

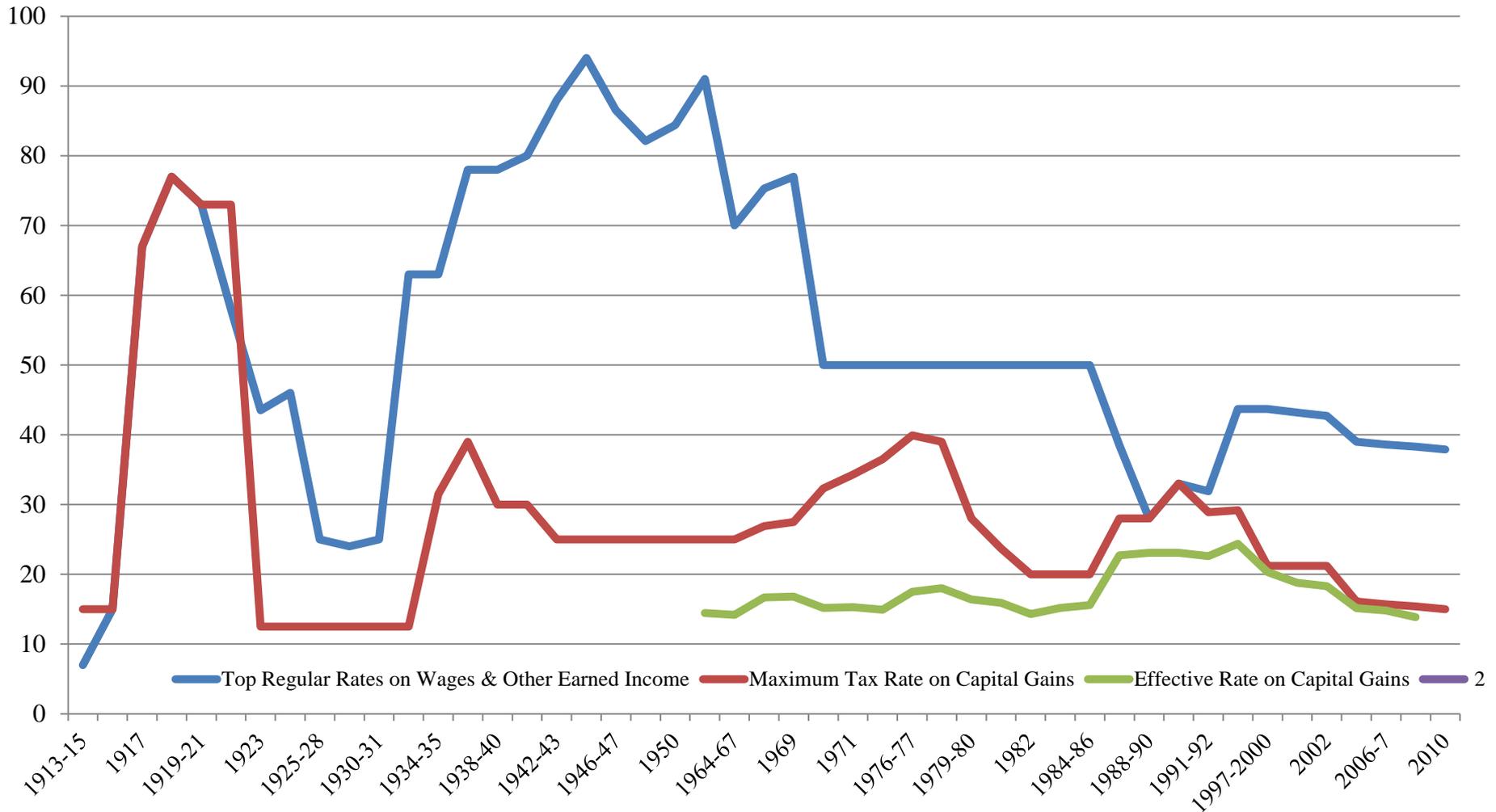
Tax Preference as Racial Privilege: Historical Perspective on the Racial Wealth Gap

