

Shared Prosperity

The Problem

No one likes to pay taxes. Bush and the Republican Congress have manipulated that sentiment to pass new tax cuts every year, even in the midst of a war. In doing so, they've made taxes less fair, festooned the tax code with loopholes, and racked up staggering debt – primarily to the benefit of corporations and the wealthy. Millionaires got an average \$118,000 annual break from the Bush tax cuts, while middle-income households got only \$740.¹ Hedge fund billionaires pay taxes at lower rates than their receptionists. Corporations get tax breaks for moving jobs abroad. Oil companies pocket billions in subsidies and tax breaks while racking up the largest profits in corporate history. This doesn't make sense.

Bush and Republicans passed tax cuts when the economy was good and the budget in surplus. They passed tax cuts when the economy was lousy, the country at war, and the budget in deficit. Now they want to make the Bush tax cuts permanent, busting a \$3 trillion dollar hole in the budget over the next 10 years.

In fact, tax cuts for the wealthy don't help our economy. Global corporations and wealthy investors are betting against the dollar, moving jobs and investments abroad. With the cost of the war approaching \$1 trillion, tax cuts force reductions in vital domestic investments — repairing bridges and levees, modernizing water systems, and investing in research and development. Our schools are crumbling, the president wants deep cuts in Medicare and health care for children, we're importing toxic toys and our communities lack the funds they need for police and fire protection. Our government is choking off basic functions and services, justified in part by anti tax ideology.

The Reason

Pick a problem, any problem and Bush and his allies have the same solution: tax cuts. Economy doing poorly, cut taxes. Economy doing well, cut taxes.

When Republicans say tax cuts, hold on to your wallets. The Bush tax cuts go to the wealthiest Americans and the most powerful corporations. They talk about trickle down and economic growth, but it never turns out that way. They get the money. We get debts, deficits and potholes in the streets.

The Solution

It's time for major tax reform. We need to end tax cuts for the wealthy that shift the burden onto working people. We need to close corporate loopholes and tax breaks that reward companies for sending jobs overseas. We need to shut down the scam that allows billionaires to pay lower tax rates than their secretaries. Give middle-income families a break with a larger child tax credit and a tax credit to help pay tuition for children in college.

The people have figured this out. More than half (56%) say their main frustration with taxes is that they are “unfair – a bigger burden on the middle class than the wealthy.” Only 39% say taxes are simply “too high.”

Telling the Story

◆ **Stories to Look for**

- ◆ Police officer, teacher, nurse, or firefighter paying a higher tax rate than hedge fund billionaires
- ◆ Family whose increased cost of gas and home heating are far greater than tax break from Bush

Spotlight Story

When Sherrod Brown took Mike DeWine's Ohio U.S. Senate seat in 2006, he ran television ads that asked: “Did you get that big tax break Mike DeWine's been bragging about?”

Hedge fund manager billionaire Warren Buffet presently pays taxes at a lower rate than his receptionist (18% v. 30%) without offshore tax shelters or other devices he declines to use.² Buffet has called the rates “welfare” that “tilt the tax scales toward the rich.”

Washington Post, May 2003³

Hot Facts

- ◆ **Republican tax cuts go mostly to wealthy people who don't need the money and increasingly invest it abroad.**
 - ◆ Individuals who make over a million a year (three-tenths of one percent of households) receive an annual tax break of \$118,000 on average, from tax cuts enacted since 2001. Middle income households receive tax cuts averaging \$740 and the bottom 20% of households receive only \$20.⁴
 - ◆ People with incomes in the bottom 20% get one dollar from the Bush tax cuts for every \$290 for people in the top 20%.⁵

- ◆ **Tax cuts are not an economic growth strategy.**
 - ◆ The economic “recovery” that began in 2001 was among the weakest since World War II. Investment, wage and salary, and employment growth were significantly weaker than during the 1990s.⁶
 - ◆ Bill Clinton raised taxes on the wealthy to help balance the budget and the economy grew for all Americans. George Bush cut taxes on the rich and drove the budget into record deficits. We are entering our second recession during his tenure – with mediocre performance in between recessions.
 - ◆ Oil companies get \$14 billion dollars worth of subsidies and tax breaks, even when company profits are at record highs.⁷

- ◆ **Tax cuts don't pay for themselves.**
 - ◆ Tax cuts were the single largest contributor to the Bush administration's \$2.3 trillion deficit between 2001 and 2006. Tax cuts added more debt (51%) than increased spending on defense and homeland security (33%) and all entitlement programs (10%).⁸
 - ◆ Bush's claim that tax cuts pay for themselves is contradicted by the historical record and by his own economists.
 - “You cut taxes and the tax revenues increase.” — President Bush, February 8, 2006.⁹
 - Edward Lazear, chair of President's Bush's Council of Economic Advisers: “I certainly would not claim that tax cuts pay for themselves.”
 - N. Gregory Mankiw, President's Bush's former chair of Council of Economic Advisers and Harvard economics professor: Saying tax cuts pay for themselves is like a “snake oil salesman trying to sell a miracle cure.”

