By reversing years of tax giveaways to the richest Americans and largest corporations, Congress could raise trillions in revenue and fund the programs that safeguard our families and our future.

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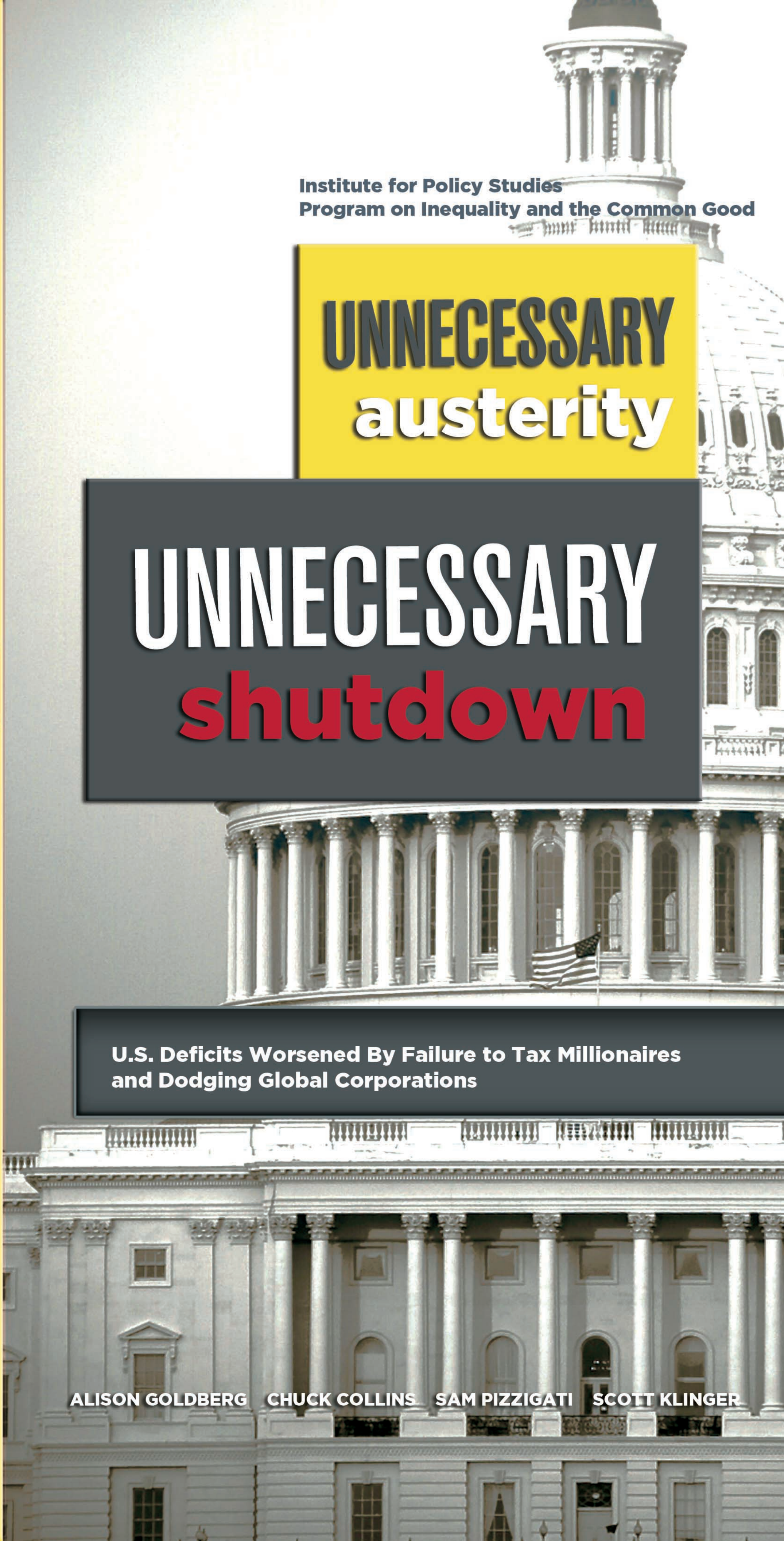

UNNECESSARY austerity

UNNECESSARY shutdown

U.S. Deficits Worsened By Failure to Tax Millionaires and Dodging Global Corporations

ALISON GOLDBERG · CHUCK COLLINS · SAM PIZZIGATI · SCOTT KLINGER

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Institute for Policy Studies (IPS-DC.org) is a community of public scholars and organizers linking peace, justice, and the environment in the U.S. and globally. We work with social movements to promote true democracy and challenge concentrated wealth, corporate influence, and military power.

The Program on Inequality and the Common Good (inequality.org) focuses on the dangers that growing inequality pose for U.S. democracy, economic health, and civic life.

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April 2011

Executive Summary

Key Points

The United States is a wealthy society. But our wealth has pooled at the top.

- We face mammoth state and federal budget cuts because we have, in large part, failed to sufficiently tax America's millionaires and prevent aggressive tax avoidance by multinational companies.
- Wealth and income have concentrated in the United States at incredibly rapid levels. The richest 1 percent of households own over 35.6 percent of all private wealth, approximately $20 trillion. The number of households with incomes exceeding $1 million has grown from 15,753 in 1961 to 361,000 today, adjusted for inflation. This is a 968.4 percent increase, while the U.S. population only grew 69.3 percent over this same 50-year period.
- As wealth and income have become increasingly concentrated in the hands of a few, middle class living standards have imploded, due both to wage stagnation and the deterioration of public services and investment. Poverty has remained persistent — and even worsened. As a result of the economic meltdown, the number of Americans living in poverty has spiked to the highest level in 15 years.[1]

Our tax system now raises proportionately less from affluent taxpayers and large corporations than it did 50 years ago in 1961, the year President Barack Obama was born.

- Households with incomes over $1 million in 1961 paid an average 43.1 percent of their incomes in federal income taxes. Today, households with $1 million income or more pay 23.1 percent, almost half as much, adjusting for inflation.
- If households with income over $1 million today paid their federal income taxes at the same rate that comparable households paid taxes in 1961, we would this year raise an additional $231 billion.
- If affluent households, those with incomes in 2011 between $200,000 and $1 million, paid at 1961 rates, the U.S. Treasury would see another $151 billion.
- If U.S. corporations paid at the same effective tax rate that they paid in 1961, the additional tax revenue would total $485 billion.

