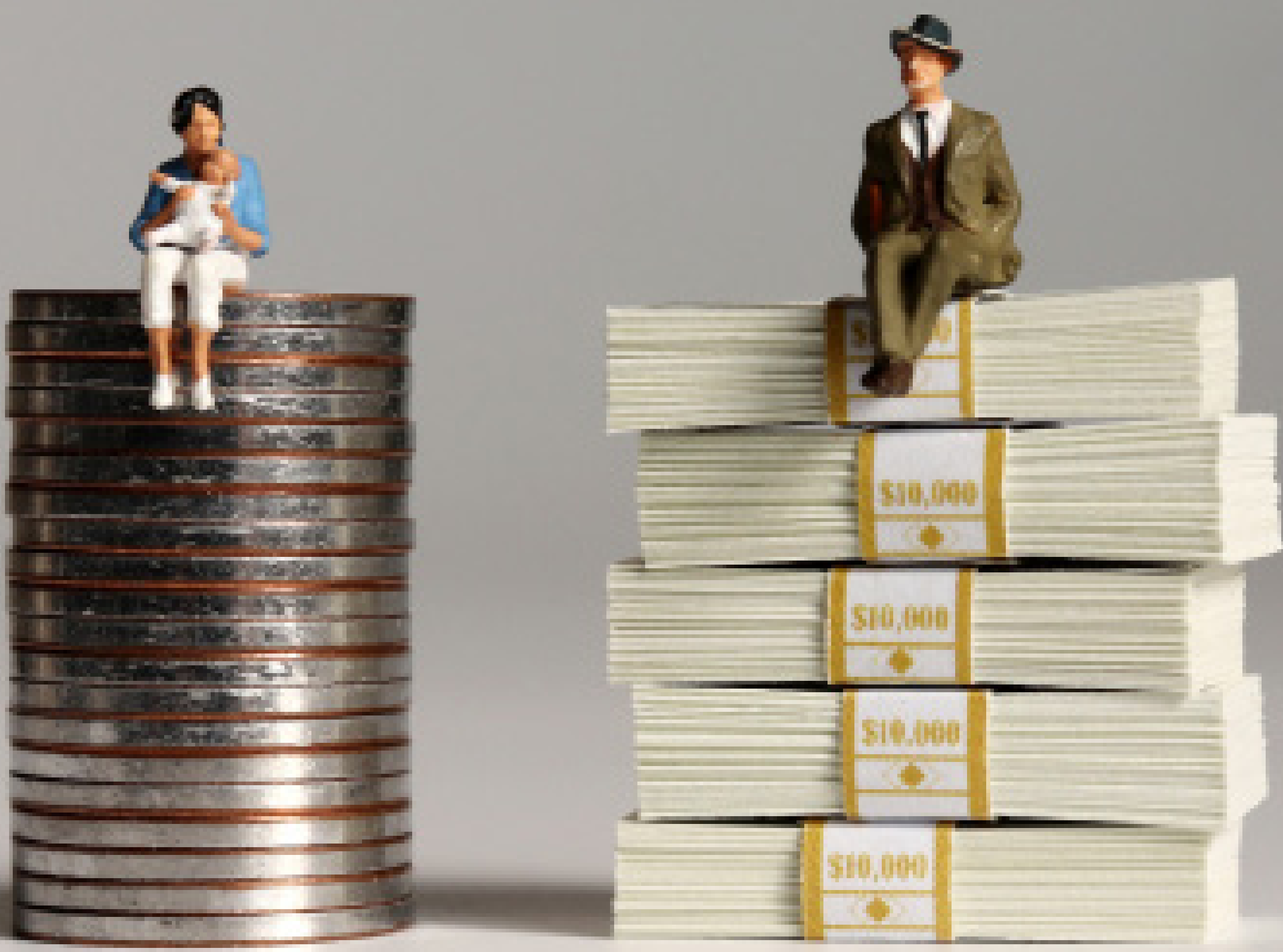
BUILDING A PEOPLE-FIRST ECONOMY



> ***Those who aim to rebuild our broken systems to be stronger and more equitable than before have not been stopped.***

IN THE YEAR since the global spread of the novel coronavirus, it seems fair to say every person on Earth has struggled. One in twelve Americans have been diagnosed with the virus since last January and well over 500,000 have died, according to the *New York Times* COVID-19 tracking project. As of September 2020, 25 percent of US adults say they or someone in their household has lost their job, according to Pew Research, and many of those lost health care coverage for themselves and their family along with their paychecks. For those who have been lucky enough to keep both their jobs and their health, they are likely to be grieving friends or family. Nearly everyone has had their normal lives turned upside down by isolation and fear for the future.

