



## **Big Socialism for Corporations is American Way as Sanders Questions Priorities**

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Lost in the brouhaha over whether the US is ready for a president who is nominally a "socialist," is the fact we are already far down the road of socialism. Just not the kind most people think. The conservative CATO Institute estimates that the total for federal free lunches to corporate welfare queens in America amounts to over \$100 billion per year. In addition to the federal handouts, the New York Times puts the total of state and local free stuff to corporations at \$80 billion per year. With just these two figures, we are already up to \$180 billion per year, and these reports do not take into account the one trillion dollar Pentagon budget, a legendary vehicle for waste, fraud, and weapons systems that even the Pentagon doesn't want which benefit huge corporations.

If defense contractor shareholders want it, and they pay enough congressmen through our system of legal bribery through campaign donations, it doesn't matter if the Pentagon doesn't want the weapons system. These represent handouts of billions.

Just three controversial programs, the F-35 joint strike fighter, the M--1 Abrams tank, and the Littoral Combat Ship, add billions a year to the corporate welfare budget. The shareholders at companies like Lockheed-Martin and Boeing are getting a lot more than free Obama phones.

In 2012, Army Chief of Staff Ray Odierno told Congress in as blunt a terms as he could come up with about the M-1 Abrams: "We don't need the tanks."

The Pentagon's potential as a slush fund and front for Grand Theft Taxpayers became clear when former Defense Secretary Donald Rumsfeld announced, on the day before 9/11, that \$2.3 trillion was unaccounted for. This is more than twice the size of the Pentagon's yearly budget. The

possibility reared its head that the Pentagon budget was one big feeding frenzy for contractors and Washington insiders.

To this day, the Pentagon, where 20 cents of every taxpayer dollar winds up, still cannot pass an audit,

CommonDreams.org estimates the value of subsidies and tax breaks to large corporations and wealthy individuals at well over \$600 billion, for an appalling average of more than \$6,000 for an American family in the \$74,000 tax bracket. By this reckoning, if a family paid \$20,000 in taxes, about a quarter of that went to bolster the bottom lines of people who make more than they do. Like CEOs who live in \$10 million mansions.

Warren Buffet's Berkshire Hathaway has received over \$1 billion in public largess, according to Forbes Magazine. The popular investment site Motley Fool determined that Buffet takes advantage of a loophole in the tax code which taxes dividends from a company at zero percent. Buffet is worth an estimated \$58 billion. In 2009, he paid \$7 million in federal taxes on a gross income of \$63 million, or a rate of a little over 10%. That same year, reported Huffington Post, 1,400 American millionaires paid no US income taxes.

True, this is only anecdotal evidence. But it's a pretty good bet that what Buffet knows how to do, other billionaires and millionaires know how to do also.

For perspective, the present total of what most people think of as welfare payments (Temporary Assistance for Needy Families - TANF) and food stamps (Supplemental Nutrition Assistance program - SNAP) is about \$100 billion annually: about \$80 billion for food stamps and \$20 billion for welfare. The third major line item for the poor is Medicaid, at around \$475 billion in 2014. But half those beneficiaries are children, and half again of those who remain are disabled.

Using these figures, total basic assistance to able-bodied poor comes out to just under \$350 billion per year. Approaching it a different way, the conservative Heritage Foundation published a report which lumps into "welfare" all means-tested federal and state programs, including Pell Grants, Head Start, and worker training. The Heritage Foundation arrives at a figure of \$714 billion in 2008, which would be about \$100 billion more now, given increases in Medicaid spending. This gives a total of all "means-tested" assistance of roughly \$800 billion. The Heritage Foundation then acknowledges that "roughly half of means-tested spending goes to disabled or elderly persons." Thus we again arrive at an upper limit figure of around \$400 billion, give or take, of what can properly be considered outright welfare, unless social insurance programs meant to keep the blind and elderly from sleeping in alleys are now unwarranted hand-outs.

\$600 billion in corporate welfare versus \$400 billion in "welfare" welfare. Welcome to socialism in America. The dirty little secret is that there is lots of it. The dirtier little secret is that there may be even more for the rich than for the poor.

And we not yet begun to talk about bank bailouts. Former Special Inspector General Neil Barofsky, heralded from left to right as one of the most honest men in Washington, until he was forced to leave, put the worst case exposure of the American public to bad risks taken on by banks at an incredible \$23.7 trillion, were the financial system to crash beyond recognition and all obligations to come due at once. The \$700 billion TARP bailout, said Barofsky, is only the tip of an iceberg which could send a hundred Titanics to the bottom of the ocean.

David Brunori of the conservative Forbes Magazine writes:

"The largest, wealthiest, most powerful organizations in the world are on the public dole. Where is the outrage? Back when I was young, people went into a frenzy at the thought of some unemployed person using food stamps to buy liquor or cigarettes. Ronald Reagan famously campaigned against welfare queens. The right has always been obsessed with moochers. But Boeing receives \$13 billion in government handouts and everyone yawns, when conservatives should be grabbing their pitchforks."