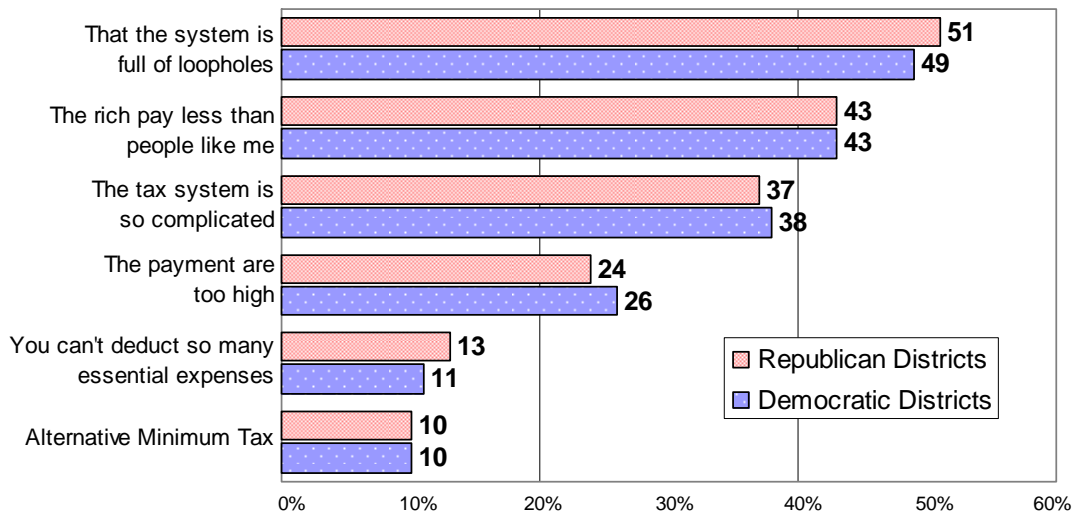
- ◆ **They call the estate tax a “death tax” and claim it hurts family farmers. That's absurd. It's a tax on the wealthiest estates in the world, which have accumulated millions in tax-free accounts.**
 - ◆ Presently, the estate tax only applies to estates in excess of \$2 million (\$4 million for a couple). In 2009 the threshold is scheduled to increase to \$3.5 million (\$7 million per couple).¹⁰
 - ◆ Only 1 in 200 estates pay any tax at all.¹¹

Public Pulse

- ◆ **People are more frustrated that taxes are unfair than that they're too high. They want equity more than "relief."**
 - ◆ Fewer than one third (29%) of Americans believe the distribution of income and wealth in the U.S. is "fair." People say that corporations and upper-income people pay "too little" in taxes while middle- and lower-income people pay "too much."¹² (*Gallup, April 2007*) Two thirds (66%) want more even distribution.¹³ (*Gallup, January 2008*)
 - ◆ In a landmark survey in December 2007, Democracy Corps polled likely voters in the "battleground" – 65 competitive congressional districts, 25 held by Democrats, 40 by Republicans. In choices between paired statements, they found voters are more frustrated that taxes are unfair than that taxes are too high:¹⁴ (*Greenberg Quinlan Rosner Research, December 2007*)
 - "I'm mainly frustrated that taxes are unfair – a bigger burden on the middle class than the wealthy." 56% agree (45% strongly)
 - "Main frustration is taxes are too high, period." 39% agree (32% strongly)
 - ◆ People are particularly concerned about loopholes and inequality. The December 2007 Democracy Corps survey in competitive congressional districts showed that these bother voters twice as much as high payments.¹⁵ (*Greenberg Quinlan Rosner Research, December 2007*)

What bothers people about the federal income tax (top two choices)

Source: Democracy Corps survey of likely voters, December 2007.¹⁶



- ♦ Voters think the Bush tax cuts helped the wealthy more than the economy as a whole. The December 2007 Democracy Corps survey revealed this in both Democratic and the Republican-held districts.¹⁷ (*Greenberg Quinlan Rosner Research, December 2007*)
 - “President Bush’s cuts have not been worth it, because they only helped the wealthy and did not benefit the middle or lower classes.” 55%
 - “President Bush’s tax cuts have been worth it, because they have helped strengthen the economy by allowing Americans to keep more of their own money.” 40%
- ♦ Voters in these swing districts prefer fairer taxes over making all Bush’s cuts permanent:¹⁸ (*Greenberg Quinlan Rosner Research, December 2007*)
 - “The middle-class tax cuts passed under President Bush should be made permanent but those for the wealthy and big business should be left to expire in 2010.” 56% (41% strongly)
 - “All tax cuts passed under President Bush should be made permanent.” 35% (27% strongly)