But it has been a great time to be a billionaire. There aren't too many of them in the world, but those 660 ultra-rich have gotten even richer, with the wealth of billionaires rising 44 percent (over $1.3 trillion) between March 2020 and the end of January 2021, according to a report from Americans for Tax Fairness and the Institute for Policy Studies. With that $1.3 trillion, those 660 mostly white men could afford to give every US resident (including children and non-citizens) a $3,960 stimulus check and still be as rich as they were a year ago.

Those who were disproportionately affected by COVID-19 are people of color, low-wage workers, and women— all people who our cultural and financial systems are already stacked against. In the wake of George Floyd's murder and the Black Lives Matter demonstrations that followed, many people sought out Black-owned businesses to support. But the system had failed many already, as 41 percent of Black-owned businesses closed due to COVID-19 by April 2020, compared to only 17 percent of white-owned businesses. According to Brookings analysis, businesses in "majority-minority neighborhoods" took longer to get approved for PPP loans than those in majority-white neighborhoods.

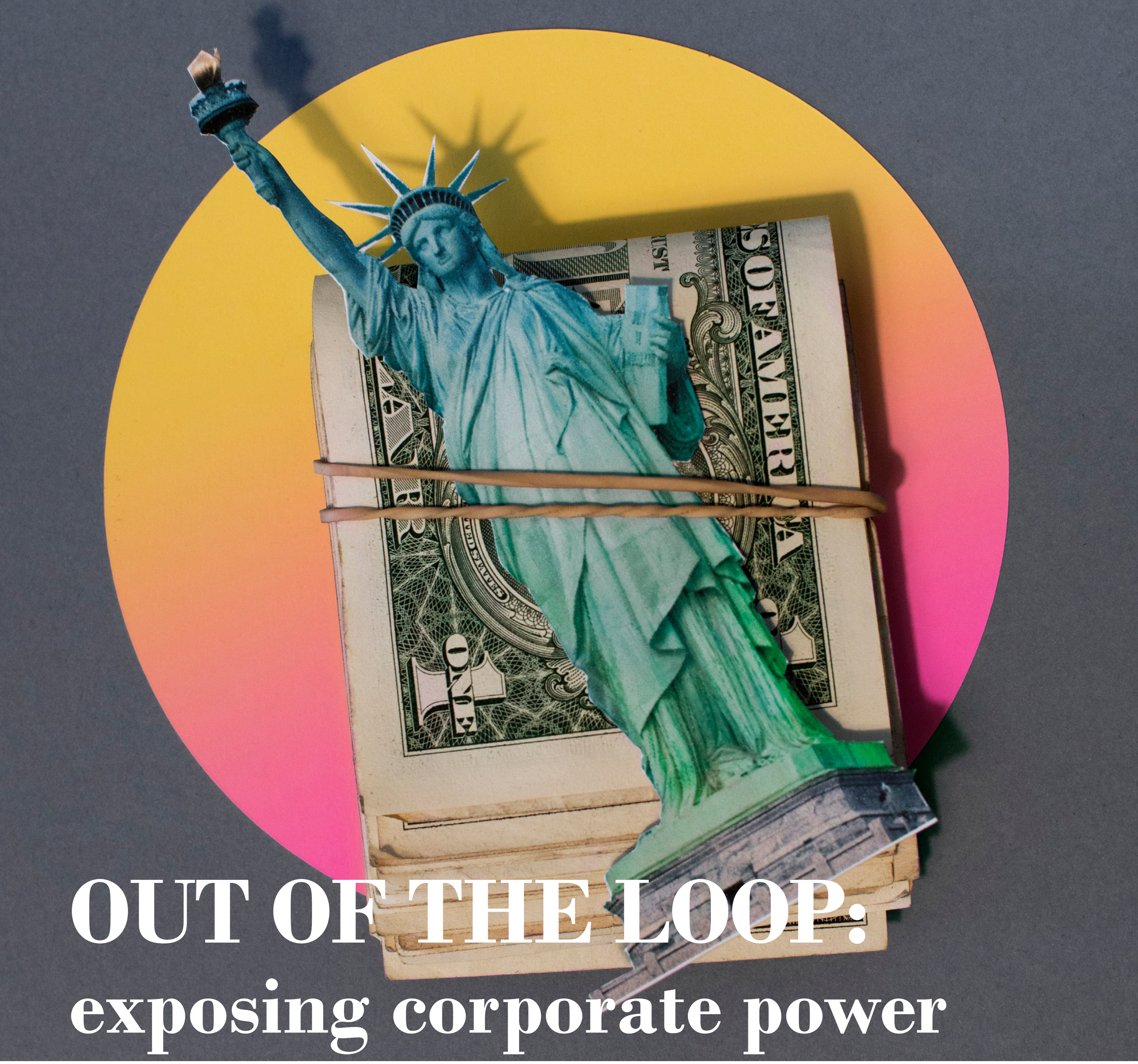
COVID-19 didn't create the systems whose flaws became glaringly evident in 2020. Those systems were in place before in the case of unfair tax codes that favor companies and the ultra-rich (see "Out of the Loop" p. 14). In fact, in the past few decades, America's wealthiest 1 percent have taken $50 trillion from the bottom 90 percent, according to a report by economists at RAND corporation. Government policies and services have proven to best serve those who make laws—white and wealthy Americans. Systems like public schools and healthcare systems prove to be an example of that.

