

Apple's tax dodge: The case for public ownership

Andre Damon
24 May 2013

The US Senate Permanent Subcommittee on Investigations released a report Monday showing that electronics giant Apple Inc. uses offshore tax shelters to avoid taxes on the majority of its income and cheated the US government out of \$9 billion in 2012 alone.

That same day, a tornado leveled the town of Moore, Oklahoma, killing 24 people, including seven children, who died huddled in hallways and bathrooms of their elementary school because officials lacked funds to build a storm shelter.

The juxtaposition of these two events speaks volumes about American society. Vital social needs of the people—like emergency services and decent schools—are ignored, because there is supposedly no money to pay for them. Yet the fact that one of the world's largest corporations has systematically robbed the state of tens of billions of dollars is accepted with barely a protest by the political establishment. At a Senate hearing Tuesday on Apple's tax evasion, none of the US senators called for a criminal investigation into the company, let alone demanded that any of the taxes it dodged be paid.

While putting questions to Apple CEO Tim Cook at the hearing, the senators prostrated themselves before his corporation. "I love Apple. I love Apple!" gasped Democratic Senator Claire McCaskill during her remarks. "Apple is a great company," declared Democrat Carl Levin, the committee's chairman.

Republican Rand Paul insisted, "What we need to do is apologize to Apple and compliment them for the job-creation they're doing."

Cook used his appearance before the Senate panel—nominally to respond to allegations of wrongdoing—to call for slashing the US corporate tax rate, from 35 percent to 20 percent. But rather than denounce him for intolerable presumption, the

Senators, Republican and Democratic alike, resoundingly agreed with Cook that the way to make companies like Apple pay their taxes is to lower the corporate tax rate. This is no surprise, since half of the members of this esteemed body are millionaires themselves.

Official political life in the United States is dominated by the constant refrain that every social need must be subordinated to the need to cut budget deficits without increasing taxes on the wealthy. In the name of combating this looming budget disaster, Congress and the White House signed into law \$1.2 trillion in spending cuts this year, while Barack Obama has called for at least \$500 billion more in cuts to Medicare and Social Security, which would impoverish millions of elderly people.

The growth of the supposed budget crisis has paralleled the effective ending of most taxation on corporations. In 1952, corporate taxes amounted for one third of tax revenue; now, they account for less than nine percent.

Meanwhile, an ever-growing burden of financing wars and corporate bailouts has been placed on workers. Payroll taxes, which are paid for overwhelmingly by working people, account for 41 percent of all tax income in the US—up from 9.7 percent in 1952.

The size of the tax breaks and loopholes extended to corporations is enormous: according to an estimate by the Congressional Joint Committee on Taxation, if all of the "offshore" earnings of US corporations were taxed at the normal rate, it would raise \$42 billion per year—half the cost of this year's 'sequester' cuts that will furlough 1 million federal workers, shut down schools, and slash unemployment payments for hundreds of thousands of people.

Even the claim that untaxed corporate profits are kept outside the country is shallow fraud: while Apple's subsidiaries are incorporated in Ireland, they hold their board meetings in California and keep their assets in New York banks. These tax loopholes are intentionally created by the big business politicians as a pretext to slash the actual amount of taxes paid by US corporations.

Yet far from using their enormous profits to hire workers, conduct research, and expand production, corporations are merely hoarding up their vast piles of cash. At the end of the fourth quarter of last year, US corporations were sitting on a \$1.73 trillion cash hoard. A good chunk of this belongs to Apple: the company is holding \$150 billion in cash, enough to pay for this year's sequester budget cuts twice over.

Meanwhile, hundreds of millions of people throughout the globe are out of work, and billions more labor in the types of sweatshop conditions that lead Apple's suppliers to set up anti-suicide nets around the roofs of their factories in China.

The most pronounced attribute of contemporary society is the disparity between the vast, idle wealth piled up by the ruling class on one hand, and the misery, poverty and chronic joblessness among the working people whose labor creates the wealth of society.

Social inequality has exploded since the crash of 2008, which was used by the corporate and financial elite to escalate a program of social counter-revolution to destroy the achievements won by the working class through generations of struggle. Throughout the world, social opposition is growing, but the most important question is the building of a new leadership of the working class in opposition to the trade unions and pseudo-left organizations that want to keep workers tied to the corporate-controlled parties.

Nothing will be done to address this gaping disparity by a political establishment that replies to massive corporate tax evasion with calls to lower business taxes. The vast corporate looting operation will continue until the working class takes up the struggle to reorganize society.

This struggle must be animated by the socialist perspective, not merely of the patching over of the existing society, but of reorganizing it on the basis of social need, not private profit.

Giant corporations like Apple must be put under the democratic control of the working class, and the vast cash hoards they have piled up must be seized and used to satisfy the needs of society: to build schools, roads and bridges, and provide all people with the right to housing, health care, education, and everything else needed to live decently. This is the program fought for by the Socialist Equality Party.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact