

## Rising Inequality and Concentrated Wealth Threaten Democracy

by **Edith Rasell**  
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Data recently released by the U.S. Department of Commerce are shocking. Corporate profits are at an 85-year high and employee compensation is at a 65-year low. No wonder people are struggling to pay their bills.

These data are another sign of the growing inequality in our country. The rich are getting richer, the poor are getting poorer, and the middle is disappearing. Small paychecks contribute to the problem and so do changes in tax law. Most households have seen only minor fluctuations in their federal tax bills in recent decades. But the very highest income people – the top 1/100<sup>th</sup> of 1% -- have received million-dollar tax cuts. Their tax payments have fallen from more than 70% of income before 1970 down to 20%- 40% today.

Corporations have also seen dramatic declines in taxes. In the 1950s, firms paid 40%-50% of their profits in tax. But tax rates were cut and tax payments steadily fell until now they average 20% of profits. Some firms pay 35%, the rate required by law. But after taking advantage of tax havens and various loopholes, many other firms pay nothing. Citizens for Tax Justice reports that Boeing, General Electric, Verizon, Pepco, Duke Energy, PG&E, Tenet Healthcare, and many other huge firms paid no taxes at all between 2008 and 2012.

Not only is inequality rising, but recent decisions by the Supreme Court have allowed more money to flow into – and influence – the political system. The five justices on the Court who have supported this inrush of money need to ponder the words of former justice Louis Brandeis who served on the Court from 1916-1939, another time of extreme inequality: “We must make our choice. We may have democracy, or we may have wealth concentrated in the hands of a few, but we can’t have both.”

Concentrated wealth and permission to use that wealth to influence the political process threatens democracy. What can we do?

As a start, wealthy people and corporations must pay more in taxes. This would begin to reduce inequality and the additional revenue could pay for needed public services. But the House of Representatives recently passed a budget proposal that *cuts* the top tax rate on corporations (from 35% to 25%) and wealthy households (from 39.6% to 25%). The House budget will not pass the Senate, so it has no chance of becoming law. But it does indicate the mindset of a majority of House members.

The federal government is starved for money. The country is starved for the things that government must provide. Concentrated wealth threatens democracy. Is a tax cut for corporations and the wealthy really the right thing to do?

Organized people (lots of them) are the only way we can defeat organized money (and there is certainly lots of that). This is an election year. Votes still matter. The primaries, coming soon, and November's elections will all be crucial. Good politicians (there are many) need campaign workers. Our neighbors need our wisdom; the world needs our passion. Get involved. Each one of us can play a critical role in saving our country.

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## ABOUT THE AUTHOR

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