These broken systems create conditions that can make it impossible to have what has been promised under this democracy—life, liberty, and the pursuit of happiness. But those who aim to rebuild our broken systems to be stronger and more equitable than before have not been stopped. For example, Black Americans who have led the charge, even under intense pressure, to come up with creative and kind solutions to violent problems (see "Defunding Dystopia, Reimagining Peace" p. 17). As Black Americans are still feeling the ripple-effect of enslavement, Black activists and allies are raising the profile of healing through the idea of reparations (see "How Do We Heal from Here?" p. 20).

In our country's farmlands, immigrants and migrant workers toil for meager wages where they cannot afford to eat the healthy food they harvest—so local organizers have created systems of support (see "Who Feeds the Farmworkers?" p. 23). And we can help all workers achieve a living wage. Economists and small businesses show a future where higher wages can truly support workers, in the US and abroad (see "More than the Minimum" p. 26).

Our systems may have broken down, but when we listen to and uplift those who are already rebuilding, we'll be building a stronger, greener, more equitable future for the generations to come.

By Eleanor Greene



OUT OF THE LOOP: exposing corporate power

Corporations take advantage of tax loopholes to get rich while the rest of us... well, don't.

By Mary Meade

A YEAR AGO, the COVID-19 pandemic put the country in lockdown. Millions of people lost their jobs and small businesses across the nation closed, despite the trillions of dollars disbursed by the federal government. Yet, the biggest companies profited. Across industries, giant companies swallowed the market share previously occupied by independent retailers.

The pandemic makes America's wealth disparity painfully obvious, but the way wealth accumulates at the top is not new—corporations and their executives have been getting richer while the rest of the country struggles for decades, enabled by a tax code written in their benefit.

Writing Tax Loopholes

Amazon, the largest online retailer in the world, faced scrutiny in 2018 when it paid zero dollars in federal income taxes on its $11 billion profits and even received $129 million in tax rebates.

"Corporate interests were there at the beginning of the US tax code," says Stephen Ellis, president at nonprofit research organization Taxpayers for Common Sense. "No sooner was there a tax code than the oil and gas industry got a tax break."

