

July 18, 2011
KUFM / KGPR
T. M. Power

Enthroning and Privileging the Rich as “Job Creators”

In the debate over how to reduce the current federal deficit, Tea Party Activists and most Republicans have emphatically rejected any approach other than cutting spending on current federal programs. They specifically reject eliminating special tax breaks to wealthy corporations no matter how irrational or unnecessary those tax breaks are, such as the tax breaks for oil companies who are pulling in huge profits at our expense as oil and gasoline prices rise. They also oppose closing tax loop holes crafted for the very well-to-do. Both of these and other steps to rationalize our tax codes and eliminate subsidies to those who do not need them are labeled “tax increases,” and rejected as something no real Republican would ever consider as one of the ways to reduce the federal deficit.

The logic of this is hard to fathom. A good part of the deficit is associated with almost a decade of fighting two wars overseas that a Republican president initiated and most Republicans enthusiastically supported. Instead of Republicans raising taxes to fund those wars, as we have in all of our other wars, so that all citizens could share some of the burden rather than leaving all of the burden to the men and women fighting the war and future generations who have to pay the debt, those Republican did the opposite, they enthusiastically **cut** taxes, especially for the very well-to-do, and funded the wars by running up huge federal debts.

The primary justification for not closing any of the tax loop holes or eliminating any of the special interest tax breaks that lead the wealthy to pay a far lower tax rate

than most working Americans is the implicit assumption that most workers and households are relatively unimportant in the American economy. We are implicitly being told that it is the tiny sliver of the population who are rich who are the source of the energy that makes the American economy run. As the Republicans' and Tea Party Activists' repeated slogan puts it, the rich are the "job creators" and the rest of us, apparently, are the passive, helpless, slobs who can only beg for the jobs that only the rich can create for us. Since the rich are the kingpins who we are fortunate to have around, we should not burden them with hurtful things like taxes because that might discourage them from creating the jobs we so badly need. Instead we should burden those middle class slobs who are merely workers and consumers and who, apparently, contribute little to actually energizing the economy.

This is a perverse relabeling by Republicans of who is who in the American economy: They tell us we have no rich; we just have job creators. The Republicans have obviously concluded, as F. Scott Fitzgerald famously said, that "the rich are different from you and me...they are better than we are."

This is either a gross distortion of what makes our economy productive or, if true, a defeatist admission that the American dream of a land of opportunity where we all help create those opportunities has been replaced with a narrow oligarchy of the rich to whom the rest of us have to pay tribute.

Even on the most basic level this is an absurd depiction of what makes our economy dynamic and productive. We all invest heavily in ourselves and our families, boosting our skills and abilities. Our households are the source of a good deal of the most productive investments this nation makes as we raise and educate our children

and instill in them the mix of both cooperative and competitive values that allow them to be productive workers and citizens. Also within the home, a substantial amount of production takes place as we feed and care for each other, provide shelter and maintain our household investments. Obviously our firms would not be very productive without workers and without the education, skills, values, and discipline those workers bring to any productive effort. Finally, for whom would firms be producing goods if households did not have the wherewithal to purchase those goods?

That final point, of course, is part of the problem our economy faces right now. Household expenditures are depressed by the Great Recession, high unemployment, and uncertainty about future household income. Household income is also depressed by the increasing concentration of wealth and income in the hands of a smaller and smaller number wealthy households. As a result, there is not the demand for goods and services that would lead firms to invest in new production. So wealthy businesses and individuals are sitting on that wealth using it to speculate on financial instruments that represent ownerships of existing assets. That wealth is not being invested in new productive capacity, the actual production of goods, or the creation of jobs.

The truth is that we have a workforce that wants to work, households that have serious needs they would like to satisfy, and business firms and the wealthy sitting on larger and larger amounts of money on which they would like to make more money. The uncertainty all the way around freezes the economy in an under-productive trap. That is what the Great Recession or a depression is all about.

To single out a small group of wealthy Americans and label them the key players in our economy, “the job creators,” is insulting to the rest of us. The productivity of our

economy is the result of a broad cooperative effort on all of our parts. Burdening the vast majority of Americans with sacrifices while privileging an elite is a perverse and inequitable strategy that is bound to undermine the overall economy, not energize it. It represents either an ideological commitment to a special elite or an admission of the failure of the American dream of building a society of equal opportunity and prosperity or both.

We are all job creators. We all have to share in both the burdens and benefits of any strategy that will actually pull us out of this Great Recession and then begin to pay down our national debt.