- In 1961, small business owners and individuals paid twice as much in federal income taxes as large corporations. By 2011, small business owners and individuals will be paying nearly five times in taxes what corporations pay.

These five tax revenue reforms could raise a total of as much as $4 trillion over the next decade.

- Establish several higher income tax brackets for millionaires: $60-$80 billion a year
- Scrap overseas corporate tax havens: $100 billion a year
- Introduce a modest financial transaction tax: $150 billion a year
- Revamp the estate tax to include progressive rates: $25 billion a year
- End preferential treatment for income from dividends and capital gains: $88 billion

Key Tax Facts

15,753: The number of households in 1961 with $1 million in taxable income (adjusted for inflation).

361,000: The number of households in 2011 estimated to have $1 million in taxable income.

43.1: Percent of total reported income that Americans earning $1 million paid in taxes in 1961 (adjusted for 2011 dollars)

23.1: Percent of total reported income that Americans earning $1 million are likely to pay in taxes in 2011, estimated from latest IRS data.

47.4: Percent of profits corporations paid in taxes in 1961.

11.1: Percent of profits corporations paid in taxes in 2011.

Introduction

"We're broke."

Or so claim governors and lawmakers all over the country. Our states and our nation can no longer afford, their plaint goes, the programs and services that Americans expect government to provide. We must do with less. We need "austerity."

But we're not broke. Not even close. The United States of America is awash in wealth. Our corporations are holding record trillions in cash.[2] And overall individual wealth in the United States, the Credit Suisse Research Institute reported this past fall, has risen 23 percent since the year 2000, to $236,213 per American adult.[3]

We have, these indicators of overall wealth suggest, survived the Great Recession quite nicely. So how can average families — and the national, state, and local governments that exist to serve them — be doing so poorly? Why do "deficits" dominate our political discourse? What explains the red-ink hurricane now pounding government budgets at every level?

This Tax Day report identifies two prime drivers behind our current budget "squeeze."

One, we have indeed become wealthier than ever. But our wealth has become incredibly more concentrated at our economic summit. U.S. income is cascading disproportionately to the top.

Two, we are taxing the dollars that go to our ever-richer rich — and the corporations they own — at levels far below the tax rates that America levied just a few decades ago. We have, in effect, shifted our tax burden off the shoulders of those most able to bear it and away from those who disproportionately benefit from government investments the most.

These two factors — more dollars at the top, significantly lower taxes on these dollars — have unleashed a fiscal nightmare. Can we wake up in time to avoid the crippling austerity that so many of our political leaders insist we must accept?

These pages offer both an analysis of our current predicament and a series of proposals that can help open our eyes to a far more equitable — and brighter — future.

I. Individual Tax Shifts

We have, in the United States today, a great many rich people. The congressional Joint Committee on Taxation has estimated that some 361,000 taxpayers this year will take home over $1 million in income.[4]

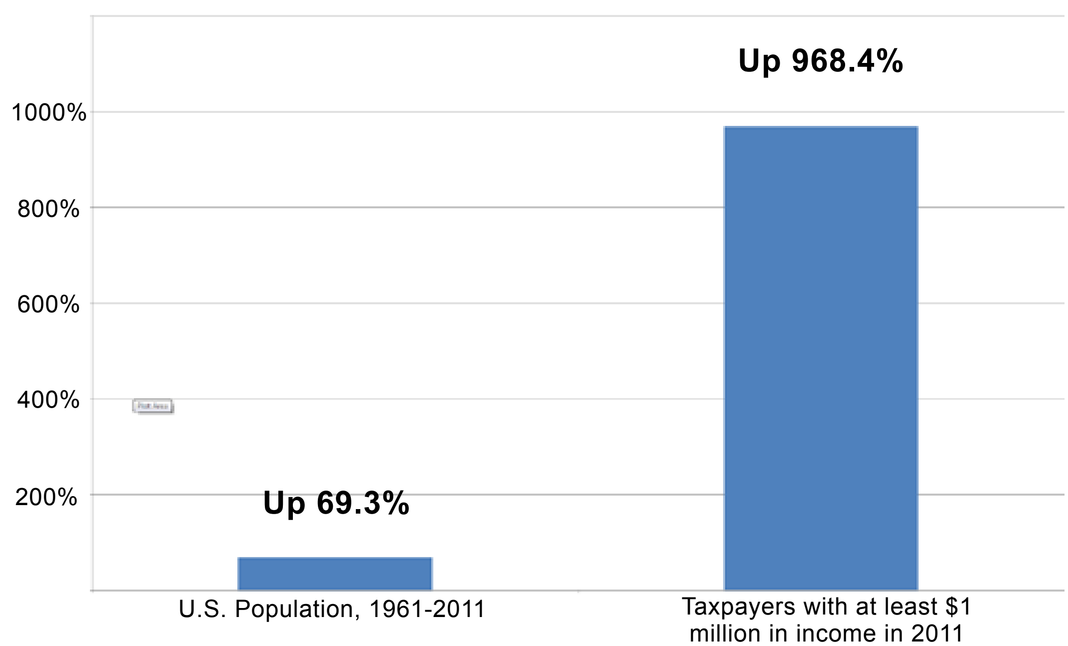
Fifty years ago, in 1961, only 15,753 taxpayers reported incomes on their tax returns that would today equal, after adjusting for inflation, over $1 million.

This phenomenal growth in millionaire taxpayers has far outpaced America's population growth — and we don't just have more millionaire taxpayers than 50 years ago. We have richer millionaire taxpayers. Our millionaire-income taxpayers of 1961 only took home, on average, 69 cents for every $1 the income millionaires of 2011 will take home.