In the 1950s, the wealthiest in America paid an income tax rate of 91 percent, according to Americans for Tax Fairness. By the 1980s, changes to the tax code had eroded taxes on the wealthiest people and corporations. Prior to the 2017 Tax Cuts and Jobs Act that gave Amazon its millions in rebates, US corporations were required to pay a 35 percent tax rate on profits, but the 2017 law reduced that to 21 percent and offered a plethora of tax credits. The dollars that could go to public needs, like roads and education, instead line the already deep pockets of corporate executives line. If Amazon had paid taxes in 2018, even just 21 percent on profits, $2.3 billion in taxes could have been directed to the federal government, then to the people.

This corruption of the tax system results in a negative feedback loop, where corporations and the ultra-rich use their wealth to influence the political system to write policy in their favor, ultimately broadening the wealth gap.

"They have lobbyists, PACs, and tax lawyers who know how to write and exploit the tax code to their interests," Ellis says.

Comparatively, small businesses and working people do not have the resources to push back on corporate priorities dominating the political system. So corporate interests continue to dominate legislators' time, ensuring loopholes remain in the tax code for the benefit of America's largest companies.

Taxpayers for Common Sense brought to light one such loophole written in the December COVID-19 relief bill: Sec. 1002 on Contractor Pay. The bill's language means that contracted employees who cannot report to work will be paid by federal funds, even if they work at a corporation that could pay them. Several trillion-dollar corporations, such as Berkshire Hathaway, Amazon, and Comcast turned a profit during the pandemic, and these profits will increase by not paying these contractor paychecks, at the public's expense.

12%
rise in worker compensation since 1978

Additionally, some public companies received a total of $1 billion in Payment Protection Program (PPP) loans meant for small businesses, thanks to another loophole in the CARES Act. Ruth's Chris Steakhouse and Shake Shack returned the money under the pressure of media scrutiny, but up to 88 percent of public companies kept the funds, over half of which were large corporations.

Sweeping attempts to demand corporate accountability over the years have largely fallen short. Yet, when the federal government fails to rein in corporate abuses, people-led and state-enacted regulation often intervene to keep bad actors in check.

21%
tax rate for the wealthiest Americans in 2017

Building Local Power to Break Up Corporate Power

The concentration of wealth among the highest-earning corporations does more than just manipulate the political system—it squashes small businesses and curtails innovation.

Some corporations deflate prices to the point that they lose profit in the short term in order to run their competition out of business in the long term. Without competitors, the corporation can set prices as they please. Recent US Congressional hearings, revealed that Amazon used these pricing practices against Diapers.com, ultimately acquiring and then shutting down its competitor. These practices harm consumers as well. The US has some of the highest broadband internet prices in the world, yet millions of Americans have access to only one provider.

Additionally, giant corporations buy up companies in the markets they want to breach. This is true for Amazon, which purchased Whole Foods in 2017 to access the organic grocery market. The more of the market a corporation occupies, the more control it can exert on things like wages. Giants like Amazon have the vast resources to work with lobbyists to suppress unionization efforts and win.

Corporate oligopolies (similar to a monopoly, where a handful of companies control the market—like internet service providers) have historically enforced or benefited from systemic racism: megabanks charge higher interest rates to minority borrowers than white borrowers; oil companies have commonly placed extraction and waste sites in Black, Indigenous, and Latinx neighborhoods; and food apartheid in poor communities has led to an increase in dollar store oligopolies.

940%
rise in CEO compensation since 1978

The Institute for Local Self-Reliance, which works to build local power to fight corporate control, lays out policy recommendations for lawmakers to dismantle monopolies and restore democracy and independence to communities.

"In every corner of the economy, you can find corporate power that's concentrating at epic levels," says Susan Holmberg, senior editor and researcher at the Institute for Local Self-Reliance. "We believe that federal action is incredibly important and necessary, but there's a lot that states and local communities can do."

Holmberg says that people can combat corporate power through organizing, protesting, and developing action plans for legislators. She emphasizes that localizing power is crucial to dismantling the monopoly crisis.

"And in fact, it was actually the states who spurred the first anti-trust laws," adds Holmberg, citing the efforts of states in building momentum for the anti-monopoly laws in the early 1900s. The laws resulted in the restructuring of the banking and commerce industries, which fostered

91%
tax rate for the wealthiest Americans in the 1950s

several decades of economic stability and innovation.

