These last few years, I’ve had to get a lot more careful about how I spend my paycheck. Everyone has. Like I’m eating out less often, holding back on expenses I don’t really need, saving for my kid’s college.

I’m getting more responsible, taking control of how I spend. But one thing I can’t control is that every month a big chunk of my paycheck goes off to the government.

It’s not the most fun part of my budget, but I believe in paying taxes. Not just because it’s the law but because that’s how I invest in a better future that I can’t afford to build on my own.

You know that future we all want and nearly every candidate promises us — great schools, a healthy environment, clean energy, good jobs.

But a funny thing happens to our money on its way to that better future. It seems to disappear.

And by the time we get around to investing in it, all we hear is, “sorry, not this year, we’re broke.”

In fact, we’re so broke, they say, that we have no choice but to slide backwards, cutting things that made this country great — like schools and the EPA, maybe even Social Security and Medicare.

1. Paying taxes is how we pay for things that we’ve collectively decided are important: public safety, education of our children, reliable infrastructure, and a range of environmental, health and social protections. Taxes enable us to give back for all that society has given us—from schools and parks and product safety inspectors to cutting edge science and innovation. Paying taxes is how we ensure the same opportunities we had are available to the next generation. And it’s how we pitch in to invest in a better future. As the good folks at I (heart) Taxes (http://ihearttaxes.org/) explain: “Taxes do great things. How often do you get to save a child, build a bridge and put out a fire at the same time? American taxpayers do it every day. It’s like getting to be a superhero. Your taxes pay for food for poor kids, medicine for Grandma, and equipment for your local Fire Department. Taxes keep the streets safe and the air clean.” And, it turns out paying taxes might just make you happier. A study, released in September 2011 by the Association for Psychological Science, found a link between happiness and progressive tax rates. According to University of Virginia psychologist Shigehiro Oishi “The more progressive the tax policy is, the happier the citizens are.” (http://www.psychologicalscience.org/index.php/news/releases/a-more-progressive-tax-system-makes-people-happier.html)

2. The Environmental Protection Agency (EPA)’s mission is to protect human health and the environment. Those are both very good goals. Founded in 1970 by President Richard Nixon, the EPA was created in the aftermath of a series of toxic waste disasters, like when the super polluted Cuyahoga River actually caught on fire – not a good sign for overall water quality. The EPA works hard to ensure that industries aren’t spilling toxic wastes into our groundwater, that our air is clean and breathable and our rivers are clean enough to have fish, rather than flames, in them. The EPA provides critical services to help keep our environment healthy; it conducts scientific research and education on environmental issues, collaborates with businesses and non-profits to advance environmental health and safety and
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Wait a minute. Broke? I’m sending in my share of hard-earned cash every month and so are you!

Now, what we’ve got to work with shrinks a lot thanks to corporate tax loopholes and unprecedented tax breaks for the richest 1%. But even after those, we’ve still got over a trillion dollars.

So if we’re broke, what’s happening to all that money?

I decided to look into it and it turns out this whole “broke” story hides a much bigger story — a story of some really dumb choices being made for us — but that actually work against us. The good news is that these are choices, and we can make different ones.

So, where is all that money going?

Well first the military takes a big chunk – $726 billion in 2011. Wow! We could build a lot of better future with that kind of money.

Spending billions on fighter planes we don’t need or wars with no end, and then saying we’re broke, just isn’t honest. It’s like calling your kid from your billion-dollar yacht to say you can’t afford her lunch money.

ensures compliance with environmental laws. Want to see what else the EPA has done for Americans? See http://www.thankyouepa.com.

