1. Rich get Richer

Citigroup’s Equity Strategy

“Revisiting Plutonomy: The Rich Get Richer”

“These economies (U.S, UK, Canada and Australia) have seen the rich take an increasing share of income and wealth over the last 20 years, to the extent that the rich now dominate income, wealth and spending in these countries . . . favorable treatment by market friendly governments have allowed the rich to prosper and become a greater share of the economy in the plutonomy countries . . .[much of this increase] at the expense of labor.”

Warren Buffet, multibillionaire:

“There is a class war in America and my class is winning.”

A. The Ways:

1. legislation
2. tax cuts

1. trade agreements

2. deregulation

3. privatization

4. government subsidies

5. off-shoring, automation

6. bailouts

7. Above: goals of new administration, but goals of previous five also.

B. Tax legislation: corporations and the rich

1. tax cuts ($425/$60,000/$521,000)

2. capital gains ($5/$25,000/$500,000)

3. estate tax (1.2%, $1 trillion)

4. tax loopholes

a. corporations

i. Work Opportunity Tax Credit ($2400/$385 million)

ii. Cruise Lines

iii. “inversions”

b. individuals

i. Hedge Fund CEOs

ii. “carried interest”

5. tax havens

a. British Virgin Islands home to 400,000 corporations

b. .80% of largest corps in U.S. in tax havens

c. $7.6 trillion

6. Consequences

a. 60 % of companies pay no taxes

b. Corp contribution to federal tax revenue: 1950/30% to 2010 8%

c. GE $14.2 billion, $1.1 billion tax benefit

d. 2008-2010- 12 lgst corps +$170 billion -1.5% tax rate

e. Deficit Commission recommendation: cut corporate taxes

B. Corporations

1. Pharmaceuticals

a. Medicare Prescription Drug Bill

b. Government subsidized research and development

c. FDA funding

d. U.S. government opposing generic AIDs drugs in other countries

e. drug companies 2001 $30 billion 2008 $80 billion

1. Health Insurance
   1. Affordable Care Act (stock +14% to 30%)

b. McCarran- Ferguson Act

c. 1980 Amendment to Federal Trade Act the Federal Trade Commission (FTC) was prohibited from investigating or reporting on the activities of insurance industry.

d. Wellpoint/Anthem, Cigna, Aetna, Humana, United Health Care

e.. 2009 $12.1 billion (eliminated 2.7 million)

f. Anthem Blue Cross (+90% raise rate 39%

3. Oil and Gas

a. Commodities Futures Market

b. deregulation of extraction techniques “fracking”

c. U.S. military support of dictators with oil/gas

d. 2005 Cheney Energy Bill: billions in subsidies, regulatory rollbacks, deferred royalty payments

e. Big Five: 2012 $120 billion

* **ExxonMobil** hauled in $10 billion in the fourth quarter, driving their annual profits to nearly $45 billion—an increase of 9% from 2011. This takes Exxon’s five-year profits to $181 billion.
* **Shell** made $6.7 billion in the fourth quarter, pushing their annual profits to more than $26 billion.
* **Chevron** earned in $7.2 billion in the fourth quarter, taking their annual profits to more than $26 billion.
* **BP** made $2.1 billion in the fourth quarter, taking their 2012 annual profits to $12 billion.
* **ConocoPhillips** raked in $1.4 billion in the fourth quarter, taking their 2012 annual profits to more than $8 billion.

4. Mass Media

a. Telecommunications Act of 1996

b. FCC regulations of 2003

c. digital spectrum and relaxation of ownership regulations

5. Financial industry

a. SEC capture

b. Commodities Futures Modernization Act

c. Graham-Leach-Bliley repeal of Glass-Steagall

d. billions in profit, bonuses, bailout

e. billions more

6. nuclear industry

a. government funding two new nuclear plants

b. government subsidizes entire nuclear industry

Last Week Tonight

<https://www.youtube.com/watch?v=LfgSEwjAeno>