

Very Short, Short, medium, and long versions:

FairShareTaxes.Org

When taxes at all levels of government and untaxed unrealized capital gains are considered: Billionaire Warren Buffett paid 11% "total taxes" (federal, state, local, indirect taxes - including corporate taxes) on \$8 billion annual investment gains while a single minimum wage worker pays 37% "total taxes" from her \$14,500 annual wages. For figures see the spreadsheet at <http://fairsharetaxes.org>.

The top 1% in the US has gone from owning 22% to 40% of the nation's wealth since the tax cuts for the wealthy investor class, started thirty years ago. The cuts were supposed to encourage investment and trickle down to strengthen the economy, but have done the opposite. Comparing the thirty years before and after the start of the cuts, average annual GDP growth has dropped by one-quarter. Why? Because we've had multiple recessions, triggered by investment bubbles, in turn caused by simple supply and demand caused by of favored tax treatment of investment income over wage income.

See the website <http://fairsharetaxes.org> for much more information, links on tax fairness, and a proposal for a fair tax system that would allow our nation to flourish again.

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All talk about the future of our democracy, fixing the economy, the national debt, and tax reform misses the mark unless it addresses this shameful fact:

Billionaire Warren Buffett paid 11% "total taxes" (federal, state, local, indirect taxes - including corporate taxes) on \$8 billion annual investment gains while a single minimum wage worker pays 37% "total taxes" from her \$14,500 annual wages. For figures see the spreadsheet at the website.

The top 1% in the US has gone from owning 22% to 40% of the nation's wealth in the last thirty years. It is largely due to the tax cuts for the wealthy investor class, started under Reagan. They were supposed to encourage investment and trickle down to strengthen the economy, but have done the opposite. Since the Reagan tax cuts began, average annual GDP growth has dropped by one-quarter. Why? Because we've had multiple recessions, triggered by investment bubbles, in turn caused by the favored tax treatment of investment income (via principles of supply-and-demand – see Econ 101).

The concentration of wealth in a small investor class, combined with state of campaign finances and lobbying in our country, concentrates political power in that elite group. The wealthy few use that power to grab even more financial advantage, and so on in a vicious

cycle. The over-taxed working poor and middle class cannot afford to educate their children, damaging our democracy and our economy, further.

We propose that ALL federal, state, and local government services are funded with a reformed, simplified Income Tax and a new Net-worth Tax (a few percent of fortunes over about \$800,000). Eliminate ALL other taxes. The reform would reduce each working-poor and middle-class annual total tax bill by thousands; slash the deficit; and eliminate the market-distorting tax breaks for investment earnings that are ruining our economy and hobbling this country's ability to remain a force for good in the world. See <http://fairsharetaxes.org> for more.

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All attempts to improve the economic fortunes of working-poor and middle-class must include consideration of this shameful fact:

Warren Buffett, a billionaire, pays a total tax rate (combined federal, state, local .. yes including indirect corporate taxes) of 11% of his investment income and gains. A millionaire couple can easily pay only 20% of their investment gains in total taxes (again fed, state, local taxes) Almost all of these taxes are indirect corporate taxes. Their out-of pocket direct tax rate for the very wealthy is generally only a few percent of their income investment gains. A typical single person earning a minimum wage pays total taxes (fed, state, local) amounting to 37% of her wages, more than triple Mr. Buffett's rate. Annually, Mr. Buffett pays taxes that are 2% of his accumulated wealth (net worth), while the majority of minimum-wage earners pay more than a 100-fold higher rate on their wealth. No joke. See <http://fairsharetaxes.org> for spreadsheets.

The top 1% in the US have gone from owning 22% to 40% of the nation's wealth in the last thirty years. This is largely due to the tax cuts for the wealthy investor class, started under Reagan 30 years ago. Since then, the wealthy have had one tax cut after another, the national debt as percent of GDP has gone steadily up, and the share of both income and wealth of the top few percent has skyrocketed. The top 10% now take about half of the nation's income.

The tax cuts for the rich were supposed to encourage investment and strengthen the economy. Instead, average GDP growth during the 30 years since the tax-cuts-for-the-rich began has dropped 25% compared to the 30 prior years. When President Clinton increased taxes on the wealthy, the GOP predicted recessions and unemployment. Instead we had the best economic decade of the century. The GOP and President Bush reduced taxes on the wealthy and we suffered our worst economy in 80 years. Our only other worse recession (the Depression) occurred the last time the top 1% accumulated 40% of the nation's wealth, soon after Republicans slashed taxes on the wealthy in the 1920's. Sound familiar?

How do tax cuts for wealthy investors produce worse growth? Here is the main way: The favored tax treatment for investments and the wealth concentration that resulted leads to the demand for investments exceeding the supply of worthy investments ... Any attempt at

regulation is overwhelmed by "supply and demand" market forces (see Econ 101) ... The price of investments MUST rise "artificially" and unsustainably ... Investment bubble ... Burst bubble ... Recession ... Every 6-8 years all but the wealthiest are at risk of losing their jobs, their homes, their opportunity to educate their kids, and their retirement savings ... and the government loses more tax revenue.

A fair tax system also promotes democracy. By reducing the concentration of wealth into very few families, it reduces their undue influence on our laws and government. Right now the wealthy use their undue power to cut their taxes and otherwise accumulate more wealth, and so more power, in a vicious cycle. Cutting taxes for the working poor and middle class means increased education opportunity for all increases the likelihood that future generations elect governments that are more likely to make further smart policy decisions.

Finally, under a fair system of taxes, the wealthy would benefit from the knowledge that they are giving back their fair share to the society. Past generations of workers, taxpayers, and soldiers have made the prosperity of today's wealthy possible. Today's wealthy should be willing to contribute their fair share to making the prosperity of future generations possible. More and more of the wealthy are coming to this realization and in the words of a real estate millionaire: "Those of us who have the greatest ability to pay are not being asked to. I am not keen on being part of the freeloader class."

For more, including a proposal for comprehensive tax reform which would have everyone pay their fair share, cut middle-class taxes, reduce the deficit, improve the economy for everyone, and strengthen the US as a for good in the world, see <http://fairsharetaxes.org>