3. In spite of all the cries of outrage you may be hearing about excessive tax rates for the wealthy these days, today’s super rich individuals and big corporations enjoy historically low tax rates and a plethora of tax breaks. So much so that of last year’s 100 highest paid US corporate chief executives, 25 took home more in compensation than their entire company paid in 2010 federal corporate income taxes! (For details, see the Institute for Policy Studies’ September 2011 report “Executive Excess: The Massive CEO Rewards for Tax Dodging” at: http://www.ips-dc.org/reports/executive_excess_2011_the_massive_ceo_rewards_for_tax_dodging/)

To learn more about the need and opportunities to make our tax system more progressive and fair, read Chuck Collins’ “5 Reasons To Let The Bush Tax Cuts Expire” (http://www.huffingtonpost.com/chuck-collins/five-reasons-to-let-the-b_b_719054.html) and, more recently, his take on Obama’s “Buffet Rule” tax reform plan (http://www.huffingtonpost.com/chuck-collins/buffett-rule_b_971870.html). If you’re in the top earning tax bracket and are happy to pay your fair share, thank you! And please check out Wealth for the Common Good to join with other high earners in support of a fair tax policy (www.wealthforcommongood.org) and take a look at the Patriotic Millionaires campaign at www.patrioticmillionaires.org. And if you’re in the Other 98% of income earners and also want a more fair tax policy, check out The Other 98% (www.other98.com).

4. In fiscal year 2012, the federal government will spend over $3.7 trillion. If you want to see where that money comes from and how it is spent, check out the guided tour of the Federal Budget created by the National Priorities Project: http://nationalpriorities.org/resources/federal-budget-101/. For even more information check out NPP’s “A People’s Guide to The Federal Budget” - it provides a great, detailed overview of the various parts of the federal budget and the budget process. You can take a look here: http://nationalpriorities.org/en/resources/federal-budget-101/peoples-guide/


6. The National Priorities Project’s “Trade Offs” website (http://nationalpriorities.org/tools/tradeoffs/) allows us to make direct comparisons of things on which we could be spending our federal money. Curious about how many college scholarships, households with renewable energy or elementary school teachers we could be paying for with the money spent on atomic energy or defense? While this site doesn’t include all the possible things we could choose to invest in as a society, it does give us a sense of the things we could trade for instead of keeping such a bloated military budget. As many have said, we really do have a choice between War and Austerity or Peace and Prosperity. Where do you want your tax dollars going?

7. My country produces disproportionately high amounts of carbon emissions and municipal solid waste, or garbage. The US has about 5 percent of the world’s population, yet produces almost 20% of the world’s greenhouse gases and 20% of the world’s waste. If you want to know where those greenhouse gases come from, here’s an inventory of US greenhouse gas emissions, created by the EPA (thank you EPA for all you do!): http://epa.gov/climatechange/emissions/usinventoryreport.html. While China has recently
Then hundreds of billions more go to propping up the dinosaur economy. You know, the obsolete system we talked about in The Story of Stuff — the one that produces more pollution, greenhouse gases and garbage than any other on Earth — and doesn’t even make us happy. In so many ways, it’s just not working, but we’re keeping it in on life support instead of building something better.

A lot of that life support comes in the form of subsidies. A subsidy is a giveaway that gives some companies a lift over others. That’s not necessarily a bad thing — we should help companies that are building a better future. The problem is the government keeps lifting up companies that are actually dragging us down.

Everywhere you look along the dinosaur economy, you’ll find these subsidies.

There’s spending subsidies: where the government just gives our money away — like payments that benefit big agribusiness, while helping drive family farms off a cliff. Or the less obvious version where the government foots the bill for things corporations should pay for themselves like cleaning up toxic chemical spills or giant livestock manure ponds. Or building roads that go to only one place — a new Walmart. Or paying for polluting and wasteful garbage incinerators that would never make financial sense to build on their own.

surpassed the US for total carbon emissions, a sizable chunk of their emissions are caused by creating stuff exported to other countries, notably the US! There’s a strong argument that some of the carbon emissions produced in China really belong to those countries importing Chinese goods. Hmmm, something to think about. And if you want to know more about US waste generation, see this report from EPA: According to the EPA, in 2009 people in the US produced 243 million tons of municipal solid waste as well as medical waste, construction and demolition debris, hazardous waste and other types of wastes.