Julia Ott

Associate Professor in the History of Capitalism
co-Founder, Heilbroner Center for Capitalism Studies
The New School

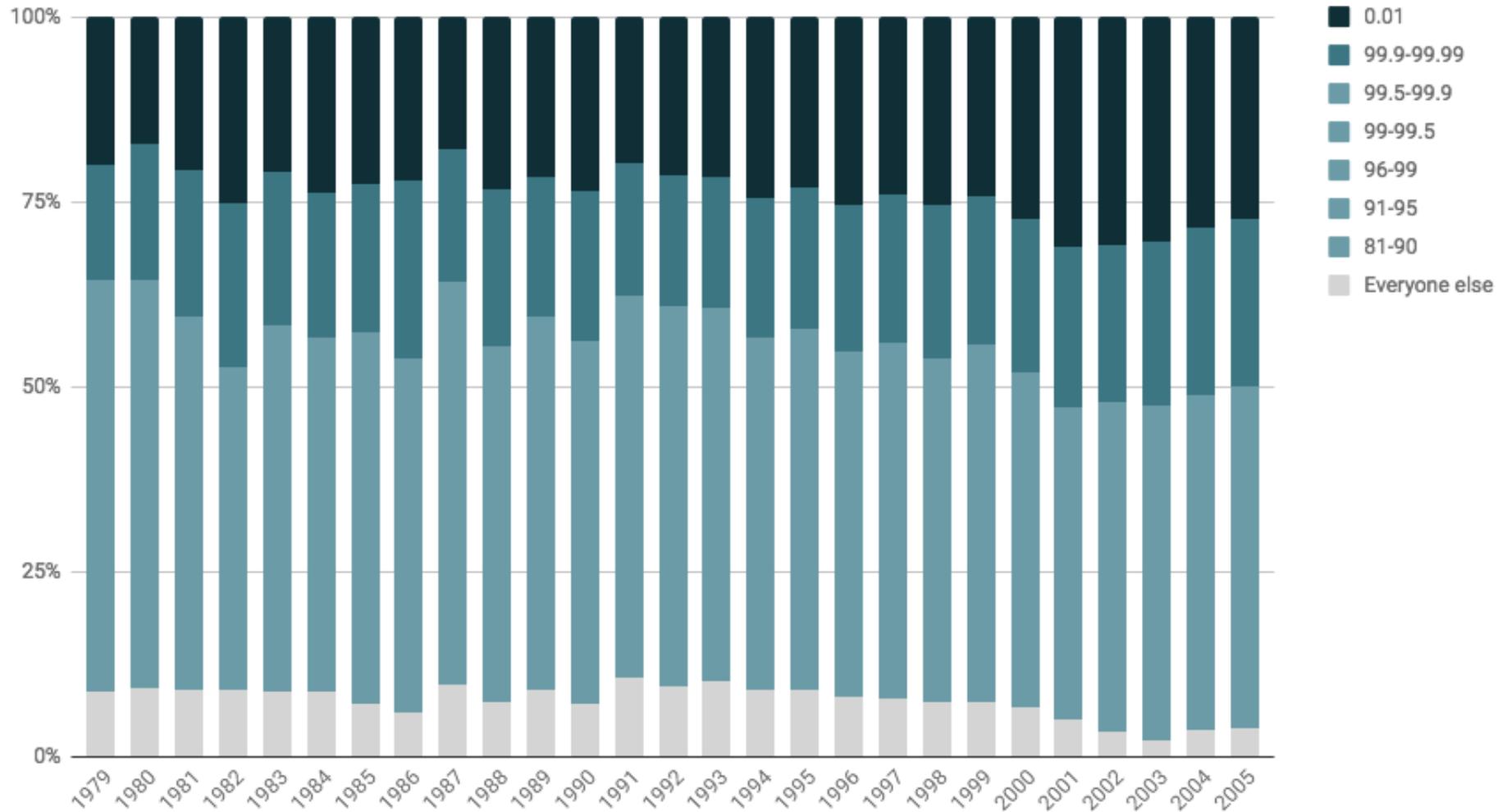
Top Federal Income Tax Rates vs. Effective Rate on Capital Gains in the United States, 1913-2010

