

How Billionaires become Billionaires

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America has the greatest inequalities, highest mortality rate, most regressive taxes, and largest public subsidies for bankers and billionaires of any developed capitalist country.

In this essay we will discuss the socio-economic roots of inequalities and the relation between the concentration of wealth and the downward mobility of the working and salaried classes.

How the Billionaires become Billionaires

One of the most likely sources of billionaire wealth is through tax evasion in all of its guises and forms.

Contrary to the propaganda pushed by the business press, between 67% and 72% percent of corporations had zero tax liabilities after credits and exemptions ... while their workers and employees paid between 25 – 30% in taxes. The rate for the minority of corporations, which paid any tax, was 14%.

According to the US Internal Revenue Service, billionaire tax evasion amounts to \$458 billion dollars in lost public revenues every year - almost a trillion dollars every two years by this conservative estimate.

The largest US corporations sheltered over \$2.5 trillion dollars in overseas tax havens where they paid no taxes or single digit tax rates.

Meanwhile US corporations in crisis received over \$14.4 trillion dollars (Bloomberg claimed 12.8 trillion) in public bailout money, split between the US Treasury and the Federal Reserve, mostly from US tax payers, who are overwhelmingly workers, employees and pensioners.

The recipient bankers invested their interest-free or low interest US bailout funds and earned billions in profits, most resulting from mortgage foreclosures of working class households.

Through favorable legal rulings and illegal foreclosures, the bankers evicted 9.3 million families. Over 20 million individuals lost their properties, often due to illegal or fraudulent debts.

A small number of the financial swindlers, including executives from Wall Street's leading banks (Goldman Sachs, J. P. Morgan etc), paid fines - but no one went to prison for the gargantuan fraud that drove millions of Americans into misery.

There are other swindler bankers, like the current Secretary of Treasury Steve Mnuchin, who enriched themselves by illegally foreclosing on thousands of homeowners in California. Some were tried; all were exonerated, thanks to the influence of Democratic political leaders during the Obama years.

Silicon Valley and its innovative billionaires have found novel way to avoid taxes using overseas tax havens and domestic tax write-offs. They increase their wealth and corporate profits by paying their local manual and service workers poverty level wages. Silicon Valley executives ‘earn’ a thousand times more than their production workers..

Class inequalities are further reinforced by ethnic divisions. White, Chinese and Indian multi-millionaires exploit Afro-American, Latin American, Vietnamese and Filipino workers.

Billionaires in the commercial conglomerates, like Walmart, exploit workers by paying poverty wages and providing few, if any, benefits. Walmart earns \$16 billion dollar a year in profits by paying its workers between \$10 and \$13 an hour and relying on state and federal assistance to provide services to the families of its impoverished workers through Medicaid and food stamps. Amazon plutocrat Jeff Bezos exploits workers by paying \$12.50 an hour while he has accumulated over \$80 billion dollars in profits. UPS CEO David Albany takes \$11 million a year by exploiting workers at \$11 an hour. Federal Express CEO, Fred Smith gets \$16 million and pays workers \$11 an hour.

Inequality is not a result of ‘technology’ and ‘education’- contemporary euphemisms for the ruling class cult of superiority - as liberals and conservative economists and journalists like to claim. Inequalities are a result of low wages, based on big profits, financial swindles, multi-trillion dollar public handouts and multi-billion-dollar tax evasion. The ruling class has mastered the ‘technology’ of exploiting the state, through its pillage of the treasury, and the working class. Capitalist exploitation of low

paid production workers provides additional billions for the ‘philanthropic’ billionaire family foundations to polish their public image – using another tax avoidance gimmick – self-glorifying ‘donations’.

Workers pay disproportional taxes for education, health, social and public services and subsidies for billionaires.

Billionaires in the arms industry and security/mercenary conglomerates receive over \$700 billion dollars from the federal budget, while over 100 million US workers lack adequate health care and their children are warehoused in deteriorating schools.

Workers and Bosses: Mortality Rates

Billionaires and multi-millionaires and their families enjoy longer and healthier lives than their workers. They have no need for health insurance policies or public hospitals. CEO’s live on average ten years longer than a worker and enjoy twenty years more of healthy and pain-free lives.

Private, exclusive clinics and top medical care include the most advanced treatment and safe and proven medication which allow billionaires and their family members to live longer and healthier lives. The quality of their medical care and the qualifications of their medical providers present a stark contrast to the health care apartheid that characterizes the rest of the United States.

Workers are treated and mistreated by the health system: They have inadequate and often incompetent medical treatment, cursory examinations by inexperienced medical

assistants and end up victims of the widespread over-prescription of highly addictive narcotics and other medications. Over-prescription of narcotics by incompetent ‘providers’ has significantly contributed to the rise in premature deaths among workers, spiraling cases of opiate overdose, disability due to addiction and descent into poverty and homelessness. These irresponsible practices have made additional billions of dollars in profits for the insurance corporate elite, who can cut their pensions and health care liabilities as injured, disabled and addicted workers drop out of the system or die.