8. Subsidies are ways that societies, acting through government, help someone, some company or some economic sector. Subsidies have become important instruments of public policy and come in many forms. Just as there are many types of subsidies, there are also many definitions of what exactly a subsidy is.

The US Government Accountability Office’s defines a “subsidy” as: “Generally, a payment or benefit made by the federal government where the benefit exceeds the cost to the beneficiary. Subsidies are designed to support the conduct of an economic enterprise or activity... They may also refer to (1) provisions in the tax laws for certain tax expenditures and (2) the provision of loans, goods, and services to the public at prices lower than market value. These include interest subsidies.” (From GAO, A Glossary of Terms used in the Federal Budget Process, 2005 http://www.gao.gov/new.items/d05734sp.pdf)

Another definition of subsidy comes from Norman Myers and Jennifer Kent in their book Perverse Subsidies: How Tax Dollars Undercut the Environment and the Economy. Summarizing a number of sources, they describe a subsidy as: “a form of government support extended to an economic sector (or institution, business, or individual), generally with the aim of promoting an activity that the government considers beneficial to the economy overall and to society at large. Indeed, this is one of the main roles that governments are created to perform: to encourage activities that, if left solely to markets, would occur in unfavorable – or to use the economists’ phrase, less than socially optimal – amounts. A subsidy can be support in the form of a monetary payment or other transfer or through relief of an opportunity cost.” (Kent and Myers, 2001: Island Press, p. 5.)

We believe that a key role of government is to support healthy and fair economic activity and that subsidies are an important set of tools towards that goal. And, in fact, many types of subsidies make our economy and environment more healthy and safe and meet real public needs. However, not all do. Those subsidies that create adverse effects on both our economies and environments are often referred to as perverse subsidies. See Myers and Kent, Perverse Subsidies, for a detailed sector-by-sector look at perverse subsidies. Not surprisingly, perverse subsidies are the first we would like to see redirected to support activities that benefit both the environment and economy. The Green Scissors Report is another great resource on “cutting wasteful and environmentally harmful spending. You can read the 2011 report here http://greenscissors.com/wp-content/uploads/2011/08/Green_Scissors_2011.pdf

Additional sources of information on subsidies overall include Subsidy Scope (http://subsidyscope.org/) and Global Subsidies Initiative (http://www.globalsubsidies.org/). For information on specific subsidies, please visit the websites...
Then there’s tax subsidies: which excuse big corporations from contributing their fair share — like the enormous tax breaks granted to oil and gas companies even in times of record profits. These subsidies amount to billions of dollars we should be collecting and putting to good use.

And there’s risk transfer subsidies: where the government acts as an investment bank and even an insurance company for corporations doing risky things, like building nuclear reactors. If anything goes wrong, we have to cover for them.

There’s freebie subsidies: where the government gives stuff that belongs to all of us to corporations for cheap or even free. That’s billions more we should be collecting but never see! Like permits to mine public lands, granted at prices set in the Mining Law of 1872. Really. 1872. President Grant signed this law to encourage settlement of the West. News flash: it’s settled.

And all this doesn’t even count externalized costs. They don’t show up on any spreadsheet and could amount to trillions of dollars — they include the damage to the environment, public health and the climate that this dinosaur economy causes. Without laws that make the polluters pay, we all pay with the loss of clean water and air, or increased asthma and cancer.

9. Agricultural subsidies are incredibly complex and, in many ways, different from the others we mention in this movie. Some agricultural subsidies are desirable, such as those that protect farmers in times of drought and pest, while others are destructive, causing problems as diverse as perpetuating unfairly low prices paid to farmers, encouraging environmentally destructive farming practices, and even undercutting farmers in neighboring countries, driving thousands of farmers off their lands and fueling migration. Rest assured that we are not opposed to all agricultural subsidies across the board. We support subsidies that serve the goals of environmental health, sustainability and equity. We would like to see subsidies ensure fair prices to farmers, particularly family farmers, promote agricultural practices that are healthy for workers and the environment, prioritize nutritious crops and respect farmers in other countries.

