For top 400 Americans, combined income of $105 billion in 2006

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2 February 2009

Statistics recently released by the Internal Revenue Service (IRS), the federal tax authority in the US, show that in the year prior to the emergence of the financial crisis a tiny share of the population enriched itself enormously.

In only one year, 2006, the income of the top 400 Americans—who comprise about .0001% of the population—stood at more than $105 billion, or $263 million a head. To join this exclusive club, individuals had to take home a minimum of $111 million.

Less than one fifth of the financial aristocracy's income went in tax payments to the IRS: $18 billion cumulatively, or $45 million per head.

The proportion of their total income the rich paid in taxes, just 17%, was the lowest since the IRS began to collect similar data 18 years ago. It is also well below the tax rate of most working class families, according to Robert S. McIntyre, the director of Citizens for Tax Justice.

The rest of the population paid a combined $1 trillion in federal income taxes. In other words, the top 400 earners paid slightly less than 1.8% of total federal income tax revenue.

Since 1996, the top 400 earners have doubled their share of the national income. In 2005, they took home an average of $214 million, about $50 million less than the $263 million average of 2006. In 1996, the top 400 declared earnings of "only" $74 million.

The richest 400 wrote off just over half of their tax liability through charitable contributions. However, these write-offs accounted for just 5% of all tax deductions for charities. In other words, charities depend overwhelmingly on contributions made from outside the ranks of the financial aristocracy.

The incomes of the wealthy elite have been further sheltered from taxation by revisions to the tax code related to capital gains, or profits earned on the resale of financial assets. The capital gains tax rate has fallen from 28% in 1997 to 15% today. The vast majority of the elite's taxable income came from capital gains, about two thirds, while only 7.4% was based on salaries.

The amount of money taken home by the top 400 earners in 2006, $105 billion, is a staggering figure. By comparison, in his "stimulus" package, President Obama has requested only $40 billion for infrastructure improvements related to roads, transit, and rail, or about 38% of the income in one year for 400 fabulously wealthy Americans.

As large as the figure is, income represents only a small proportion of the wealth of the financial aristocracy. Last September, when *Forbes* published its annual list of the wealthiest 400 Americans, it determined that their combined wealth was $1.57 trillion. This figure, the *World Socialist Web Site* noted, was "more than twice the combined annual GDP of all of sub-Saharan Africa, home to nearly 800 million people, the vast majority of whom live in dire conditions." (Forbes publishes list of 400 wealthiest Americans)

The enormous incomes of this tiny share of the population are not incidental to the current economic crisis. As the *New York Times* noted in an article on the data, "the gains for the richest took place amid a booming economy, in which hedge funds and private equity firms blossomed and the subprime lending machine went into high gear."

The financialization of the US economy, which has led to the greatest crisis since the Great Depression, was carried out to the direct benefit of the financial aristocracy. Whether in subprime mortgages, or the

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other various forms of debt manipulation, this financialization amounted to the wholesale plundering of the social and industrial wealth of the nation and the impoverishment of the broad masses.

But the enormous amount of paper value built up on a narrowing basis in the real economy was not sustainable. In 2008, the US financial industry came crashing down—and now the working class is being asked to foot the bill. This is what President Obama meant when in his inaugural address he absolved the financial aristocracy for "the mistakes of some," shifting responsibility to the working class for "our collective failure to make hard choices and prepare the nation for a new age." (Obama's libel against the American people)

The IRS statistics also demonstrate the purpose of the tax system in the US. At one time, the "progressive income tax" was meant to provide a basis for reformist programs that aimed to improve conditions for the working masses, so as to forestall more radical change. But now the tax system is another tool by which the wealthy elite line their pockets at the expense of the population as a whole.

Only weeks into his administration, President Barack Obama has already backed away from repeated campaign promises to marginally increase taxes on the nation's richest. The administration has effectively dropped the pledge to repeal the massive tax cuts that the Bush administration put in place for the wealthy, and instead seems likely to allow them to expire in 2011.

The massive social plundering revealed by the IRS statistics demonstrates that there will be no resolution to the economic crisis outside a settling of accounts with the American financial aristocracy.

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