

Arithmetic of Inequality by William Franklin

As a quid pro quo for the increased budget contribution requested from *UK Tax Payers* by the *European Commission*, the *British Government* should demand that the *European Development Bank* be commanded to compile comparable figures for each of the twenty-seven states in the *European Union*.



Meanwhile, *Her Majesty the Queen* can command her *Lord Lieutenants of the Counties* to draw up a *New Domesday Book* for their county...along the lines of the *Inequality Report* published recently by the Americans...see below.

According to a report from the *Halifax Building Society* released at the end of January 2013, homes in London and the rest of the South are worth around £330 billion more than those in the rest of England.

Properties in the South are worth a total of £2000 billion, compared with a total of £1676 billion in every other English region combines. The average cost of a home in the North-East is £100 000, compared to £372 000 in London.

A separate report from the estate agents *Savills* found that homes in London's ten most exclusive boroughs are worth £552.5 billion...as much as those in Scotland, Wales and Northern Ireland combined. Crack open the champagne!

Meanwhile across the pond, our rich American cousins are not faring too badly. Below is the *Arithmetic of Inequality* in the US. Trebles all round!

1. Only three percent of the very rich are entrepreneurs.

In 2004, 3.6 percent of taxpayers in the top 0.1% were classified as entrepreneurs. The great majority of entrepreneurs come from middle-class backgrounds...less than 1.0% from very rich or very poor. An *IRS Study* found that in 2004 over 90 percent of the assets owned by millionaires were held in low-risk investments (bonds and cash), personal business accounts, the stock market, and real estate.

2. Corporations have stopped paying half of their taxes.

After paying an average of 22.5% from 1987 to 2008, corporations have paid an annual rate of 10% since...a \$250 billion annual loss in taxes. *US Corporations* have shown a pattern of tax reluctance for more than 50 years, despite building their businesses with American research and infrastructure. They've passed the responsibility on to their workers. For every dollar of workers' payroll tax paid in the 1950s, corporations paid three dollars. Now it's 22 cents.

3. The average black or hispanic woman has \$100 in net worth.

The *Insight Center for Community Economic Development* reported that median wealth for black and Hispanic women is a little over \$100...less than one percent of the \$41,500 median wealth for single white women. Other studies confirm the racially-charged economic inequality in the US. For every dollar of wealth (excluding the home) owned by white families, people of color have only one cent.

4. Elderly and disabled food stamp recipients get \$4.30 per day for food?

Temporary Assistance for Needy Families (TANF) has dropped significantly over the past 15 years, serving only about a quarter of the families in poverty, and paying less than \$400 per month for a family of three for housing and other necessities. 90% of the available benefits go to the elderly, the disabled, or working households.

5. Young adults have lost two-thirds of their net worth since 1984.

The median net worth of 21 to 35-year-olds in the US has dropped 68% since 1984. It is now less than \$4,000. It has to pay for student loans that average \$27,200; or for \$12,700 in credit card debt for those still in school.

Unemployment for 16 to 24-year-olds is 50%...with two out of every five recent college graduates living with their parents.

6. The US public paid four trillion dollars to bail out the banks.

The world derivatives market is worth a thousand trillion dollars...the same amount of money made by America's richest 10% in one year (at least \$200 trillion in the United States). In 2011 the *Chicago Mercantile Exchange* reported a trading volume of over one thousand trillion dollars on 3.4 billion annual contracts...tax rate zero. A sales tax of a tenth of a penny on these annual contracts...for one year only...could pay back US taxpayers.

7. An amount equal to one-half of GDP is held untaxed overseas by rich Americans.

The *Tax Justice Network* estimates that \$21 - \$32 trillion is held offshore, untaxed. Americans make up 40% of the world's *Ultra High Net Worth Individuals*, so that's \$8 - \$12 trillion of US money stashed away in offshore accounts. On historical stock market returns of 6% per year, \$750 billion of this income is lost to the US... a tax loss of a quarter of a trillion dollars.

8. Just ten Americans made a total of fifty billion dollars in one year.

\$ 50 billion pays the salaries of over a million nurses or teachers. That's enough, according to 2008 estimates by the *UN's World Food Program*, to feed the 870 million people in the world who are lacking sufficient food.

9. Tax deductions for the rich could pay off 100 percent of the deficit.

Based on research by the *Tax Policy Center*, tax deferrals and deductions and other forms of tax expenditures (tax subsidies from special deductions, exemptions, exclusions, credits, capital gains, and loopholes), which largely benefit the rich, are worth about 7.4% of the GDP, or about \$1.1 trillion. Other sources have estimated that about two-thirds of the annual \$850 billion in tax expenditures goes to the top quintile of taxpayers.

10. Only four out of 150 countries have more wealth inequality than the US.

The US has greater wealth inequality than every state except Namibia, Zimbabwe, Denmark, and Switzerland.

In 1997 I stood as the *Parliamentary Candidate for the Referendum Party* in *New Labour's* landslide victory of 1997. I wanted my *Election Address* to the voters of *Oldham West and Royton*...this went out free of charge to every household in the constituency...to include the pledge that, if elected, I would take out from my *Westminster Parliamentary Salary* each month an amount equal to the average wage in the North-West...about half of my entitlement. The rest I would put into a lottery for which benefit claimants in my constituency would be automatically registered at no cost.

In the end, *Referendum Party Headquarters* rejected the idea after taking legal advice. It seems it could be construed as a bribe to the voters. Hmm! To ten percent of them perhaps...those on benefits living in poverty. The other reason was political.

The *Referendum Party* was financed by, Sir James Goldsmith, one of the richest men in England. The political calculation was that the tabloids would have a heyday, which would draw attention away from the party's core message...an *In-Out Referendum* to let the people decide whether we wanted to be governed by *Eton College* or by a *European Elite!*

Some choice! I have been leaning towards the Europeans since *The Etonians* added the *Church of England* to their portfolio of political properties. As Chris Mullin wrote in *A Very British Coup*, 'There are no secrets among Etonians!'

A pity though, because, as policy for an *Age of Austerity*, my *Robin Hood Lottery* was a decade ahead of game! To quote Chris Mullin again, in the words of Harry Perkins, *Steelworker* from Sheffield, 'Who knows? It might catch on!'

Meanwhile back in the leafy *Tory Heartlands*, the values of homes in Britain has ballooned by 62 percent over the last decade...from £2568 billion in 2002 to £4172 billion by 2012. That works out at an annual average benefit of £712 a year for residential property owners...an example of the sort of unearned income from *Impropery* that R.H. Tawney believed the *Labour Party* should crack down on.

Now throw in, for good measure, the fact that *Housing Benefit* is passed on by tenants to their landlords, and it starts to become clear why *The Rich* need for all those accountants to channel their ill-gotten unearned gains through a deceitful web of judicial persons...private companies, private trusts, private off-shore tax arrangements...and hide their *legally-piggily* sleight-of-hand from the glare of bloggers and the wrath of the mob.

Socialism is Equal Money (George Bernard Shaw in *The Fabian Papers*, 1884).