industrial Average. America is not numbers—America is, and always has been (or should be), about the people. “These are the first shots in a new American Revolution, one that will be fought with petitions and votes instead of guns and troops. It's a revolution to win back democracy” (Hartmann, 2002).

References

- Achbar, M. & Abbott, J. (Directors). (2004). *The Corporation* [Documentary]. [Interview with Howard Zinn.] Canada: Zeitgeist Films.
- Dobbs, L. (2004). *Exporting America; Why Corporate Greed Is Shipping American Jobs Overseas*. New York, NY: Time Warner Book Group.
- Gutman, H. (28 February 2003). Corporate Tax Evasion on an Enormous Scale. University of Vermont. Retrieved 01 March 2007, from http://www.uvm.edu/~sgutman/Corporate_Tax_Evasion.html
- Hartmann, T. (2002). *Unequal Protection: The Rise of Corporate Dominance and the Theft of Human Rights*. USA: Rodale Inc.
- Johnston, D.C. (2003). *Perfectly Legal: The Covert Campaign to Rig Our Tax System to Benefit The Super Rich—And Cheat Everybody Else*. New York, NY: The Penguin Group.