

# The Higher Education Fiscal Crisis Protects the Wealthy

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Police are arresting and attacking student protesters on University of California (UC) campuses again. “Why did he beat me I wasn’t doing anything,” screamed a young Cal Berkeley women student over KPFA radio on Friday evening November 20. Students are protesting the 32% increase in tuition imposed by the UC regents in a time of severe state deficits. The Board of Regents claims that they have no choice. Students will now have to pay over \$10,000 in tuition annually for a public university education that was free only a few decades ago.

The corporate media spins the tuition protests as if we are all suffering during the recession. For example, the San Diego Union Tribune November 20 writes, “These students need a course in Reality 101. And the reality is that there is virtually no segment of American society that is not straining with the economic recession. With UC facing a \$535 million budget gap due to state cuts, the regents have to confront reality and make tough choices. So should students.”

Yet, the reality is something quite different. Our current budget crisis in California and the rest of the country has been artificially created by cutting taxes on the wealthiest people and corporations. The corporate elites in the US, the top 1% who own close to half the wealth, are the beneficiaries of massive tax cuts over the past few decades. While at the same time working people are paying more through increased sales and use taxes and higher public college tuition.

The wealthy hide their money abroad. Rachel Keeler with Dollars & Sense reports that over the years, trillions of dollars in both corporate profits and personal wealth have migrated offshore in search of rock-bottom tax rates and the comfort of no questions asked. Offshore banks now harbor an estimated \$11.5 trillion in individual wealth alone, and were a significant contributing factor to the international economic downturn in 2008.

According to the California Budget Project, tax cuts enacted in California, since 1993, cost the state \$11.3 billion dollars annually. Had the state continued taxing corporations and the wealthy at rates equal to those fifteen years ago there would not be a budget crisis in California. Even though a budget deficit was evident last year, California income tax laws were changed in February of 2009 to provide corporations with even greater tax savings—equal to over \$2 billion per year. California is similar to the rest of the country where the wealthy and corporate elites enjoy economic protection through increased costs to working people.

Higher education has been cut in twenty-eight states in the 2009-10 school year and

further, even more drastic cuts, are likely in the years ahead. California State University (CSU) system is planning to reduce enrollments by 40,000 students in the fall of 2010. The CSU Trustees have imposed steep tuition hikes and forced faculty and staff to take non-paid furlough days equal to 10% of salaries.

The students who are protesting tuition increases know they are being ripped off. They know that we are bailing out the rich with hundreds of billions dollars for Wall Street and massive budget cuts for the rest of us. The corporate media doesn't explain to over-taxed working families how they are paying more while the rich sock it away.

The current economic crisis is a shock and awe process designed to undermine low-cost higher education, force labor concessions from working people and protect the wealthy. We need higher taxes on the corporations and the top 1%, combined with free public college education and tax breaks for working families. And, we must have a media that tells us the truth about inequality and wealth. A true economic stimulus increases spending from the bottom up not the top down.

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