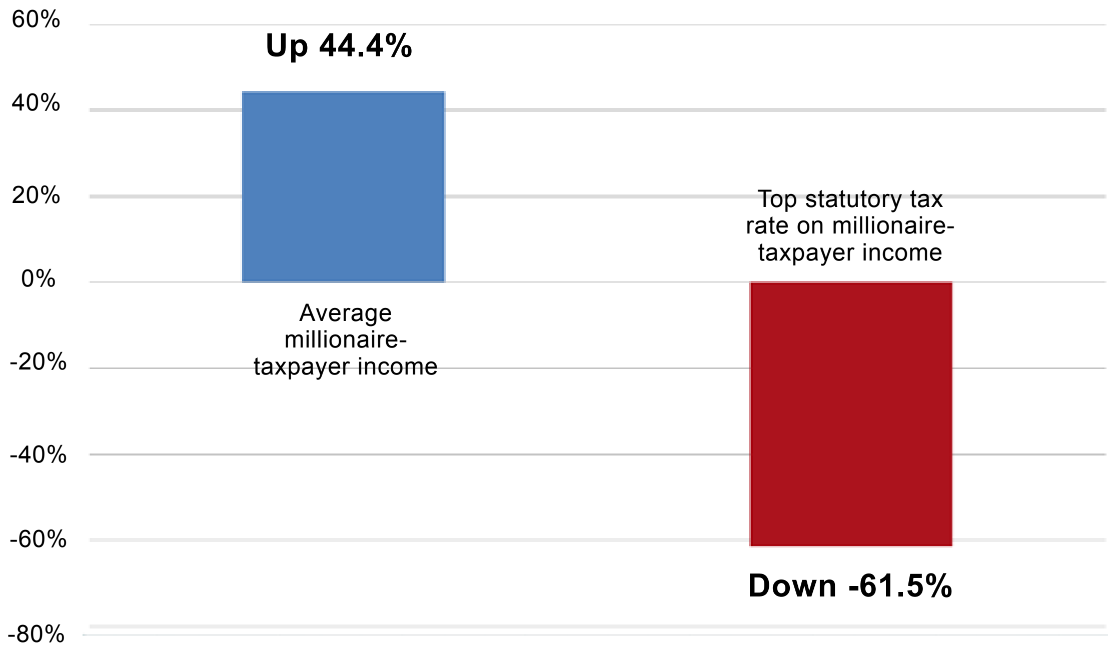
Today's millionaires and billionaires don't just enjoy substantially higher income. They pay substantially less of their income in federal income tax than their counterparts in 1961. No dollar of income earned by a millionaire or billionaire faces more than a 35 percent tax rate. In 1961, tax rates on the most affluent Americans ranged as high as 91 percent.

The 91 percent top statutory tax rate in 1961 applied only to "ordinary" income over $400,000, the equivalent of about $3 million today. This "ordinary" income essentially included all income streams save

Growth of the U.S. Millionaire-income Population, 1961-2011



Change in Millionaire Taxpayer Income and Tax Rate, 1961-2011



"capital gains" profit from the sale of stocks, bonds, and other assets. Capital gains income, then as now, faces a preferential lower tax rate.

Ordinary income below $400,000 in 1961 faced an extensive series of steeply graduated rates. The tax table for married couples filing jointly that year carried 23 tax brackets with 15 of those steps impacting taxpayers of substantial means, those taxpayers reporting what would, in today's dollars, amount to over $200,000 a year.[5]

Our tax rate table today, by contrast, only carries three tax brackets that affect income over $200,000.

These statutory tax rates don't translate, of course, directly into tax rates paid. Some income, as we've noted above, faces a lower statutory tax rate. And high-income taxpayers in 1961 could take advantage of a variety of loopholes, as can these taxpayers today.

So how much did affluent taxpayers in 1961 actually pay in taxes, after taking advantage of every loophole in the tax code their lobbyists and lawyers could find?

In 1961, taxpayers making between $200,000 and $500,000, in today's dollars, actually paid just over a quarter of their incomes in federal income tax, 26.6 percent, according to IRS records.[6]

But the actual tax rate paid jumped substantially for taxpayers reporting higher incomes. Taxpayers 50 years ago making, after adjusting for inflation, what would be over $1 million today paid, on average, 43.1

<table>
<tr><th colspan="3">I961 Income</th><th colspan="2">2011 Income</th></tr>
<tr><th>Income brackets, in 1961 $</th><th>Income brackets, in 2011 $</th><th>Tax rate</th><th>Income brackets, in 2011 $</th><th>Tax rate</th></tr>
<tr><td>$24,000 - $28,000</td><td>$177,639 - $207,246</td><td>43%</td><td>$139,351 - $212,300</td><td>28%</td></tr>
<tr><td>$28,000 - $32,000</td><td>$207,246 - $236,852</td><td>47%</td><td rowspan="5">$212,301 - $379,150</td><td rowspan="5">33%</td></tr>
<tr><td>$32,000 - $36,000</td><td>$236,852 - $266,459</td><td>50%</td></tr>
<tr><td>$36,000 - $40,000</td><td>$266,459 - $296,066</td><td>53%</td></tr>
<tr><td>$40,000 - $44,000</td><td>$296,066 - $325,672</td><td>56%</td></tr>
<tr><td>$44,000 - $52,000</td><td>$325,672 - $384,885</td><td>59%</td></tr>
<tr><td>$52,000 - $64,000</td><td>$384,885 - $473,705</td><td>62%</td><td rowspan="12">Over $379,150</td><td rowspan="12">35%</td></tr>
<tr><td>$64,000 - $76,000</td><td>$473,705 - $562,525</td><td>65%</td></tr>
<tr><td>$76,000 - $88,000</td><td>$562,525 - $651,344</td><td>69%</td></tr>
<tr><td>$88,000 - $100,000</td><td>$651,344 - $740,164</td><td>72%</td></tr>
<tr><td>$100,000 - $120,000</td><td>$740,164 - $888,197</td><td>75%</td></tr>
<tr><td>$120,000 - $140,000</td><td>$888,197 - $1,036,229</td><td>78%</td></tr>
<tr><td>$140,000 - $160,000</td><td>$1,036,229 - $1,184,262</td><td>81%</td></tr>
<tr><td>$160,000 - $180,000</td><td>$1,184,262 - $1,332,295</td><td>84%</td></tr>
<tr><td>$180,000 - $200,000</td><td>$1,332,295 - $1,480,328</td><td>87%</td></tr>
<tr><td>$200,000 - $300,000</td><td>$1,480,328 - $2,220,492</td><td>89%</td></tr>
<tr><td>$300,000 - $400,000</td><td>$2,220,492 - $2,960,656</td><td>90%</td></tr>
<tr><td>Over $400,000</td><td>$2,960,656</td><td>91%</td></tr>
<tr><td colspan="5">All brackets apply to married couples filing jointly.</td></tr>
</table>

percent of their incomes in federal income tax. Taxpayers making over $2 million averaged a 43.6 percent tax share.

