



## Paul Ryan is wrong: Wealthiest Americans are not “makers,” they’re mercenary takers

### Richest Americans are takers: Only place money is trickling from these job-creating "makers" is in their pockets

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The top individuals on the 2013 [Forbes 400 list](#) are generally believed to be makers of great companies or concepts. They are the role models of Paul Ryan, who [laments](#), “We’re going to a majority of takers versus makers in America.” They are defended by Cato Institute CEO [John A. Allison IV](#), who once protested: “Instead of an attack on the 1 percent, let’s call it an attack on the very productive.”

But many of the richest Americans are takers. The top twenty, with a total net worth of almost [two-thirds of a trillion](#) dollars, have all taken from the public or from employees, or through taxes or untaxed inheritances.

#### Bill Gates

Bill Gates may be a knowledgeable and hard-working man, but he was also [lucky and opportunistic](#). He was a taker. In 1975, at the age of 20, he founded Microsoft with high school buddy Paul Allen. This was the era of the first desktop computers, and numerous small companies were trying to program them, most notably Digital Research, headed by brilliant software designer [Gary Kildall](#). His CP/M operating system (OS) was the industry standard. Even Gates’ company used it.

But Kildall was an innovator, not a businessman, and when IBM came calling for an OS for the new IBM PC, his [delays](#) drove the big mainframe company to Gates. Even though the newly established Microsoft company couldn’t fill IBM’s needs, Gates and Allen saw an opportunity, and so they hurriedly bought the rights to another local company’s OS — which was based on Kildall’s CP/M system. Kildall wanted to sue, but intellectual property law for software had not yet been established. Kildall was a maker who got taken.

David Lefer, a collaborator for the book [They Made America](#), summarized: “Gates didn’t invent the PC operating system, and any history that says he did is wrong.”

## **Warren Buffett**

At first glance, Warren Buffett seems to be a different breed of multi-billionaire, advocating for [higher taxes on the rich](#) and a [reasonable estate tax](#). But his company, Berkshire Hathaway, hasn't been paying its taxes. According to the [New York Post](#), "the company openly admits that it owes back taxes since as long ago as 2002."

A review of Berkshire Hathaway's [annual report](#) confirms that despite profits of over \$22 billion in 2012, a \$255 million refund was claimed, while \$44 billion in federal taxes remain deferred on the company's balance sheet.

Berkshire Hathaway has another little surprise hidden in the small print of its income statement. It shows an income tax expense of almost \$7 billion, all of it hypothetical.

## **Larry Ellison**

Ellison was #1 on Sam Pizzigati's [Greediest of 2013](#) list. A well-deserved ranking. Since 2008 the Oracle CEO has awarded himself tens of millions of dollars in [stock options and performance pay](#), most of it either tax-deferred or tax deductible. The money taken from the taxpayers served as a nice down-payment on Ellison's purchase of the sixth-largest [Hawaiian island](#).

## **Koch Brothers**

This is an easy one, sad to say. Koch Industries is [taking away](#) our clean air and water, [taking its waste](#) to Detroit and Chicago, trying to take away the [minimum wage](#), seeking to [take down renewable energy](#) initiatives, and [taking away jobs](#)

And trying to take us for fools, with statements like this from [Charles Koch](#): "I want my legacy to be...a better way of life for...all Americans."

## **The Walmart Family**

Where to begin? [Walmart](#) takes from employees, takes from the taxpayers, takes from competitors and suppliers, takes from foreign workers, takes from the environment.

Walmart sales associates make about [\\$9.00 per hour](#), which comes to \$18,000 per year for a full-time worker, well below the [poverty threshold](#) for a family of four (and even below the threshold for a family of three).

Walmart makes more than that from profits and subsidies. In the U.S., the company makes over \$18,000 per employee, including [\\$13,000](#) in pre-tax profits (after paying salaries) and a taxpayer subsidy of [\\$5,815](#) per worker.

On top of all the business profits, the four members of the Walmart family made a combined [\\$28.9 billion](#) from their investments last year. Less than a third of that would have given every U.S. Walmart worker a \$3.00 raise, enough to end the public subsidy.

## **Michael Bloomberg**

Bloomberg has taken from workers, [vetoing](#) the Prevailing Wage Bill while likening the higher wage campaign to communism. He has taken from [children](#) through cutbacks to child care and after-school programs. He has taken funding from the [homeless](#), and he has taken away the dignity and civil rights of minorities through his “stop and frisk” policy. A long-term pattern of taking from the poor and redistributing to the rich has caused New York City to become the [most unequal city](#) in the United States.