Percentage



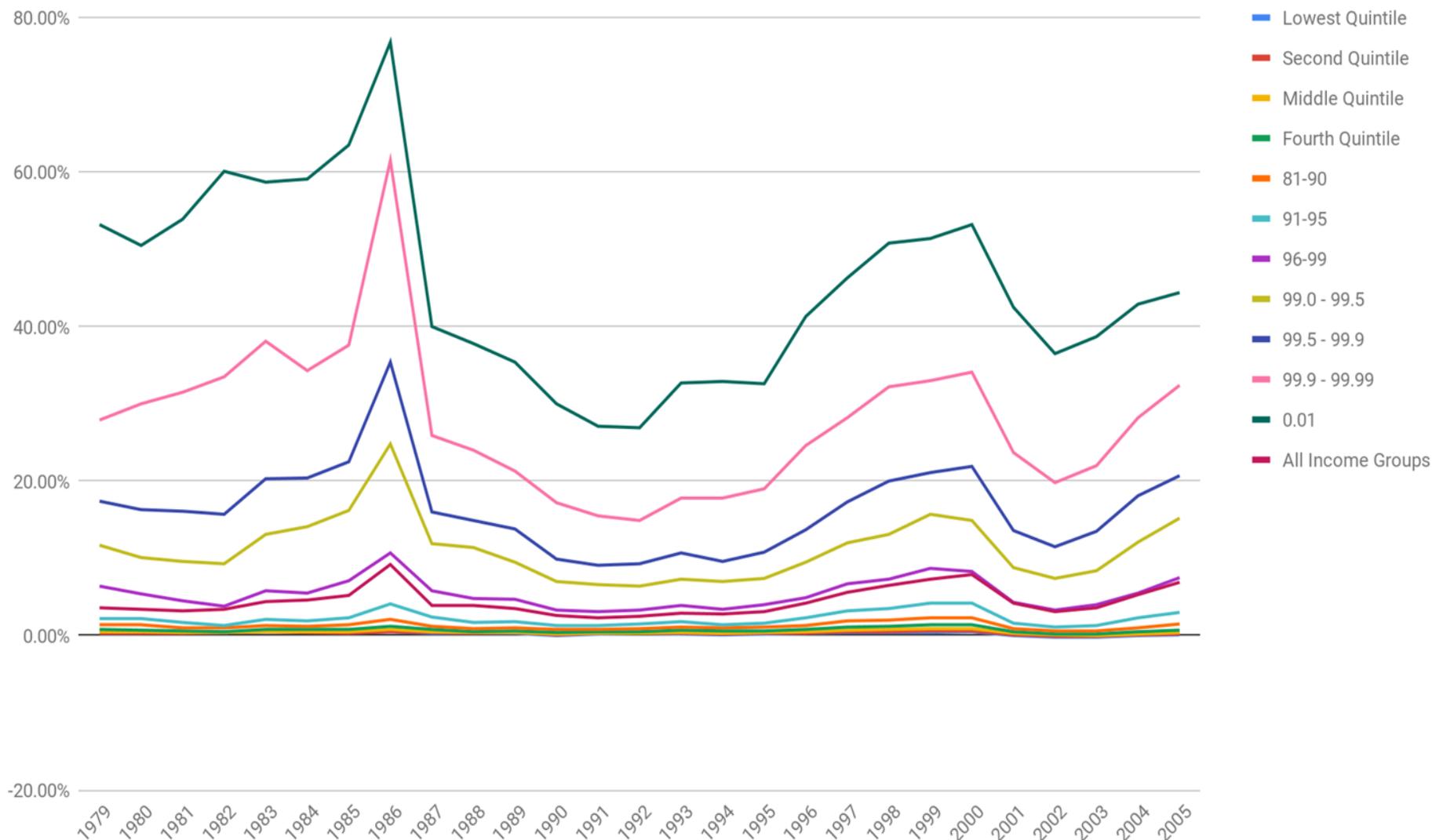
Source: Citizens for Tax Justice, “Top Federal Income Tax Rates Since 1913” (November 2011)
<http://www.ctj.org/pdf/regcg.pdf>; Tax Policy Center