Taxpayers in 1961 earning a million dollars or more paid taxes, as the chart below details, at almost double the rate of their well-heeled counterparts today.[7] Taxpayers today making between $200,000 and $1 million also pay significantly less in taxes than taxpayers who earned comparable income in 1961.

How much additional revenue would flow into the federal treasury if today's affluent taxpayers paid federal income taxes at the same effective rates as affluent taxpayers a half-century ago?

That total would be huge — because we have so many more and so many richer affluent taxpayers today.

If taxpayers making over $1 million in 2011 paid taxes at the same rates that 1961 taxpayers actually paid their taxes, the federal treasury would collect from these taxpayers nearly half a trillion dollars, about $488 billion, or $231 billion more than the federal government will likely collect this year at current federal income tax rates.

Applying 1961 actual tax rates paid to 2011 income between $200,000 and $1 million would raise, we tally, $151 billion more than the federal treasury stands to receive, under current rates.

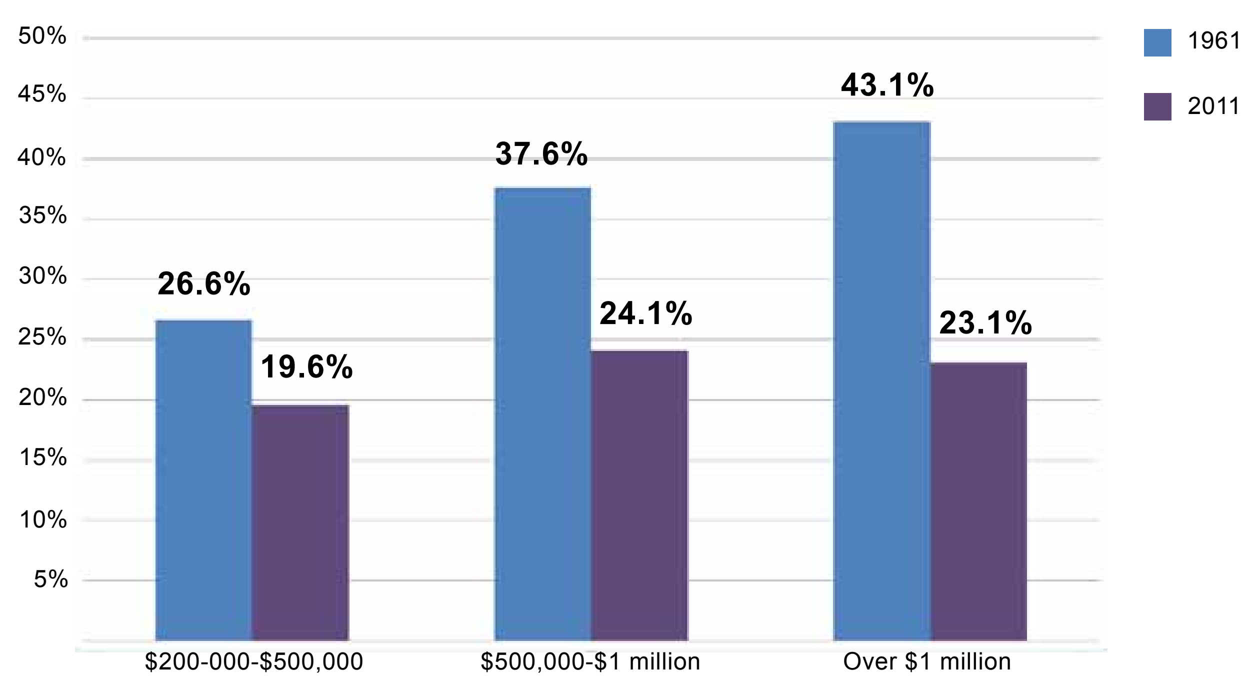
In all, applying 1961 rates to 2011 high incomes would raise an additional $382 billion. To place this figure in perspective: Last year the federal government collected, from individual taxpayers at all income levels, just under $900 billion.[8]

In short, we are most definitely not broke. Wealthy Americans could contribute hundreds of billions more to our nation's well-being and still face a tax burden no higher than they did 50 years ago.

The year 1961, by mid-20th century standards, actually amounted to a relative "low-tax" year for America's rich. The effective tax rate on taxpayers with more than $1 million in income, in today's dollars, ranged up to 55.2 percent in the 1950s, before dropping down to 43.1 percent in 1961. In the 1960s and 1970s, the elimination of assorted tax loopholes sent the effective tax rate on incomes over $1 million up to 46.3 percent in 1979.

The next year, 1980, would see the election of Ronald Reagan — and start a seismic shift in our nation's tax treatment of high incomes. We will be "broke" politically until that shift reverses.

Actual Tax Rates Paid, 1961 and 2011, by Income Category in 2011 $



II. Corporate Tax Shifting

Over the first half of our nation's history, from 1776 until 1910, tariffs on trade and other business activities paid most of our federal government's bills. Today, large corporations pay less than a dime of every dollar the U.S. Treasury collects.