Message Box

Us on Us	Them on Us
<p>We need to shut down loopholes and roll back tax breaks for the wealthy so we can give hard-working families a break, and invest in areas vital to our economy – health care, our children, protection for our communities and repairing unsafe roads and bridges.</p>	<p>They’re going to raise your taxes because they think they know best how to spend your money. This will hurt the economy and punish families.</p>
Us on Them	Them on Them
<p>Cutting taxes on the wealthy and carving loopholes for their cronies, hasn’t built an economy that works for working families, while doubling the national debt and contributing to the worst inequality since the Gilded Age.</p> <p>Companies get a tax breaks for moving jobs abroad. Oil companies get billions in tax breaks while their profits go through the roof.</p>	<p>Pro-growth tax cuts stimulate the economy and ultimately pay for themselves.</p> <p>We should reward success rather than punishing it.</p> <p>We believe that you know best how to spend the money you earn.</p>

Additional Resources

“Tax Cuts: Myths and Realities,” Center on Budget and Policy Priorities, 16 November 2007:
<http://www.cbpp.org/9-27-06tax.htm>

Aviva Aron-Dine, “The Skewed Benefits of the Tax Cuts,” Center on Budget and Policy Priorities, 4 February 2008: <http://www.cbpp.org/2-4-08tax.htm>

“Citizens for Tax Justice Factsheet,” Citizens for Tax Justice, 30 January 2008:
<http://www.ctj.org/pdf/bushtaxcutssmallerthanclaimed.pdf>

“Trickle-Down Economics: Four Reasons Why It Just Doesn't Work,”
<http://www.faireconomy.org/research/TrickleDown.html>

Endnotes

- ¹ “Tax Cuts: Myths and Realities,” Center on Budget and Policy Priorities, 16 November 2007.
<http://www.cbpp.org/9-27-06tax.htm> , according to estimates by the Urban Institute-Brookings Institution Tax Policy Center
- ² Tomoeh Murakami Tse, “Buffett Slams Tax System Disparities Speech Raises at Least \$1 Million for Clinton Campaign,” *Washington Post*, 27 June 2007
<http://www.washingtonpost.com/wp-dyn/content/article/2007/06/27/AR2007062700097.html?hpid=sec-politics>
- ³ Warren Buffett, “Dividend Voodoo,” *Washington Post*, 20 May 2003
<http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=&contentId=A13113-2003May19>
- ⁴ “Tax Cuts: Myths and Realities,” Center on Budget and Policy Priorities, 16 November 2007.
<http://www.cbpp.org/9-27-06tax.htm>, according to estimates by the Urban Institute-Brookings Institution Tax Policy Center. The president says his tax cuts are worth an “average of \$1,800.” That’s a statistical game. The tax breaks for millionaires brings the “average” up, just like Bill Gates walking into a bar brings the “average” income of everyone in the bar up by millions. See <http://www.ctj.org/pdf/bushtaxcutssmallerthanclaimed.pdf>
- ⁵ Ibid
- ⁶ Aviva Aron-Dine, “Extending the President’s Tax Cuts and AMT Relief Would Cost \$4.3 Trillion Through 2018,” Center on Budget and Policy Priorities, 1 Feb 2008
<http://www.cbpp.org/1-31-07tax.htm>
- ⁷ Friends of the Earth. <http://www.foe.org/new/releases/January2006/exxontaxbreaksfactsheet.pdf>
- ⁸ “Tax Cuts: Myths and Realities,” Center on Budget and Policy Priorities, 16 November 2007.
<http://www.cbpp.org/9-27-06tax.htm>. Domestic discretionary programs added 6%
- ⁹ “President Discusses 2007 Budget and Deficit Reduction in New Hampshire,” Office of the Press Secretary, 8 February 2006. <http://www.whitehouse.gov/news/releases/2006/02/20060208-7.html>
- ¹⁰ Joel Friedman and Aviva Aron-Dine, “The State of the Estate Tax as of 2006,” Center on Budget and Policy Priorities, 6 June 2006. <http://www.cbpp.org/5-31-06tax2.htm>
- ¹¹ Ibid

¹² “Gallup's Pulse of Democracy Taxes and Tax Cuts,” Gallup Inc., 5 April 2007.
<http://www.gallup.com/poll/1714/Taxes.aspx>

	Lower-income people	Middle-income people	Upper-income people	Corporations
Fair share	34	44	21	19
Too much	45	47	9	5
Too little	17	7	66	71

¹³ Dennis Jacobe, “Increasing Momentum for Economic Populism: Lower-Income Americans More Likely to be Financially ‘Worse Off’ Than Year Ago,” Gallup Inc., 7 January 2008.
<http://www.gallup.com/poll/103609/Increasing-Momentum-Economic-Populism.aspx> ;
<http://www.gallup.com/video/27217/Income-Gap.aspx>

¹⁴ “Democracy Corps Battleground Frequency Questionnaire,” Greenberg Quinlan Rosner Research, 10-13 December 2007. p. 9, <http://www.democracycorps.com/wp-content/uploads/011508fqbattlegroundtaxes.pdf>

¹⁵ Ibid. p. 8

¹⁶ Ibid

¹⁷ Ibid. p. 9

¹⁸ Ibid. p. 10