For more information on agricultural subsidies, please see the fabulous work done by the organizations that provided guidance on this movie project:

- Environmental Working Group – www.ewg.org
- Institute for Agriculture and Trade Policy – www.iatp.org
- National Family Farm Coalition – www.nffc.net
- Small Planet Institute – www.smallplanet.org

10. It’s true! The US public is often left footing the bill for cleaning up toxic waste sites created by private industry. GAO, “EPA Should Do More to Ensure That Liable Parties Meet their Clean Up Obligation,” 2005. (http://www.gao.gov/highlights/d05658high.pdf) (See footnote 22 for more information on the Superfund program to clean up toxic waste sites). And while animal manure may not seem as problematic as hazardous waste, it is a serious threat to soil, groundwater and the climate when concentrated in the amounts produced by mega-farms (http://www.sustainabletable.org/issues/waste/). And too often, US taxpayers end up footing the bill for manure messes made by big factory farms. Like the case in Northern Indiana where a hog farm company went out of business and abandoned enormous lagoons containing 4.5 million gallons of pig poop, sticking taxpayers with a $400,000 bill for cleaning up and treating the waste. (“Indiana Taxpayers Pay To Clean Up Abandoned Manure Lagoon” by John Laumer in Treehugger.com, www.treehugger.com/files/2009/05/indiana-taxpayers-clean-up-abandoned-manure-lagoon.php). This is a violation of the basic Polluter Pays principle, a tenant of environmental laws and common decency: Those who create pollution are responsible for paying for cleaning it up.

11. And it’s not just free roads that Wal-Mart gets from the public pockets! According to Wal-Mart SubsidyWatch (http://www.walmartsubsidywatch.org/), “A secret behind Wal-Mart’s rapid expansion in the United States has been its extensive use of public money. This includes more than $1.2 billion in tax breaks, free land, infrastructure assistance, low-cost financing and outright grants from state and local governments around the country. In addition, taxpayers indirectly subsidize the company by paying the healthcare costs of Wal-Mart employees who don’t receive coverage on the job and instead turn to public programs such as Medicaid.”

12. Incinerators are disgusting. Read more about them from GAIA, the Global Alliance for Incinerator Alternatives (http://no-burn.org/section.php?id=84). In addition to the pollution they generate and resources they waste, the dirty energy they produce is more expensive than cleaner energy. Check out GAIA’s great report “New US Government Report Finds Incineration the Most Expensive Form of Power Generation,” (www.no-burn.org/communities-stop-polluting-waste-burners-promote-zero-waste). Because they don’t make economic sense on their own, incinerator corporations are constantly vying for public funds, often claiming that...
energy from burning waste is “green” so they can access public money earmarked for climate solutions. For those in the European Union, check out GAIAs report “When the EU Wastes the Climate” which looks at how the EU policy of subsidizing energy from burning waste is worsening the climate (http://www.no-burn.org/downloads/GAIAs_When_EU_Waste_the_Climate.pdf). Also take a look at Vilella and Simon’s “EU Double Standards on Waste Management” (http://www.no-burn.org/eu-double-standards-on-waste-management).


17. Seriously. The prices set in 1872 are still in effect today. That means that mining companies can mine gold, silver and uranium from public lands without royalty payments to the taxpayers – unlike other mining industries that extract coal, oil or natural gas. And mining corporations can buy valuable mineral bearing public lands for no more than $5 an acre. According to Reforming the US Hardrock Mining Law of 1872: the Price of Inaction, Pew Campaign for Responsible Mining (http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Wilderness_protection/cost_of_inaction.pdf) not only is the public missing out on an estimated $160 million in revenue annually that we could be using to build a better future, but we’re often stuck paying to clean up the mining mess often left behind. The price tag for cleaning up abandoned mines ranges from $32 billion to $72 billion. (J. Lyon. T. Hilliard, T. Bethell, Burden of Gilt: The legacy of environmental damage from abandoned mines and what American should do about it, Minerals Policy
We could re-direct these dinosaur subsidies, freeing up hundreds of billions of dollars. Forget broke, we could build a better future right now!

