



Illustration by Elizabeth Hakes

HOT NOW

## The Rich Keep Getting Richer. Here's Why.

62 individuals have more wealth than the poorest 3.9 billion (42 are from the United States).

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BY SPLATTER STAFF | FEB 8, 2016



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Want proof that the global economy is rigged? How about this:

--The richest 1 percent of the population now has more wealth than the rest of the world combined.

--62 individuals have more wealth than the poorest 3.9 billion (42 are from the United States).

This chasm is only deepening. OXFAM, the global poverty-fighting organization, recently released a comprehensive [report](#) warning that this trend will continue to worsen unless something drastic is done--soon.

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You don't have to look far for examples. The United States is one of the wealthiest nations in the world, yet Flint, Michigan can't even afford clean water for its citizens. How can this be? Flint's mayor, Karen Weaver, says for two years she has seen her constituents flat-out ignored by Michigan Governor Rick Snyder, along with other government officials and agencies. "This has been politics and profit over the lives of people," she told [NPR News](#). "The health of the people was not put before profit and money."

When governments are run like a business, they ignore the poor communities desperately in need. Gov. Snyder, former venture capitalist and accountant, was elected in 2011, and during his first term gave corporations a fat tax break and raised taxes on the poor.

The *Detroit Free Press* **reported** in 2014 that Gov. Snyder's tax plan collected "nearly \$900 million a year more from individuals, many of them poor," while businesses paid "about \$1.7 billion less in taxes, all while job growth has slowed each year since the tax cuts took effect." President Obama recently **denied** Gov. Snyder's request of \$96 million in federal aid due to the crisis not qualifying legally as a natural disaster; but had Gov. Snyder not cut business taxes at all, Flint and the state of Michigan could afford to spend \$96 million on a new public water pipeline--with an additional \$1.6 billion left over.

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Government officials aren't the only ones stacking the deck. More worrisome is the fact that some of the world's wealthiest individuals and most profitable corporations are using tax havens to avoid any and all taxation. In African nations, tax havens are robbing several communities of an essential form of revenue that could fund healthcare and education for its poorest civilians. Almost a third of Africa's wealth (total of \$500 billion) is held offshore in tax havens, according to the OXFAM report. On a global scale, OXFAM estimates that \$7.6 trillion of individual wealth--more than the combined gross domestic product of the United Kingdom and Germany--is held offshore. And why does the world's tax structure allow the wealthy to dodge paying their fair share of taxes? You can find the answer by asking another question: Who crafted the global tax architecture? You guessed it...billionaires.

This offshore system of harboring taxable income is costing the working class and poor families billions of dollars each year. "Tax dodging by multinational corporations (MNCs) costs developing countries \$100 billion annually," OXFAM reports. More than 200 companies, they say, including 100 of the world's largest financial firms, have ties to an offshore tax haven.

They get away with it because big money buys political influence. Anheuser-Busch InBev, the world's largest brewing company, **spent** a record \$4.3 million dollars lobbying the U.S. government in 2013. A majority of those lobbying efforts helped enact two bills, saving the company from spending \$500 million in taxes. Then in 2014, according to OXFAM, half of the company's \$3.5 million spent on lobbying was again on issues related to taxation.

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And why are Walmart's low-paid employees **costing** American taxpayers \$6.2 billion each year in public assistance when the Walton family has a **net worth** of \$149 billion? Because big money buys political influence.

Even though income inequality is growing more severe each year, change is attainable. Government leaders must stand up to bar tax havens and reform taxation globally. Until elected officials address this issue, Flint's water crisis is only the beginning.

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