
REMAPPING DEBATE

Asking "Why" and "Why Not"

The few get to share; the many get to sacrifice

Commentary | By Craig Gurian | Government services, Taxes

January 11, 2011 — It's hard to find a big-state governor who is not sounding a call for "shared sacrifice." It's even harder to find one who really means it.

Almost a year ago, New Jersey's Chris Christie was [peddling the line](#) that "we're going to have everyone share in this sacrifice." Newly-elected New York Governor Andrew Cuomo [said recently](#) that "we're going to need everyone to sacrifice." And California's Jerry Brown, returning to the Governor's Mansion after 30 years, [says that](#) "it's going to take sacrifice from every sector of California."

Christie, of course, didn't mean that taxpayers — let alone high-income individuals and corporations — would have to dig a little deeper into their pockets to preserve necessary services. He apparently has a special definition of shared sacrifice: state workers need to share the sacrifice with constituents most desperately in need of state services. Christie, who is scheduled to deliver his State-of-the-State address today, is [expecting to "stay the course."](#)

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In New York, it took little time for Cuomo to violate his "shared sacrifice" pledge. In a state that is home to some of the wealthiest individuals and corporations in the country, Cuomo last week [pledged](#) to be "holding the line on taxes now while working to lower taxes in the future." This despite the fact that a 2008 State Assembly plan to impose a "millionaire's tax" was [supported by an overwhelming 78 percent of New Yorkers](#).

Cuomo, fully embracing the anti-tax shibboleths of New York's business community, also decided to imitate the GOP's traditional view that reality should not interfere with rhetoric. "New York's already hostile business climate," [he said](#), "must change if we are to have prosperity."

It was a curious way to describe both the climate and the history. The "business climate" Cuomo attacked was precisely the one in place during a long run of prosperity — especially for those on Wall Street and others on the top — throughout much of the last 20 years.

So what did Cuomo — in a message currently being echoed by many of his counterparts — mean? At the same time we're told that real sacrifice requires real pain, we are supposed accept that businesses must be exempt from any pain. Instead, states must compete to beg for their favors.

The race by states to ratchet down the responsibilities and contributions of businesses is driven in part by the fear that these businesses will abandon the states that don't capitulate. It is a profoundly destructive race to the bottom, and a testament to the fact that good corporate citizenship (as it is currently understood) involves nothing so quaint as any notions of loyalty or commitment...or sacrifice.

It also reflects the folly of shifting tax responsibilities from the federal government to the states. With federal levies, corporations have less leeway to play states off against one another (although, as our colleague David Cay Johnston details in "Free Lunch," corporate interests have been remarkably successful in prying various property tax exemptions and other incentive programs out of localities on the basis of seldom-fulfilled promises of job growth).

Governor Brown, at least, presented a semblance of a "balanced" approach in his speech this week, looking both to cut expenses and to raise revenues. An examination of his plan, though, shows how far we are in any jurisdiction from seeking sacrifice that is equitably distributed .

People and entities are more or less vulnerable depending on resources and circumstances, and one might think that budgeting would account for this. Yet Brown's most bold revenue-generating move is to seek an extension of existing temporary taxes.

On the business side, he seeks to save \$1 billion by [getting rid of a tax break](#) that allowed companies to pick the accounting method that resulted in the lowest tax liability.

But that is no more than the amount Brown [seeks to cut](#) from the University of California and California State University systems (Remapping Debate recently ran a feature on [shrinking the mission](#) of the UC system).

And it doesn't begin to equal the \$1.7 billion cut that Brown proposes in the state's version of Medicaid, or the \$1.5 billion cut he sketched for CalWorks, the state's public assistance program that, among other things, provides job training and child care services to public assistance recipients seeking full-time employment.

As [reported in the Los Angeles Times](#), a "typical CalWorks grant for a single parent with two children is \$500 per month, often supplemented by hundreds of dollars in federal food stamps...About 580,000 California families receive some benefits from the program in an average month. That caseload is projected to drop to about 458,000 if the proposed changes take effect."

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So, it's okay to cut off 120,000 needy families from a program that encourages moving towards self-sufficiency, at the same time that Brown is unwilling to propose any rise in high-earner income tax rates. (A Los Angeles Times [budgeting tool](#) shows that raising the existing rate by 0.7 percent on income between \$300,000 and \$600,000, and by 1.7 percent on income over \$600,000, would raise \$1.8 billion).

Unfortunately, there isn't anyone on the national stage explaining loudly and clearly why it is fair and just for those who are privileged (or "blessed" as politicians seem obliged to say) to make some real and substantial sacrifices. Alas, all President Obama seems inclined to do is to hope to get ideas from the business community (now even more amply represented in his administration with the addition of JPMorgan Chase's William Daley) on how to get businesses to invest and "stop holding 'nearly 2 trillion dollars on their books.'"

Shared sacrifice will have to wait.

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