We could start by reinvesting the $10 billion in oil and gas subsidies to renewable energy and energy efficiency projects. With just half of that amount, we could put solar systems on over two million rooftops. Then use the rest to retrofit half a story of broke.org

18. “While externalized costs are not always included in conventional lists of subsidies, they are increasingly recognized by economists as subsidies insofar as they represent uncompensated costs imposed by a sector on society at large.” (Myers and Kent, Perverse Subsidies, 2001.) While it is impossible to quantify the full economic value of costs externalized onto the public by the dinosaur economy, some analysts have attempted to capture segments of it. A 1996 estimate for externalized or uncompensated society-wide costs of US business (unsafe vehicles, harmful products including tobacco, pollution, etc.) is at least $2.6 trillion a year, or five times more than their private profits at the time. (R. Estes, The Tyranny of the Bottom Line: Why Corporations Make Good People do Bad Things, Berret-Koehler: 1996, cited in Myers and Kent, 2001, page 187.) The Economics of Ecosystems and Biodiversity Project (TEEB) has calculated the economic cost of biodiversity loss; it estimates that the worldwide cost of deforestation alone is between $2 trillion and $5 trillion annually (http://news.bbc.co.uk/2/hi/7662565.stm). The World Bank and FAO estimate that destructive fishing practices reduce the income from global marine fishers by $50 million annually compared to more sustainable fishing practices (World Bank and FAO, 2009, cited in: Mainstreaming the Economics of Nature: A synthesis of the Approach, Consultations and Recommendations of TEED, TEDD; 2010, available at http://www.teeweb.org/LinkClick.aspx?fileticket=bYhDohL_TuM%3d&tabid=1278&mid=2357)

While we may never have an exact dollar value for the cost of externalized costs, we do know there are many, many ways that society and governments subsidize some businesses, making them more profitable for the owners, while shifting the environmental and social costs associated with their activities to other segments of society. Externalized costs impose unfair burdens on impacted communities and skew the market to make certain activities appear less expensive than they actually are. I mean really, how is it that a cotton t-shirt—grown in Turkey or Australia, sewn in China, with all the pesticides, water and oil consumed in production and transportation—can cost less than one US dollar in some stores? Something isn’t adding up right.


20. Although here we discuss $10 billion in oil and gas subsidies, estimates for the total amount of oil and gas subsidies range from $4 billion a year to $41 billion (http://www.csmonitor.com/USA/Politics/2011/0309/Budget-hawks-Does-US-need-to-give-gas-and-oil-companies-41-billion-a-year), depending on what is included. For example, are military expenditures to protect our access to oil a subsidy to oil producers? Do expenditures on the national highway system rather than on public mass transit act as a subsidy for gasoline producers and sellers? However you count them, energy subsidies overall significantly favor mature, developed, enormously profitable and highly polluting fossil fuel industries over less polluting, and less developed renewable energy sources. (Environmental Law Institute, Estimating US Government Subsidies to Energy Sources: 2002-2008, available at: http://www.ei.org/Program_Areas/innovation_governance_energy.cfm). These priorities need to change.

21. Calculated from data on the National Priorities Project Trade Off Website: http://nationalpriorities.org/tools/tradeoffs/

22. After huge toxic disasters in the 1970s, including Love Canal and Times Beach, the US Government set up the Superfund program to identify, investigate and ensure the cleanup of uncontrolled or abandoned hazardous waste sites.
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Instead of subsidizing garbage incinerators, let’s subsidize real solutions, like zero waste. Raising the US recycling rate to 75% would create one and a half million new jobs — with less pollution, less waste, less pressure to harvest and mine new stuff. What’s not to like?

That would still leave hundreds of billions of dollars for improving education — the best investment for a healthy economy. With $100 billion, we could increase the number of elementary school teachers by over 40% and give college scholarships to over 6 million students.

See, we can rebuild the American Dream; we can afford to have a healthy environment, good jobs, and top-notch public education. But not if we continue subsidizing the dinosaur economy.