Distribution of Realized Capital Gains by Income, 1979-2005



Source: CBO

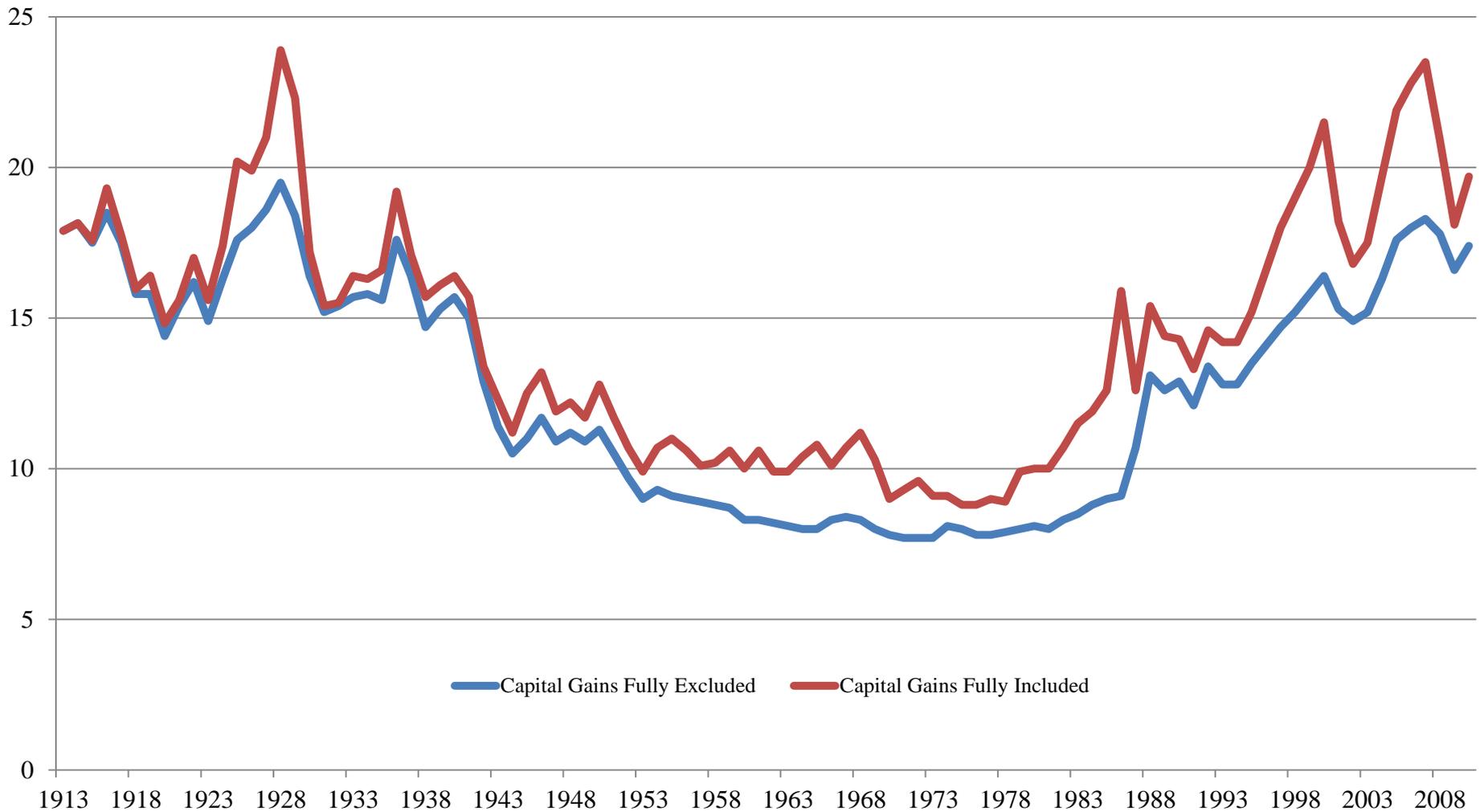
Percent of after-tax income from capital gains by income group, 1979-2005