As individuals, we can join with other concerned Americans to increase corporate accountability. When increasing numbers of Americans shift their spending to protest corporate exploitation or reward positive corporate behavior, it makes a difference.

Resistance to injustice takes many forms; for example, when we exercise our voting rights, or take part in national days of action to push companies to improve, we can be more powerful than the deep pockets of corporate monopolies.

In North Dakota, pharmacies must be majority-owned and operated by registered pharmacists, preventing chain stores like CVS and Walgreens from selling prescriptions. It is the only law of its kind in the country. Ultimately, this has led to residents paying better prices for drugs and care—as well as preventing fatal errors since pharmacists are not concerned with busy work to meet corporate performance metrics. Walmart and other corporations have attempted to repeal this law by proposing amendments over the decades, but each time, North Dakotans vote it down in overwhelming numbers.

"This is not an individual burden, but something we need to solve together though political action and new policy rules," says Holmberg. "It's about rewriting the rules of our economy to democratize power."

Accountability By the People

Corporations have managed to avoid regulation through a variety of means, but perhaps the most disheartening are the greenwashing campaigns that paint them as compassionate entities to humanize them to the public and reduce fallout from destructive or exploitative practices.

Fossil fuel companies are well-versed in these performances of goodwill, as University of Minnesota researchers found out in a study demonstrating how oil companies use philanthropic donations to shield their reputations. Essentially, oil companies that gave more donations spilled more oil the year following those donations; for every $100,000 firms donated, the damage caused by further spills could be valued as high as $1.9 million. Associate professor and co-author of the study Jiao Luo says these companies used philanthropy as insurance to protect them from potential public backlash.

"The proper philanthropy can actually help to build up an image of citizenship," Luo says. "At the same time, we look at those tax-exempt donations—where do they go and what is the societal impact—it just doesn't seem to add up."

It is common for corporations to point to their donations to charity to demonstrate their social responsibility and it can be an efficient tactic for manipulating their public image. Luo says it is the shared responsibility of the people to be wary of publicity campaigns that tout the humanity of giant corporations. When the bottom line is profit, altruistic actions may be driven by high dollar returns.

One such example is the Bezos Earth Fund, where Amazon founder Jeff Bezos set aside $10 billion in funds for climate action. Simultaneously, Amazon is aggressively courting partnerships with fossil fuel companies with its cloud computing services and dismissing climate concerns from its own employees. Read our full statement on Bezos Earth Fund at greenamerica.org/bezos10billion.

The average American family pays $15,748 in taxes.

In 2018, 60 companies, including Amazon, Netflix, and Chevron, paid effectively zero or less than zero in federal taxes.

The $1.3 trillion wealth gain by 660 billionaires since March 2020 could pay for a $3,960 stimulus check for every one of the 331 million people in the US.

Additionally, large companies frequently make vague claims of improvement in their corporate social responsibility reports, such as decreasing their water usage without clarifying what their current usage is. That is why our campaigns at Green America look closely at the real impact of companies and call them to task when they fall short of meaningful improvements.

"When we started our Hang Up On Fossil Fuels campaign, we saw that some major telecom companies were saying that they would double their commitments to renewable energy," says Beth Porter, climate campaigns director at Green America. "But at the time, renewable energy only equaled about one to two percent of their overall energy, so doubling would still mean less than five percent. That's why we called for 100 percent renewable energy commitments from all companies with a clear timeline for achieving them."

With strategic consumer action, Hang Up On Fossil Fuels has pushed T-Mobile and Sprint to commit to 100 percent clean energy. AT&T has made some of the largest corporate clean energy purchases ever and Verizon adopted a goal of 50 percent renewable energy by 2025. This was possible because of Green Americans who took to social media, signed petitions, and contacted their service providers. Such pressure is crucial to holding corporations accountable when the government fails to do so.

Wealth concentration and corporate power in the US has reached astronomic levels and everyday people are on the frontlines of the consequences—from poverty wages to inadequate social services and crippled entrepreneurial innovation. It will take strategic action at all levels of society to adequately address the wealth disparity crisis, but the result will lead to economically diverse and thriving communities.