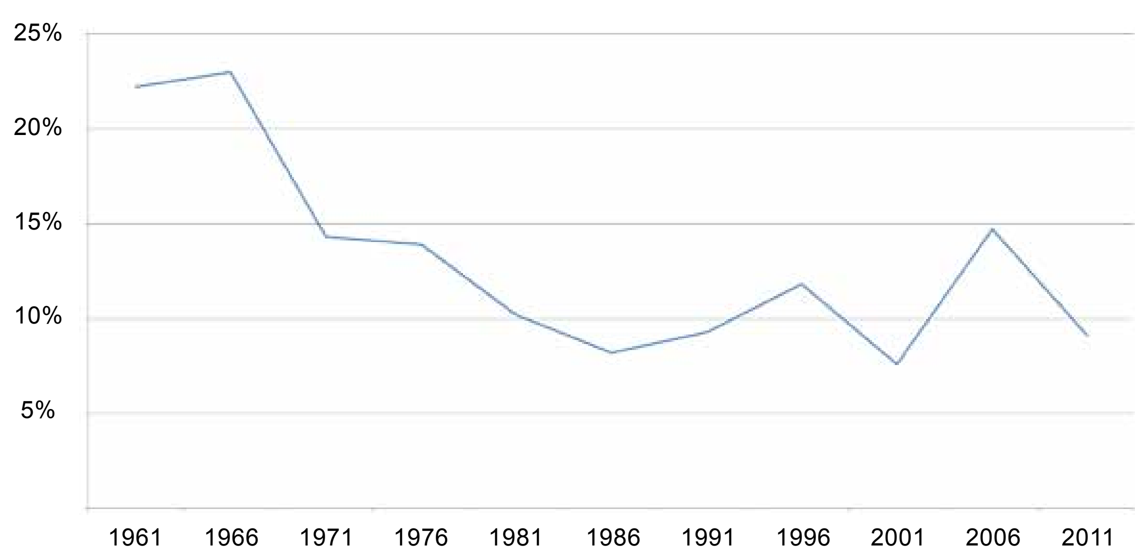
In 1961, corporations paid $21 billion in federal corporate income taxes, accounting for 22.2 percent of the federal government's total receipts. In 2011, the Office of Management and Budget estimates, large corporations will pay $198 billion in corporate income taxes, just 9.1 percent of expected government revenues.[9]

The portion of the Gross Domestic Product (the value of all of the goods and services produced by the U.S. economy), comprised by corporate income taxes declined dramatically from 4.0 percent of GDP in 1961, to 1.3 percent of GDP in 2010 (actual) and 2011 (estimated). Taxes paid by individuals and small business owners as a percentage of GDP decreased slightly over the period falling from 7.8 percent of GDP in 1961 to 6.3 percent of expected GDP in 2011.[10]

What's behind this dramatic drop in corporate contributions to the nation's welfare?

First, just as America's wealthiest families have experienced a dramatic decline in their income tax rates, so too have large corporations. In 1961, corporations paid a 50.25 percent tax rate on income over $25,000. As recently as 1986, U.S. corporations paid a top tax rate of 46 percent. By 2011, the U.S. corporate tax rate for large corporations had declined to 35 percent.[11]

Corporate Taxes as a Percentage of Total Federal Receipts

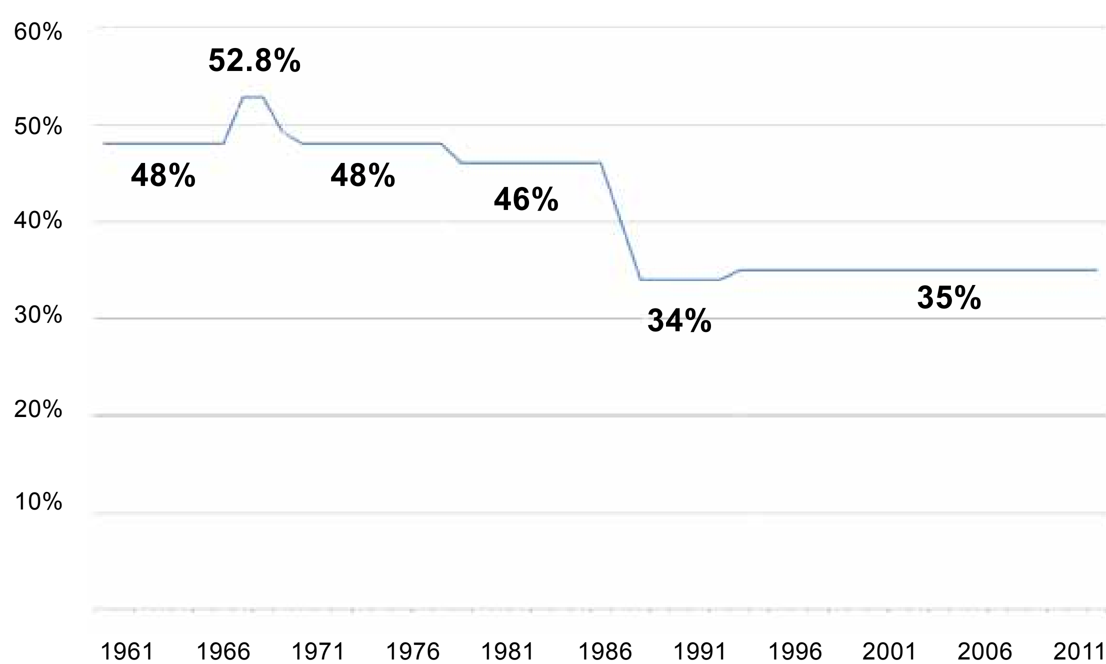


Proponents of continued corporate tax cuts argue that U.S. corporate tax rates are uncompetitively high. But a 2007 U.S. Treasury study of average corporate tax rates paid by American corporations between 2000 and 2005 paints a different picture: The actual U.S corporate tax rate is among the lowest in any industrialized nation. Between 2000 and 2005, U.S. corporations paid 13.4 percent of their income in taxes. That's less than corporations in Australia (30.5 percent), the United Kingdom (27.7 percent), France (20.0 percent), Japan (16.4 percent), and Canada (14.5 percent).

Among the world's wealthiest economies, only corporations in Austria (11.2 percent) and Germany (7.2 percent) paid less of their income in taxes.[12]

A second factor in the sharp reduction of U.S. corporate tax payments: the aggressive use of tax laws that allow corporations to defer taxes on income earned abroad. This has led a majority of large U.S. corporations to establish accounts in offshore tax havens, often for the sole purpose of reducing tax liabilities.

