

The Laconia Daily Sun

Corporate welfare

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Hagith Zor Giv, director of the Critical Pedagogy Center at Kibbutzim College of Education in Tel Aviv, once visited the United States and observed that “the United States is full of contradictions that were fascinating for me: excellent medicine but no health insurance for nearly 50 million people; wonderful, innovative theater but violent, vulgar TV; excellent scholarship but a lack of critical thinking among many educators and students. Life is very comfortable and convenient for so many people, and yet very difficult for others” (Boston Research Center for the 21st Century: Fall/Winter 2004 02005: Number 23).

The list of contradictions could have volumes added to it but one in particular involves the issue of welfare that makes people automatically associate the term with poor people. It is common for people to find fault with some low-income Americans who abuse a social welfare system designed to help them and who can blame taxpayers for their anger? However, to a greater extent, those more harmful to our society are the so-called capitalists who want government out of the way unless it is giving them a subsidy, a tax break or a bailout. What many people are not aware of is that most welfare dollars are given to the richest people in society, who love socialism only when it applies to them. The majority of people receiving welfare do not cheat unlike those who receive corporate welfare who can all be considered cheats because their welfare is not need-based. It is estimated that between eight out of 10 welfare dollars go to the rich but no one sees them abusing the system because they live in gated communities protected by guard dogs, video cameras and private security people. Thus, they remain far from the view of the public whereas the poor cannot hide so easily.

“When one thinks about government welfare, the first thing that comes to mind is the proverbial welfare queen sitting atop her majestic throne of government cheese issuing a royal decree to her clamoring throngs of illegitimate babies that they may shut the hell up while she tries to watch Judge Judy. However, many politically well-connected corporations are also parasitically draining their share of fiscal blood from your paycheck before you ever see it. It’s called corporate welfare”

(<http://thinkbynumbers.org/blog/government-spending/corporate-welfare/corporate-welfare-statistics-vs-social-welfare-statistics/>). For example, “The Cato Institute estimated that, in 2002, \$93-billion were devoted to corporate welfare....; the Pentagon’s

Defense Contract Audit Agency (DCAA) (found) \$1.4 billion of overcharging and fraud (and) \$15-billion in subsidies contained in the Energy Policy Act of 2005, (were provided) to the oil, gas, and coal industries..." (same source).

"Welfare per se is defined as "financial or other forms of public — government — assistance to people in need. Welfare also means health, happiness, well-being. For many years, welfare programs grew out of a belief that government has a responsibility to meet the needs of the least of these in our society — needs that the private sector was unwilling or unable to meet adequately..., i.e. food to the hungry, health care to the sick, water to the thirsty, welcome to the stranger, clothing to the naked, presence with the imprisoned, shelter to the homeless (Matthew 25:31-46) [http://gbgm-umc.org/Response/articles/corporate_welfare.html]. Corporate welfare, on the other hand, "describes financial or other form of government assistance to a corporation provided free or at a below-market rate. Unlike social welfare, it is rarely need-based. Much of U.S. corporate-welfare policy is embedded in the tax code, which supports certain corporate actions over others through tax expenditures, deductions and credits. Unlike budget items, tax expenditures are not approved each year but continue until Congress votes to end them. The largest corporate-welfare payments go to the wealthiest corporations. These corporations are often among the biggest campaign donors to candidates of both major political parties (http://gbgm-umc.org/Response/articles/corporate_welfare.html). In other words, we have the best congress money can buy!

"From 1996 through 2000, just 10 large profitable companies enjoyed a total of \$50-billion in corporate tax breaks. That brought their combined tax bills down to only 8.9-percent of their \$191-billion in U.S. profits over the five years. In just the most recent two years for which data are available, these 10 companies got \$29-billion in tax welfare, and paid a mere 5.9-percent of their profits in federal income taxes" (<http://ctj.org/html/corp0402.htm>). This has been going on for some time. For example, "Microsoft enjoyed more than \$12-billion in total tax breaks over the past five years. In fact, Microsoft actually paid no tax at all in 1999. General Electric, America's most profitable corporation, reported \$50.8-billion in U.S. profits over the past five years, but paid only 11.5-percent of that in federal income taxes. Ford enjoyed \$9.1-billion in corporate tax welfare over the past five years. It reported \$18.6-billion in U.S. profits over the past two years, but paid a tax rate of only 5.7-percent. Enron paid no income taxes at all in four of the past five years, despite \$1.8-billion in reported U.S. profits. Enron's total taxes over the five years were a negative \$381-million. Its corporate tax welfare totaled \$1.0-billion" (<http://ctj.org/html/corp0402.htm>). Current figures may be even more egregious.

According to <http://www.ombwatch.org/node/341>, "Government spending for corporate welfare programs far exceeds government spending for social programs. For example, "Total federal spending on a safety net for the poor costs the average taxpayer about \$400 a year, while spending on corporate welfare programs costs the same taxpayer about \$1,400 a year (source: CBO figures); Over 90-percent of the budget cuts passed by Congress cut spending for the poor — programs that ensure food for the needy, housing for the homeless, job training for the unemployed, community health care for the sick."

If welfare reform is to be undertaken, it should be done at the top where the abuse is considerably greater than it is at the bottom. Let's stop attacking the poor for the pennies that a few of them may pilfer while we look the other way at billions that corporations rip off from the taxpayers to engorge their already overflowing coffers. Of course, we need to make sure that all abuse does not happen but why focus only on those who abuse the system the least? Is it because they can't fight back? Or maybe it's because of the corporate version of the Golden Rule – He who holds the gold rules. If the two parties really are so concerned about eliminating fraud, waste, and abuse from the federal government; reducing the deficit; and growing our economy, how about stopping the corrupt practice of rewarding friends and campaign contributors.