The shortened life expectancy for workers and their family members is celebrated on Wall Street and in the financial press. Over 560,000 workers were killed by opioids between 1999-2015 contributing to the decline in life expectancy for working age wage and salary earners and reduced pension liabilities for Wall Street and the Social Security Administration.

Inequalities are cumulative, inter-generational and multi-sectorial.

Billionaire families, their children and grandchildren, inherit and invest billions. They have privileged access to the most prestigious schools and medical facilities, and conveniently fall in love to equally privileged, well-connected mates to join their fortunes and form even greater financial empires. Their wealth buys favorable, even fawning, mass media coverage and the services of the most influential lawyers and accountants to cover their swindles and tax evasion.

Billionaires hire innovators and sweat shop MBA managers to devise more ways to slash wages, increase productivity and ensure that inequalities widen even further.

Billionaires do not have to be the brightest or most innovative people: Such individuals can simply be bought or imported on the 'free market' and discarded at will.

Billionaires have bought out or formed joint ventures with each other, creating interlocking directorates. Banks, IT, factories, warehouses, food and appliance, pharmaceuticals and hospitals are linked directly to political elites who slither through doors of rotating appointments within the IMF, the World Bank, Treasury, Wall Street banks and prestigious law firms.

Consequences of Inequalities

First and foremost, billionaires and their political, legal and corporate associates dominate the political parties. They designate the leaders and key appointees, thus ensuring that budgets and policies will increase their profits, erode social benefits for the masses and weaken the political power of popular organizations.

Secondly, the burden of the economic crisis is shifted on to the workers who are fired and later re-hired as part-time, contingent labor. Public bailouts, provided by the taxpayer, are channeled to the billionaires under the doctrine that Wall Street banks are too big to fail and workers are too weak to defend their wages, jobs and living standards.

Billionaires buy political elites, who appoint the World Bank and IMF officials tasked with instituting policies to freeze or reduce wages, slash corporate and public

health care obligations and increase profits by privatizing public enterprises and facilitating corporate relocation to low wage, low tax countries.

As a result, wage and salary workers are less organized and less influential; they work longer and for less pay, suffer greater workplace insecurity and injuries – physical and mental - fall into decline and disability, drop out of the system, die earlier and poorer, and, in the process, provide unimaginable profits for the billionaire class. Even their addiction and deaths provide opportunities for huge profit - as the Sackler Family, manufacturers of Oxycontin, can attest.

The billionaires and their political acolytes argue that deeper regressive taxation would increase investments and jobs. The data speaks otherwise. The bulk of repatriated profits are directed to buy back stock to increase dividends for investors; they are not invested in the productive economy. Lower taxes and greater profits for conglomerates means more buy-outs and greater outflows to low wage countries. In real terms taxes are already less than half the headline rate and are a major factor heightening the concentration of income and power – both cause and effect.

Corporate elites, the billionaires in the Silicon Valley-Wall Street global complex are relatively satisfied that their cherished inequalities are guaranteed and expanding under the Demo-Republican Presidents- as the ‘good times’ roll on.

Away from the ‘billionaire elite’, the ‘outsiders’ – domestic capitalists – clamor for greater public investment in infrastructure to expand the domestic economy, lower taxes to increase profits, and state subsidies to increase the training of the labor force

while reducing funds for health care and public education. They are oblivious to the contradiction.

In other words, the capitalist class as a whole, globalist and domestic alike, pursues the same regressive policies, promoting inequalities while struggling over shares of the profits.

One hundred and fifty million wage and salaried taxpayers are excluded from the political and social decisions that directly affect their income, employment, rates of taxation, and political representation.

They understand, or at least experience, how the class system works. Most workers know about the injustice of the fake ‘free trade’ agreements and regressive tax regime, which weighs heavy on the majority of wage and salary earners.

However, worker hostility and despair is directed against ‘immigrants’ and against the ‘liberals’ who have backed the import of cheap skilled and semi-skilled labor under the guise of ‘freedom’. This ‘politically correct’ image of imported labor covers up a policy, which has served to lower wages, benefits and living standards for American workers, whether they are in technology, construction or production. Rich conservatives, on the other hand, oppose immigration under the guise of ‘law and order’ and to lower social expenditures – despite that fact that they all use imported nannies, tutors, nurses, doctors and gardeners to service their families. Their servants can always be deported when convenient.

The pro and anti-immigrant issue avoids the root cause for the economic exploitation and social degradation of the working class – the billionaire owners operating in alliance with the political elite.

In order to reverse the regressive tax practices and tax evasion, the low wage cycle and the spiraling death rates resulting from narcotics and other preventable causes, which profit insurance companies and pharmaceutical billionaires, class alliances need to be forged linking workers, consumers, pensioners, students, the disabled, the foreclosed homeowners, evicted tenants, debtors, the under-employed and immigrants as a unified political force.

Sooner said than done, but never tried! Everything and everyone is at stake: life, health and happiness.