Top Corporate Tax Rate: 1961-2011



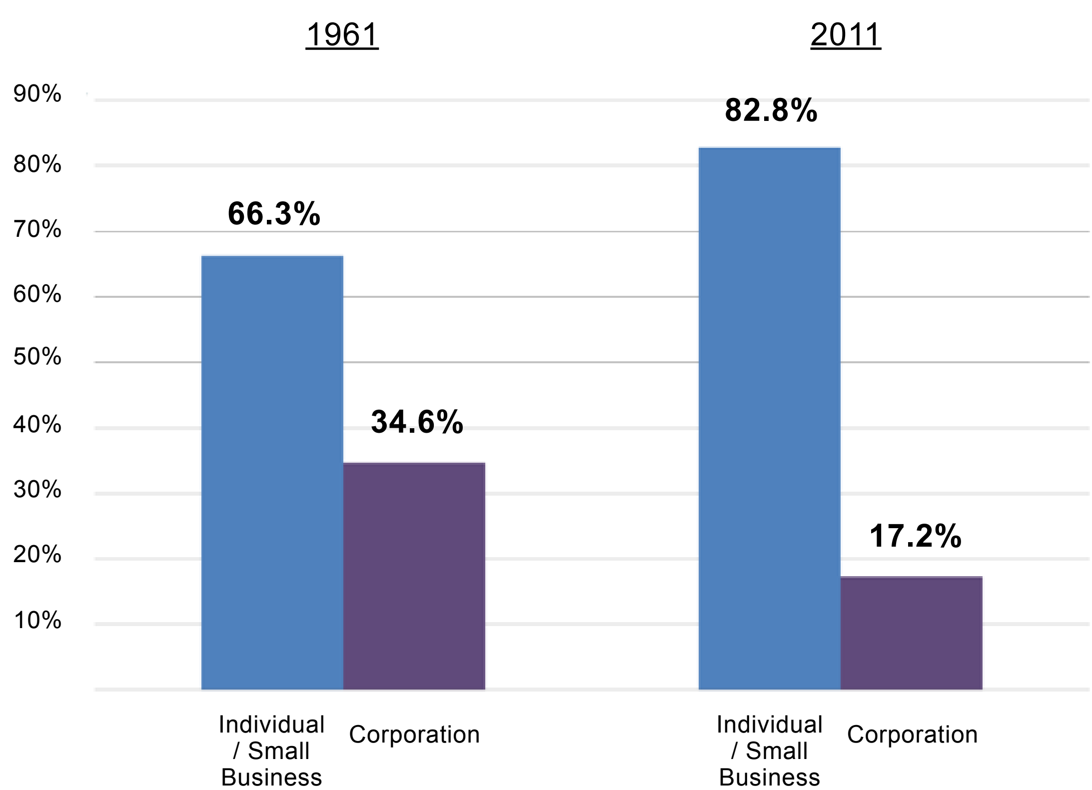
A 2008 report by the U.S. Government Accountability Office found that 81 of the 100 largest U.S. publicly traded corporations have subsidiaries in tax haven or financial secrecy jurisdictions. The study also found that 61 of the 100 largest federal contractors also hold tax haven subsidiaries.[13] Some of these subsidiaries may exist for legitimate business reasons. Most have been established to aggressively reduce corporate tax liabilities. The U.S. Commerce Department's Bureau of Economic Analysis reports that U.S. corporations derived $149 billion in profits from offshore tax havens in 2002 (the most recent data available).[14] If the $149 billion in profits shifted offshore had instead been reported and taxed as domestic income, U.S. companies would have owed an additional $37 billion in taxes.[15]

Large Corporations Shift Taxes to Small Business Owners and Individuals

Between 1961 and 2011, taxes paid by small business owners and individuals rose 23-fold from $41 billion in 1961 to an expected $956 million in 2011.[16] Over the same time period, large corporations saw their tax bill rise less than 10-fold, from $21 billion in 1961 to $198 billion expected in 2011.

In 1961, small business owners and individuals paid twice as much in federal income taxes as large corporations. In 2011, small business owners and indi-

Comparing Individual/Small Business and Corporate Federal Income Tax Shares, 1961 vs. 2011



viduals are paying proportionately nearly five times in taxes what corporations pay.

Calculating the Corporate Tax Shift

In 2010, U.S. corporations recorded pre-tax domestic income of $1.241 trillion[17] and paid $138 million in corporate income taxes,[18] an effective tax rate of 11.1 percent. If these pre-tax profits had been taxed at the current 35 percent statutory tax rate, an additional $296 billion in corporate taxes would have been paid.

If 2010 pre-tax profits were taxed at the 50.25 percent statutory tax rate in effect in 1961, $485 billion of additional tax revenues would have been collected, reducing the 2011 federal budget deficit by 38 percent.

III. Identifying over $4 Trillion in New Revenue

The U.S. tax system, as this report demonstrates, has dramatically changed over the last half century. The changes over recent decades have, for the most part, rewarded America's wealthiest individuals and corporations. The tax system of the future needs to undo this preferential treatment and move our economy to a more equitable and sustainable footing.

Conventional tax wisdom tells us we should "tax the bads, not the goods," that is, place a higher tax burden on harmful activities. Hence the notion of "sin taxes" levied on liquor, tobacco, and now, with increasing ferocity, junk food. Taxing these items raises revenue to offset negative societal maladies that range from alcoholism to obesity. But sin taxes, like any flat sales tax, have a regressive impact. They require lower income households to pay in taxes a higher percentage of their income than the wealthy.

We can have a tax system that focuses on the "bads" without burdening those Americans least able to pay more in taxes. Here are three other challenges to America's economic and environmental health that are eminently worthy of increased tax attention:

- Extreme concentrations of income, wealth, and power that undermine social cohesion and democracy.
- Financial speculation that destabilizes our economy.
- Pollution and wasteful consumption that deplete our ecosystems.

Inequality and the Great Tax Shift

A century ago, President Theodore Roosevelt advocated forcefully for progressive estate and income taxes. He considered these taxes a route to reducing the corrosive impact of concentrated wealth and power on our society. Reducing this glaring concentration would be a key objective of the overhaul of the U.S. tax system that climaxed with the 1913 passage of America's first modern income tax and the 1916 enactment of a progressive tax on inheritances.

