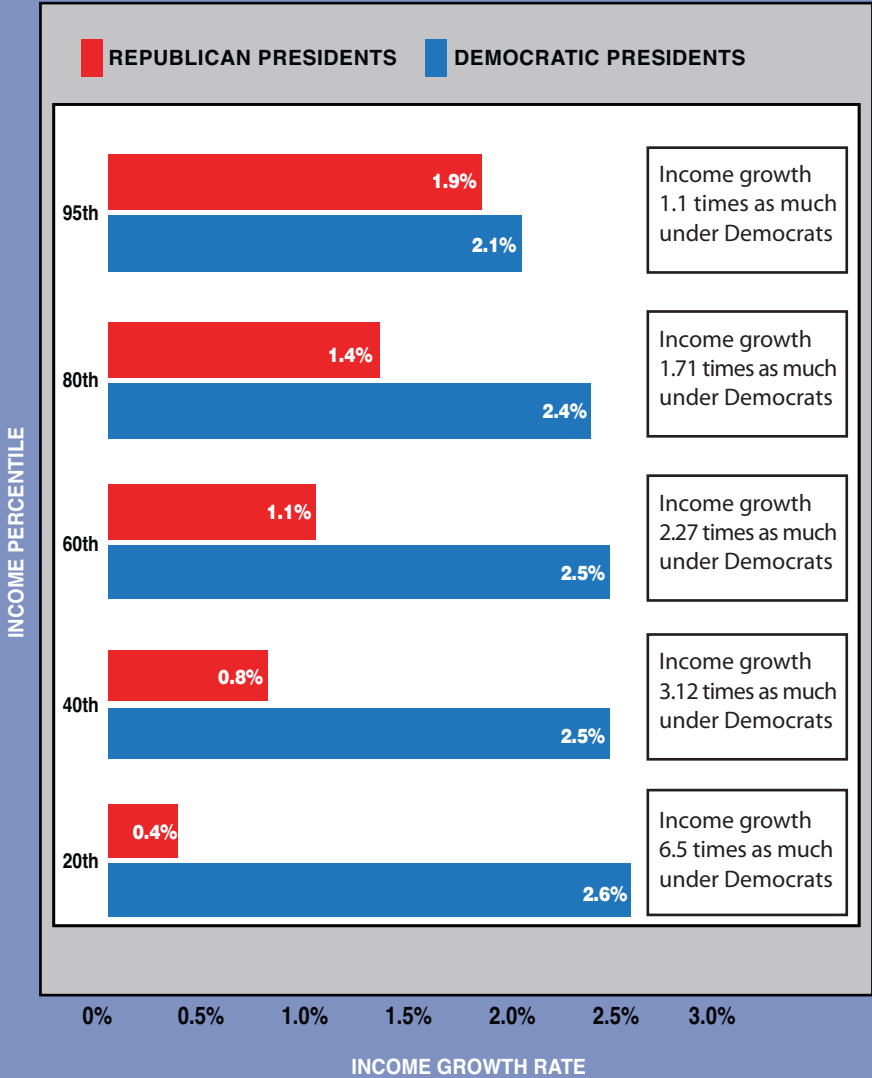


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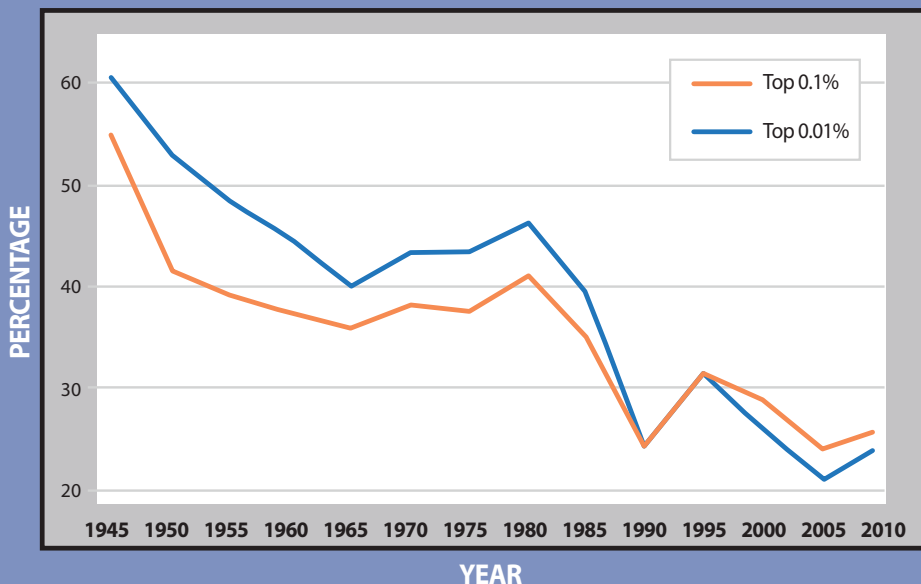
INCOME GROWTH RATES 1948–2005



Source: Larry Bartels, *Unequal Democracy: The Political Economy by the New Gilded Age* (Princeton, NJ: Princeton University press, 2008)

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AVERAGE TAX RATES FOR THE HIGHEST-INCOME TAXPAYERS, 1945-2009



Source: Calculations using Internal Revenue Service (IRS) Statistics of Income (SOI) information.

Wealthy should share a decent amount of income

- Wealthy's (upper 1%) share of income is up \$2 trillion, or 266% from 1979 to 2007.
- Wealthy's total federal taxes are down from 47% to 31%.
- Wealthy's share of \$13 trillion national income is up since the 1950s, 1960s, and 1970s from 10% to 21%. This equals \$1.4 trillion—i.e., just their 11% increase in share of income.
- Middle class have had no income growth since 1979 or 35 years.
- Middle Class's federal taxes have gone up from 16% to 17%.

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Republicans/Tea Party are not conservative

- Federal spending has increased twice as fast under Republican Presidents than under Democratic Presidents

Jobs have grown twice as fast under Democrats as under Republicans

In the last century, America has implemented:

- Social Security
- The minimum wage
- Medicare
- Medicaid
- Affordable Care Act

What is a common characteristic of these programs?

They were passed during the term of Democratic Presidents — Franklin D. Roosevelt, Lyndon B. Johnson, and Barack Obama.

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Cutting the Future Productivity of Our People

Robert Reich writes:

“Outside of defense, domestic discretionary spending is down sharply as a percentage of the economy. This spending is “discretionary” in that Congress decides how much to fund such programs in annual appropriations bills. So as the budget is squeezed, these programs are the first to be whittled back. Yet they include the most important things we do as a nation to invest in the future productivity of all our people. With declining (including federal) state and local spending, total public spending on education, infrastructure, and basic research has dropped from 12% of GDP in the 1970’s to less than 3% in 2011.”

The difference of 9% in GDP approximates \$1.4 trillion. This happens to equal the added income of the upper 1% from receiving 21% of the national income, up from 10%. Reich calls the most important things we do as a nation is to invest in the future productivity of all our people (i.e., education, infrastructure, and basic research) which has been reduced by 75% (12% GDP to 3% of GDP.)

Possibly the world’s best known bond traders Bill Gross and Mohamed A. El-Erian of PIMCO quoted in Time Magazine, November 26, 2012 state “Growth Killing inequality is rising.” And, “the rich aren’t paying enough taxes... the US won’t have the mojo to grow beyond 2% anytime soon.” They believe “inequality is the biggest headwind.” They further state “over the last several decades, companies have taken profits at the expense of individuals... any annual growth of less than 3% limits our national wealth and well-being.”