

PROGRESSIVE POLICIES ARE GOOD FOR THE ECONOMY: RAISE CORPORATE TAXES

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During the Great Recession, our government learned the hard way that we should spend more—not less—in times of crisis. The response to the Great Recession was too small and ended too soon, especially for the Black and brown families that never recovered, and our economy was made less resilient as a result. The government can boost our economy right now by helping struggling families and investing in all of us. Investing in people will benefit everyone, with new jobs, higher wages, and a stronger economy overall. One way to support communities is by raising corporate taxes.

Low taxes on the wealthy and corporations contribute directly to our weak and precarious economy by magnifying inequality—[concentrating economic resources and power, undermining democracy](#), and suppressing [consumer demand](#). 50 years of failed trickle-down tax policy has left the United States with insufficient revenues, anemic economic growth, and skyrocketing inequality—and the 2017 Trump tax bill only magnified these problems. A recent report found that 55 corporations paid [\\$0 in federal taxes](#) on 2020 profits. Corporations can and should pay more.

Congress should act now to increase corporate tax rates, close corporate loopholes, and fix our broken international tax system. **Doing so will not only pay for needed investments: raised corporate taxes will directly counter damaging inequality, rebalance power in our economy, and are a critical step toward advancing racial equity and reducing racial and gender income and wealth gaps.**

Raising taxes on corporations is good for working people and the economy:

- **Tax breaks for multinational corporations incentivize offshoring and allow tax dodging—directly harming our nation’s workers.** Under current law, U.S. corporate profits earned offshore or “booked” there through profit-shifting games are [taxed much more lightly than domestic profits](#). This creates an incentive for corporations to evade taxes by abusing tax havens and [shifting real economic activity](#)—jobs and capital—abroad. Closing these loopholes and adequately taxing corporations ensures that corporations can’t rig the system to maximize profits at the expense of workers.
- **Corporations are far from overburdened by taxes – and the U.S. loses revenue as a result:** While proponents of the 2017 tax bill claimed that U.S. companies were “overburdened,” the fact is that decades of trickle-down tax-cutting had already slashed corporate revenues to below the OECD average. The 2017 tax cuts drove down corporate revenues even further, to levels not seen since the Great Depression. In 2019, simply raising corporate taxes as a share of GDP in line with the average for the OECD [would have netted the U.S. more than \\$400 billion in additional revenue](#) each year.
- **Racial and gender inequality, exacerbated by low corporate tax rates, harms our collective economic well-being:** Tax revenue can support public investments such as education, healthcare, and childcare, all of which help [reduce racial inequalities](#) and advance [gender justice](#). Low corporate tax rates also exacerbate [racial and gender wealth gaps](#) by further concentrating wealth and power in the hands of those who already have it. A progressive tax system, which includes making sure corporations pay their fair share in taxes, helps to [combat inequality](#) and temper the harms of inequality, racism, and disinvestment, strengthening our economy as a result.

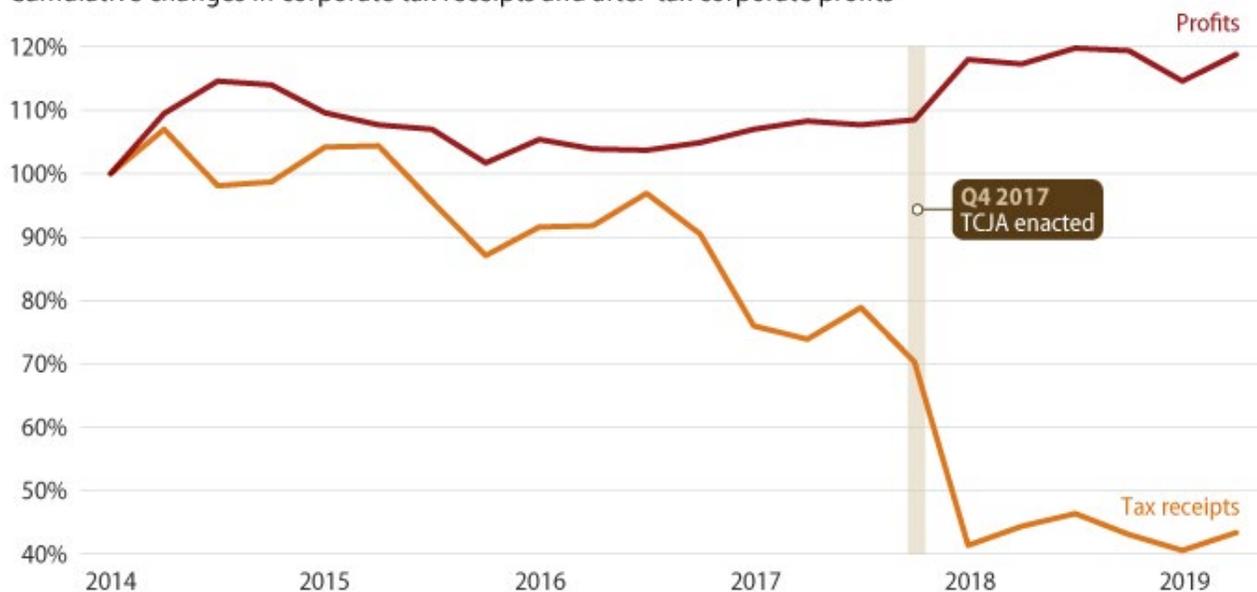
Here's who will benefit from raising corporate taxes:

- **Adequately taxing corporations can narrow racial income and wealth gaps and reduce economic inequality:** The *majority* of corporate stock owned by people in the U.S. is held by people in the [top one percent](#), and nearly 90 percent is held by the top 10 percent. Almost [90 percent](#) of corporate equities and mutual shares are owned by white families, while just [one percent](#) is owned by Black families. Furthermore, corporations continue to pay [less in taxes, even while their profits rise](#). Taxing this income is tantamount to curbing the increasing power of corporations and the very wealthy—predominantly white families who reap economic benefits—and to narrowing income and wealth gaps along [racial, ethnic, and economic lines](#).

FIGURE 2

Corporations are paying less in taxes as profits rise

Cumulative changes in corporate tax receipts and after-tax corporate profits



Source: U.S. Bureau of Economic Analysis, "National Accounts (NIPA): Sections 1 and 3," available at <https://apps.bea.gov/histdata/fileStructDisplay.cfm?HMI=7&DY=2019&DQ=Q2&DV=Second&dNRD=August-30-2019> (last accessed September 2019).