For several generations, this progressive federal tax system helped moderate concentrations of wealth, income, and power in the United States. In the three decades after World War II, American society placed a strong emphasis on reducing inequality — and broadening middle class opportunity — through progressive taxation and public investment.[19]

We have moved backwards since then. We have experienced a "Great Tax Shift," as lawmakers have shifted tax obligations from the wealthy to low and middle income taxpayers, from the federal government to states and local governments, from multinational corporations to individuals and small business, and from today's taxpayers to tomorrow's.

Taxing Dangerous Concentrations of Income and Wealth

Extreme levels of inequality are undermining our public health, social mobility, and economic growth. Past tax policies far more effectively reduced inequality than the policies in place today. These three steps would help get America back on track.

1. Levy a progressive estate tax on large fortunes. Congress approved a deal at the end of 2010 to reinstate the estate tax at 35 percent and exempt estates worth as much as $5 million. Between now and the end of 2012, when this deal expires, Congress should pass a progressive estate tax reform that closes loopholes and raises substantial revenue from those most able to pay. The Responsible Estate Tax Act (S.3533 in the 111th Congress) establishes graduated tax rates, with no tax at all on estates worth less than $3.5 million, or $7 million for a couple, and includes a 10 percent surtax on the value of an estate worth more than $500 million, or $1 billion for a couple. Estimated revenue: $25 billion a year.[20]

2. Institute a wealth tax. We could levy a "net worth tax" on individual or household assets that mount up above a specific wealth threshold. In the United States today, the homes average Americans own face a property tax. The financial assets that the wealthy hold remain untaxed. Other nations tax all forms of wealth, not just real estate. One example: France's solidarity tax on wealth covers those who have assets in excess of $1.1 million. Estimated revenue from a wealth tax that took financial assets into account and was applied to wealth over $5 million: $25 billion.[21]

3. Create additional tax brackets for higher incomes. Under our current rate structure, households with incomes over $379,000 pay the same top income tax rate as households with incomes over $10 million. In 1961, the tax code sported 19 additional rates over the highest tax rate (35 percent) we have today. A 50 percent rate on income over $2 million would generate an additional $60 billion a year. The Fairness in Taxation Act, introduced in the U.S. House by Rep. Jan Schakowsky, would add five additional tax brackets for income over $1 million. This would generate over $60-80 billion a year.[22]

Taxing Financial Speculation and Closing Loopholes

We have paid a heavy price as a nation — in unemployment, home foreclosures, and the destruction of private savings — from the economic meltdown of 2008. The driving engine of this financial collapse, as recently articulated by the Financial Crisis Inquiry Commission: a bloated "shadow banking" system that encourages speculative practices and risk-taking. Funds generated by these next three proposed taxes could fund proper oversight of the financial sector and protect consumers.

4. Tax financial speculation. Speculative trading now accounts for up to 70 percent of the trades in some markets. Commodity speculation unnecessarily bids up the cost of food, gasoline, and other basic necessities. A modest federal tax on every transaction that involves the buying and selling of stock and other financial products would both generate substantial revenue and dampen rapid stock turnover and other forms of speculation. Such a tax has been in place in England and Taiwan, and other European countries, including France and Germany, are urging the United States to adopt one. Small investors could be exempted. Estimated revenue: $150 billion a year.[23]

5. Tax income from wealth the same as income from work by eliminating the tax preference for capital gains and dividends. Another distortion that encourages speculation is the advantaged taxation of income from wealth. Current law subjects most dividend and capital gains income — the income that flows overwhelmingly to wealthier Americans — to a mere 15 percent tax rate. The tax on wage and salary income, by contrast, can run up to 35 percent. With carefully structured rate reform, we can end this preferential treatment and at the same time encourage average families to engage in long-term investing. Taking this step would also close the so called "carried interest" loophole that enables hedge fund managers to classify their income as capital gains. Estimated revenue: $88 billion per year.[24]

6. End corporate tax dodging via overseas tax havens. Aggressive corporate and individual tax avoidance deprives our nation of revenue needed to maintain and modernize the infrastructure and services that underpin a strong economy. We disadvantage responsible businesses and banks when we allow other firms to exploit tax havens and avoid paying their fair share of taxes. With tax havens, companies like General Electric and Citigroup are, in effect, shifting their tax responsibility onto local appliance stores and community banks. Estimated revenue: $100 billion a year.[25] Another proposal — ending deferred corporate income taxes — would reduce the incentive for corporations to use tax havens and move jobs offshore. According to Citizens for Tax Justice, ending corporate tax deferral would raise at least $50 billion per year.[26]

Taxing the Destruction of Nature

Several tax interventions could have a positive impact on reducing the pace of environment destruction and spawn new industries essential for our transition to a sustainable new economy. Average taxpayers currently pay indirectly for the huge social costs associated with climate change, pollution, and irresponsible consumption. These two taxes would build the real costs of destroying nature into purchases and, in the process, discourage that destruction.

7. Establish a price on carbon and other pollutants. Perhaps the most critical tax intervention to slow climate change would be to put a price on dumping carbon into the atmosphere. A gradually phased-in price on carbon would create huge incentives to invest in energy conservation and regional green infrastructure. We could also explore taxes on other pollutants, such as the nitrates that are destroying our water supplies. Among the proposals now under debate: a straight carbon tax or a "cap and dividend" proposal that would rebate 50 percent revenue to consumers to offset the increased costs of some products and still generate $52 billion per year.[27]

8. Institute a progressive consumption tax or luxury tax. Consumption of unnecessary "stuff" is filling our landfills and destroying our environment. A tax on certain nonessential goods, like expensive jewelry and techno-gadgets, could be modeled after a European "Value Added Tax" and charged as a percentage of the price of the good. It could apply only to purchases that exceed a certain amount, such as cars that cost more than $100,000. Some states, such as Connecticut and Florida, currently charge a luxury tax on expensive vehicles and high-end real estate transactions. We have no current estimate on how much such proposals could generate.

