

LETTER TO THE EDITOR

PAUL KRUGMAN –

Re: corporate “personhood”
and corporate taxes
– he’s worried about
the wrong things!



By Stephen L. Bakke  July 30, 2014

Hey SB! Check out Paul Krugman! He’s very liberal a Princeton economist and New York Times columnist. In 2008 he even received a Nobel Prize for several economic research projects he conducted. He probably deserved it. But since that time he has stooped to join the rest of us far less distinguished “political junkies” He seems to be in constant, but unsuccessful, pursuit of the halcyon days of his Nobel Prize credibility. He has now become a mere commentator who loves to “stir the pot” and make erroneous predictions and express inflammatory opinions. – Stefano Bachovich – obscure curmudgeon and wise political pundit – a prolific purveyor of opinions on just about everything – SB’s primary “go to guy.”



Here’s what provoked me:

Paul Krugman wrote a rambling, somewhat disjointed opinion in opposition to corporate “personhood” and what he thinks is a disappearing corporate tax base. I think he got a little “tangled up in his pajamas” as he “tossed and turned” about this topic. I decided to straighten him out by pointing him in another direction.

Here’s my response:

Krugman – corporate “personhood” and corporate taxes – worrying about the wrong things!

In a 7-29 opinion, Paul Krugman disapproves of several Supreme Court decisions, e.g. Hobby Lobby, that seem to grant “person status” to corporations. He then bemoans that corporate taxes are disappearing. He seems to consider that a contradiction to the granting of “person status” to corporations – i.e. corporations have certain rights as “persons,” but soon only human persons, NOT corporate persons, will be paying ALL the taxes. And his strong concern is that some corporations find domicile in other countries to escape U.S. taxes.

But, the two developments ARE consistent:

- **First:** Corporate “personhood” merely acknowledges that individuals don’t give up their Constitutional rights when they incorporate a business. Corporations are ultimately owned by individuals and employ individuals, all who express themselves in the context of those corporations.
- **Second:** Apply the same logic to the issue of taxation! Corporations are owned by individuals who SHOULD ultimately bear the burden of taxes. BUT! those profits are taxed twice – first to the corporation, and then taxes on those IDENTICAL profits are paid by individuals when distributed as dividends.

It all comes down to a common denominator, THE INDIVIDUAL – for Constitutional rights AND for tax obligations.

Krugman’s main concern is easily solved if he would look at the opinion of John Murray, right next door on the same page – i.e. make dividends tax deductible. That removes the negative economic implications of double taxation. And earnings “squirreled away” outside U.S. borders will be repatriated for reinvestment and distribution. Everybody wins!!