So next time you have an idea for a better future and someone tells you, “that’s nice, but there’s no money for that,” you tell them we’re not broke. There is money, it’s ours, and it’s time to invest it right.

While “Superfund” refers generally to the overall program, technically it is the name of the fund established by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (http://www.epa.gov/superfund/policy/cercla.htm). Toxic sites that qualify for the program are added to the National Priorities List, or NPL (http://www.epa.gov/superfund/sites/npl/index.htm). If you live in the US, you can find Superfund sites near where you live on the EPA website: http://www.epa.gov/superfund/sites/index.htm.

Superfund was designed to allow the EPA to compel responsible parties to perform cleanups or reimburse the government for EPA-led cleanups. The idea was that EPA could start cleanup of these toxic, leaking sites quickly, and get reimbursed by the polluters later, rather than hold up the much-needed cleanup while arguing with the polluters. While well intentioned, it hasn’t quite worked that way. Sites linger on the National Priorities List for years before cleanup begins. The work often ends up taking years during which the EPA has not been able to identify and compel polluters to pay, so public funds are frequently used to clean up messes left by corporate polluters. I can’t help but think of Superfund when I hear some politicians advocate for closing toxic sites in communities across the country? Superfund and the EPA need to be strengthened, not dismantled.


Green Chemistry is an exciting new approach to the science of developing materials and products. Rather than use hazardous compounds and focus on trying to control them and clean up the toxic waste afterwards, Green Chemistry develops new materials that are safe to start with so a possible release doesn’t entail such risks. According to the Warner Babcock Institute for Green Chemistry, a technology can be considered Green Chemistry if it accomplishes three things: (1) it must be more environmentally benign than existing alternatives; (2) it must be more economically viable than existing alternatives; and (3) it must be functionally equivalent to or outperform existing alternatives. (http://www.warnerbabcock.com/green_chemistry/about_green_chemistry.asp)

Green chemistry offers enormous opportunity for both the environment and economy and is just the kind of innovation governments should be subsidizing to build a healthy economy. As Warner Babcock explains “Green Chemistry presents industries with incredible opportunity for growth and competitive advantage. This is because there is currently a significant shortage of green technologies: we estimate that only 10% of current technologies are environmentally benign; another 25% could be made benign relatively easily. The remaining 65% have yet to be invented! Green Chemistry also creates cost savings: when hazardous materials are removed from materials and processes, all hazard-related costs are also removed, such as those associated with handling, transportation, disposal, and compliance.” (http://www.warnerbabcock.com/green_chemistry/about_green_chemistry.asp)


26. Zero Waste refers to a comprehensive approach to dealing with waste that includes, but goes far beyond, recycling. Zero Waste includes a diverse range of policies, technologies, systems and behaviors to reduce waste at all stages in the economy, with greatest focus at the design stage. By re-designing products to be durable, repairable and recyclable, we can design much waste out of existence. Extended producer responsibility, reuse infrastructure, composting and recycling also play a part in Zero Waste. Learn more at http://www.zerowaste.org/ and http://www.ecocycle.org/zerowaste/.


In addition to this new Tellus Report, The Institute for Local Self Reliance (ilsr.org) has calculated that for every ton of material that is recycled instead of wasted in incinerators and landfills, 10 times more jobs are created in recycling sorting, and 25 times more jobs are created in recycling manufacturing (http://www.recyclingworkscampaign.org/?page_id=10).

28. All calculated from data on the National Priorities Project Trade Off site: http://nationalpriorities.org/en/tools/tradeoffs/state/US/program/18/tradeoff/0


31. We’re not the only ones talking about how we’re not broke. Check out this clip from Van Jones, http://front.moveon.org/van-jones-newsflash-america-is-not-broke/, or read Michael Moore’s moving speech, America is Not Broke, delivered in Madison, Wisconsin on March 5th, 2011: http://www.huffingtonpost.com/michael-moore/america-is-not-broke_b_832006.html

Please note: All URLs referenced in this document were last accessed on October 28, 2011.