Critics of the proposals we present here would, if these ideas gained political momentum, no doubt howl "class warfare" and dub these initiatives "job killers." Some would argue that government shouldn't be in the business of "picking winners" in the economy.

But our current tax policy is already picking winners every day. Our government is subsidizing practices that are burning up the earth with climate change — and freezing out the regionalized green businesses of the future. We're rigging the tax rules to benefit the wealthy and global corporations at the expense of everyone else.

Conclusion

Until we as a nation reverse the Great Tax Shift, we will be debating — and likely imposing — totally unnecessary and avoidable austerity measures at every level of government. We will keep on firing teachers, police officers, and mental health workers instead of ending the games that corporate tax dodgers play and insisting that all Americans, including the most affluent, contribute to our national well-being.

The Center on Budget and Policy Priorities already reports that more than 46 states have imposed severe budget cuts that hurt vulnerable residents and endanger economic recovery. Now we face almost unimaginably deep cuts at the federal level as well. As a nation, we can — and we must — do better.

Endnotes

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5. In addition to our table, see David Kocieniewski, "In Tax Cut Plan, Debate Over the Definition of Rich," The New York Times, September 29, 2010. http://www.nytimes.com/2010/09/30/business/30rich.html?_r=1&ref=davidkocieniewski
6. Janet McCubbin and Fritz Scheuren, "Individual Income Tax Shares and Average Tax Rates, 1951-1986," Statistics of Income Bulletin, Volume 8, Number 4, Spring 1989.
7. The latest IRS figures on actual taxes paid cover 2008. We have applied the 2008 actual tax paid rate to 2011 income estimates from the Joint Committee on Taxation. The IRS Statistics of Income data charts appear online at http://www.irs.gov/taxstats/indtaxstats/article/0,,id=133521,00.html.
8. Office of Management and the Budget, Analytical Perspectives, Table 15-5, Receipts by Source. Available online at http://www.whitehouse.gov/omb/budget/Analytical_Perspectives
9. The President's Budget for Fiscal Year 2012, Office of Management and Budget, Historical Table 2.1 — Receipts by Source: 1934–2016.
10. The President's Budget for Fiscal Year 2012, Office of Management and Budget, Historical Table 2.3 — Receipts by Source as Percentages of GDP: 1934–2016.
11. Corporation Income Tax Brackets and Rates, 1909-2002, Internal Revenue Service.
12. "Six Tests for Corporate Tax Reform," by Chuck Marr and Brian Highsmith; Center for Budget and Policy Priorities, February 28, 2011 citing Treasury Conference on Business Taxation and Business Competitiveness, US Department of the Treasury, July 23, 2007.
13. International Taxation: Large U.S. Corporations and Federal Contractors with Subsidiaries in Jurisdictions Listed as Tax Havens or Financial Privacy Jurisdictions; Government Accountability Office; GAO-09-157 December 18, 2008.
14. U.S. Treasury Inspector General for Tax Administration, A Combination of Legislative Actions and Increased IRS Capability and Capacity Are Required to Reduce the Multi-Billion Dollar U.S. International Tax Gap, January 27, 2009 (Reference Number: 2009-IE-R001), Appendix VI.
15. It is likely that some small tax would be collected by the tax haven nations that would reduce some of this $37 billion. This would have been more than offset by the significant growth in corporate profits passing through tax havens today.
16. The vast majority of small business owners, sole proprietors, and partnerships are registered as S Corporations, where their earnings are reported as income on their owners' individual tax returns. They pay taxes according to tax schedules for individuals.
17. Comparing NIPA Profits with S&P500 Profits, Bureau of Economic Analysis, March 2009.

18. The President's Budget for Fiscal Year 2012, Office of Management and Budget, Historical Table 2.1 — Receipts by Source: 1934–2016 .
19. These, unfortunately, were racially discriminatory, enabling many people of European heritage to get on the prosperity train while leaving people of color standing at the train station. These included the GI Bill, first-time homebuyer programs, free access to college, and huge investments in public infrastructure and technology.
20. For more information on this proposal and links to legislative summaries and budget estimates, see: http://wealthforcommongood.org/campaign/campaign-progressive-estate-tax-reform/
21. No recent wealth taxation proposals have been scored by the Congressional Budget Office or other authority. Earlier proposals, such as Ed Wolff's proposal for a wealth tax starting at $100,000 in net worth at a very low rate generated $43 billion a year. See: http://bostonreview.net/BR21.1/wolff.html. The wealthiest 1 percent of households own over $20 trillion in private wealth. Even a modest tax of half of one percent could generate substantial revenue.
22. The Schakowsky proposal also includes taxing capital gains over $1 million as ordinary income. "Schakowsky proposing higher federal taxes for millionaires, billionaires," Chicago Sun Times, March 16, 2011, See: http://schakowsky.house.gov/index.php?option=com_content&task=view&id=2888&Itemid=17
23. Dean Baker, "The Deficit Reducing Potential of a Financial Speculation Tax," Center for Economic and Policy Research, January 2011. See: http://www.cepr.net/index.php/publications/reports/the-deficit-reducing-potential-of-a-financial-speculation-tax
24. This proposal was scored as part of the Schakowsky Deficit reduction program, released on November 16, 2010. See: http://schakowsky.house.gov/index.php?option=com_content&view=article&id=2777
25. Permanent Subcommittee on Investigations, Staff Report on Tax Haven Banks and U.S. Tax Compliance, July 17, 2008. Also see: US PIRG, "Tax Shell Game: What do Tax Dodgers Cost You?: April 2010. See: http://cdn.publicinterestnetwork.org/assets/bc2b6e2b0a22863c17b639ce1797166c/USP-Tax-Shell-Game-2010_Final.pdf
26. Citizens for Tax Justice, "Congress Should End 'Deferral' Rather than Adopt a 'Territorial' Tax System," March 23, 2011. See: http://www.ctj.org/pdf/internationalcorptax2011.pdf
27. Revenue estimates for cap and dividend proposals are from the Schakowsky Deficit reduction program, released on November 16, 2010. See: http://schakowsky.house.gov/index.php?option=com_content&view=article&id=2777

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