## **Sheldon Adelson**

Casino magnate Adelson is a taker. He had his Sands Corporation in Las Vegas declare a [special dividend](#) that will pay him \$1.2 billion, at the capital gains tax rate. Meanwhile, The Sands took bribe money, [admitting](#) that it likely [violated](#) the U.S. Foreign Corrupt Practices Act in its dealings with China.

## **Jeff Bezos**

The Bezos way of taking is by using the extraordinary advantage of tax-free sales on Amazon to offer discounts while undercutting competitors. While this might seem like a failure of government rather than an appropriation by business, it’s a little of both, since Bezos, according to [Slate](#), has “spent millions of dollars per year on lobbyists, deployed an army of lawyers, and cultivated political allies with large campaign contributions.”

The Amazon CEO also takes from his employees, who are considered [underpaid and overworked](#), making less for [warehouse work](#) than Walmart workers, [fearful](#) about joining unions, and at risk for [physical breakdowns](#) on the hottest working days.

## **Larry Page and Sergey Brin**

Google’s business, like that of Facebook, is based on the Internet, which started as ARPANET, the Defense Department’s Advanced Research Projects Agency computer network from the 1960s. The National Science Foundation funded the [Digital Library Initiative](#) research at Stanford University that was adopted as the Google model. (The late Steve Jobs spoke for the industry: “We have always been shameless about stealing great ideas.”)

Google has gained [recognition](#) as one of the world’s biggest [tax avoiders](#), a master at the “[Double Irish](#)” revenue shift to Bermuda tax havens, and employing tax loopholes to bring money [back to the U.S.](#) without paying taxes on it.

## **The Mars Family**

Jacqueline, John, and Forrest, Jr. are trying, along with the Kochs and the Waltons, to take more money out of their inherited and untaxed estates by conducting a coordinated campaign to [repeal the estate tax](#). For all three families, the ‘makers’ were their parents or grandparents.

Lobbying for lower taxes by ill-informed or self-centered estate tax opponents is understandable. But according to a [report](#) by Public Citizen and United for a Fair Economy, “The families also have helped finance outside groups that have spent millions on fear-mongering ad campaigns intended to sway public opinion against the estate tax.”

### **Carl Icahn**

Icahn is involved in an indirect but lucrative form of taking, asking Apple CEO Tim Cook to [buy back](#) \$150 billion of its own stock. Stock buybacks are a means by which major corporations seek to put [upward pressure](#) on the market prices of their own shares. Icahn owns \$2.5 billion of Apple stock.

### **George Soros**

Soros went overseas to do his taking, betting heavily [against the British Pound](#) after the fall of the Berlin Wall, to the point that overwhelming pressure was exerted on the Bank of England, leading to a collapse of the national currency.

In effect, Soros contributed to the destabilization of a major country’s financial position by [manipulating the markets](#) and choosing, as he put it, to “go for the jugular.”

### **Mark Zuckerberg**

To a large extent Mark Zuckerberg took his Facebook idea from others, in both a long-term and immediate sense. As [Gar Alperovitz](#) noted, “Between the mid-1980s and the mid-1990s the National Science Foundation spent \$200 million to build and operate a network of regional supercomputing hubs called the NSFNET. Connected to the ARPANET, this network established Internet access for nearly all U.S. universities, making it a civilian network in all but name.”

Zuckerberg developed his version of social networking while he was at Harvard. Before he made his contribution, Columbia University students [Adam Goldberg](#) and [Wayne Ting](#) built a system called Campus Network, which was much more sophisticated than the early versions of Facebook. But Zuckerberg eventually prevailed for at least three reasons: (1) the Harvard name; (2) better [financial support](#); and (3) the simplicity of Facebook, which ironically boosted the system’s popularity among students engaging in social networking for the first time. A possible fourth reason: it was [alleged](#) that Zuckerberg hacked into competitors’ computers to compromise user data.

### **One More Take...**

Bloomberg and Ellison and Zuckerberg and Page & Brin have one more cunning [strategy](#) for remaining on the take: \$1 a year salaries.

It sounds noble, and generates a lot of good will. But as [MSN Money](#) puts it, “Dollar pay is typically a myth, since the CEOs getting \$1 in salary often get huge stock-and-option grants.”

Stock options, dividends, and performance pay are all either tax-deferred or untaxed, or taxed at the capital gains rate. If cash is needed, CEOs like [Zuckerberg](#) can borrow against their billions in stock holdings and real estate, at an interest rate much smaller than the income tax rate.

The richest Americans keep making money. And they're taking the rest of us for all they can get.