Most corporate subsidies go to companies which hardly need them. Most oil industry subsidies go to the five biggest oil companies, the "Big Five," which together reported \$93 billion in profits in 2013. The CEOs of these companies average about \$20 million a year in compensation. And the CATO Institute tells us that farmer subsidies go "mainly to large corporate agribusinesses and the richest farmers." The CATO Institute found that:

"In 2005, the most recent year for which comprehensive statistics are available, the richest 10 percent of all [agricultural] subsidy recipients received 66 percent of all subsidies."

As often happens, the image many Americans have of their country is sharply divergent from reality. America is muscular capitalism - right? - where the best businessmen or women rise or fall according to their ability. Yes, if you are a small or medium-sized business. But not if you are the president of Citigroup, and you have run your bank so far into the ground that you must beg hardworking, nine-to-five taxpayers with kids in college to give you money for a bailout. Not if you are the nuclear power industry, which would not be competitive in the electricity market without 50 years of indirect subsidies and support by governments.

Along comes Bernie Sanders, who has the temerity to say, with all this socialism flying around, why not a few key programs which actually help regular folks? The tax-burdened middle-class with no offshore tax havens? With no business loss deductions, and little or no realized capital gains? Don't worry about the terminology. If you don't know what it is, you probably don't have it.

Why not free college, as Sanders proposes? Like it or not, a four year college degree is still the main gateway through which many roads to upward mobility seem to pass. The New York Times reported in 2014:

"Americans with four-year college degrees made 98 percent more an hour on average in 2013 than people without a degree. That's up from 89 percent five years earlier, 85 percent a decade earlier and 64 percent in the early 1980s."

More education rather than less is one of the few social inputs which consistently produces desirable results. Not only do college graduates make more money - people with higher education tend to wind up in jail less often. They pay more in taxes thanks to better paying jobs. The children of people with higher education tend to go on to higher education themselves. There is no good reason a society would want its citizens, overall, to have less education rather than more.

Why shouldn't all students who have the grades to earn admission to a top-notch college be able to go to that college, even if daddy is not a Wall Street lawyer? Because, we are told: "That's socialism!"

And America doesn't go for socialism. Unless...

The biggest irony of all is that the candidate who is nominally a "socialist" is the one who vows to stop one of the biggest socialist practices going: the practice of the US government bailing out private banks which have been deemed "too big to fail." Banks which couldn't keep the lights on without taxpayer help. Remember, anytime the government mixes its money with a private company's to affect a market outcome, that's socialism. We see mixed free-market-socialist economies in countries like Cuba, Venezuela, China, and Vietnam. Bernie Sanders vows to break up the biggest banks so that they cannot extort socialist bailouts from the taxpayers, by claiming that their failure would cause a chain reaction which would drag the rest of the economy down with them.

Sanders tells banks, if you are too big to fail, then I guess you are just too big.

Sanders' proposal to break up the big banks is not a new idea. A bill has been winding its way through Congress for five years now, supported by both Democrats and Republicans, which would limit the size of a big bank to no more than 10% market share. The bill, sponsored by Senator Sherrod Brown (D-OH) and David Vitter (R-LA) takes special aim at the three biggest financial services behemoths, JP Morgan, Citigroup, and Bank of America, each of which have over \$2 trillion in assets.

The principle of limiting business size in the public interest is long established, and none other than Ronald Reagan busted up AT&T into the "Baby Bells," and another Republican busted up huge trust conglomerates at the turn of the century. That Republican, President Teddy Roosevelt, correctly inferred that it was the very protections and privileges given to corporations by governments which made the accumulation of great wealth possible for its shareholders, and therefore governments had every right to give or take those protections and privileges as they saw fit. Roosevelt said:

"The great corporations... *are the creatures of the State*, and the State not only has the right to control them, but it is duty bound to control them wherever the need of such control is shown." (Emphasis mine.)

Under Teddy Roosevelt, outdoorsman and lion hunter, the Northern Pacific Railway, owned by JP Morgan, John D. Rockefeller, and associates, was broken up into three parts. It may be hard for Americans to fathom that there was a time when a president called out the most powerful men on the planet. Yea, I'm looking at you, JP Morgan. Do you see anyone else in the room?

As far as socialists go, Bernie Sanders is of a fairly tepid variety. He has clarified to audiences: "I don't believe government should take over the grocery store down the street or own the means of production." Who knows how much Sanders believes now of what he believed when he was 25? Who at 25, in the Sixties, was *not* a socialist?

Is American ready for a socialist president? This is the wrong question. America has long been comfortable with socialism. What Sanders "revolution" represents is America's' desire for but a slight correction in whom it benefits most.