Source: CBO

Income Share of the Top 1% of Earners, 1913-2010

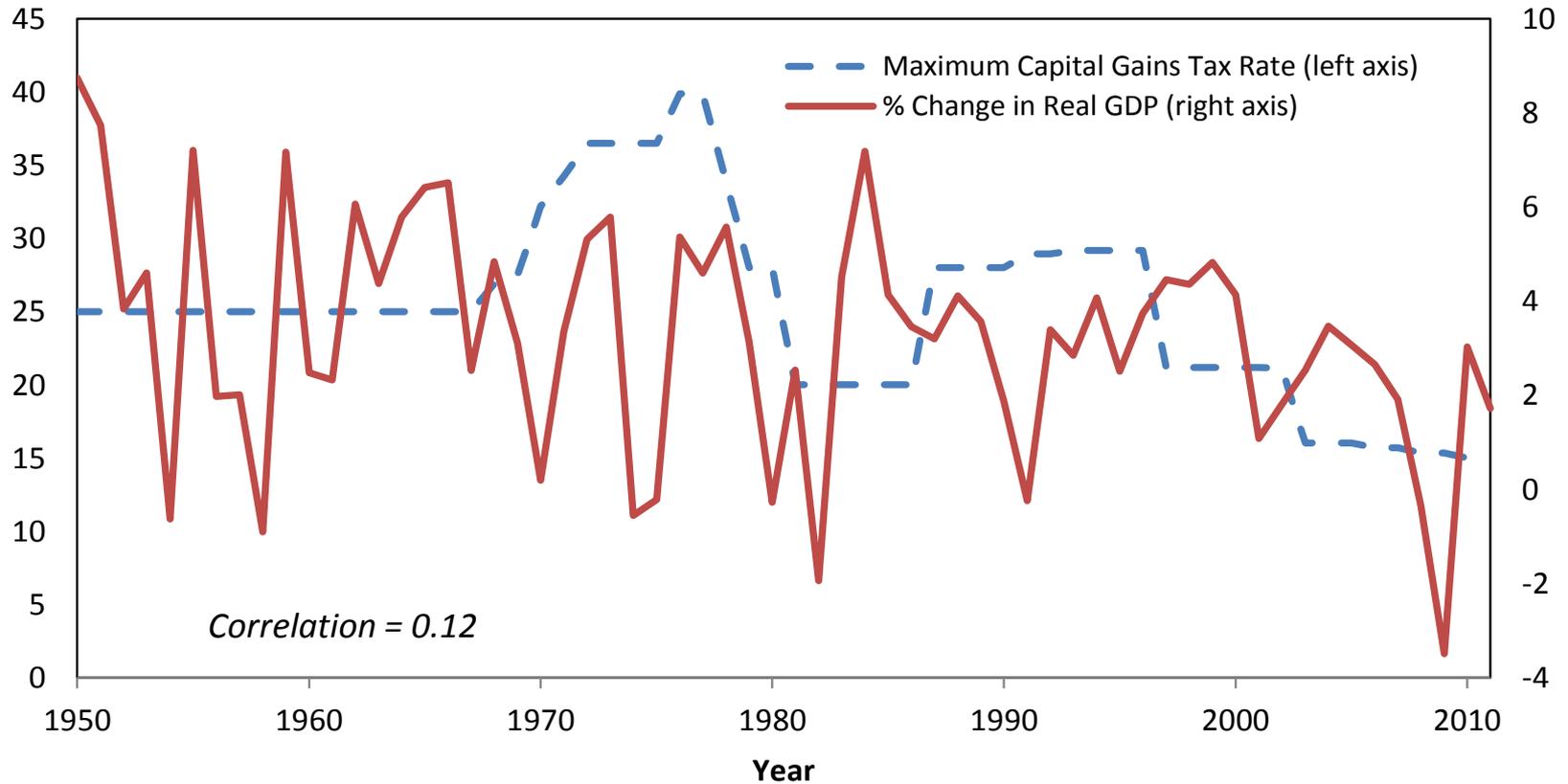
Percentage



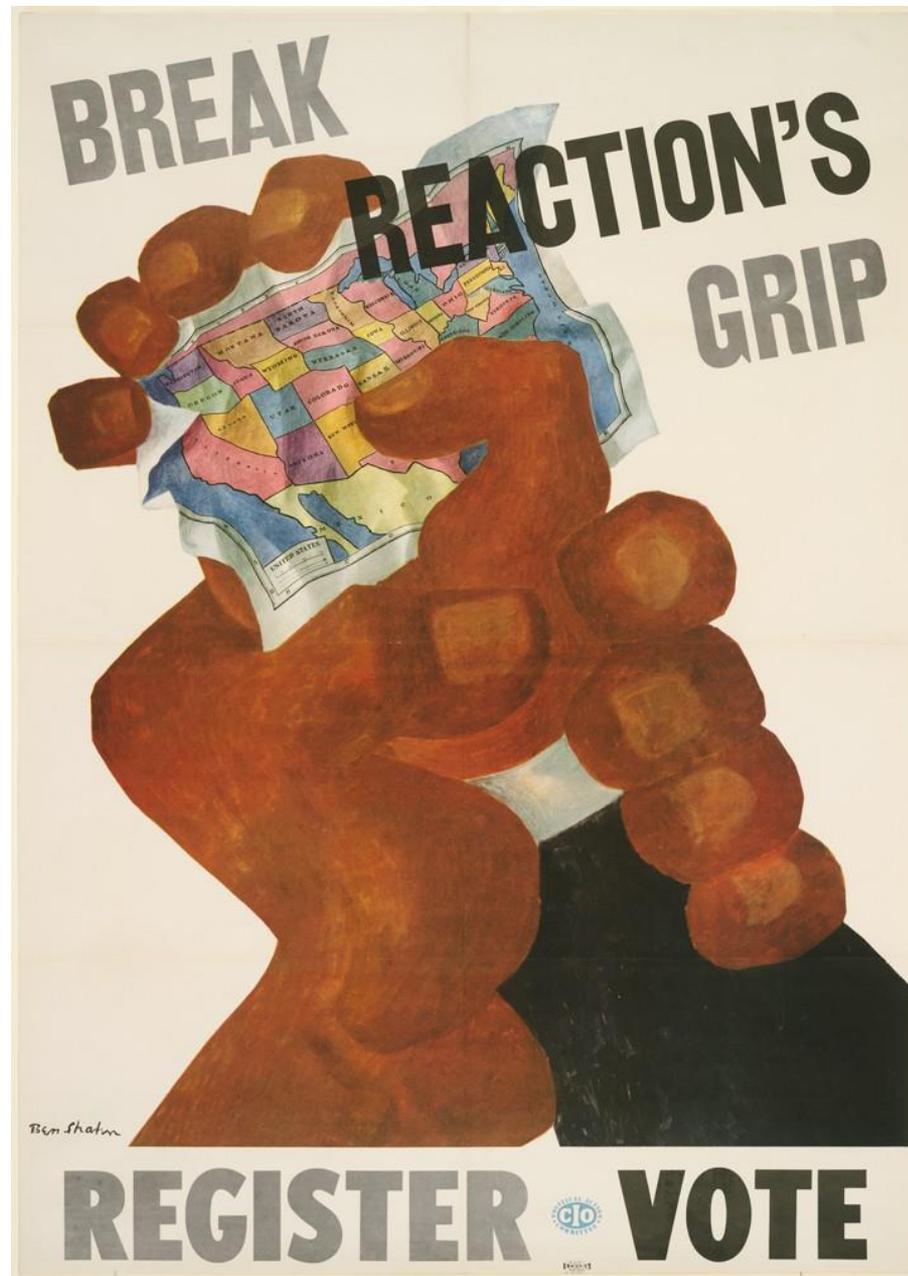
Source: Thomas Piketty and Emmanuel Saez, "Income Inequality in the United States, 1913-2011"

<http://elsa.berkeley.edu/~saez/>

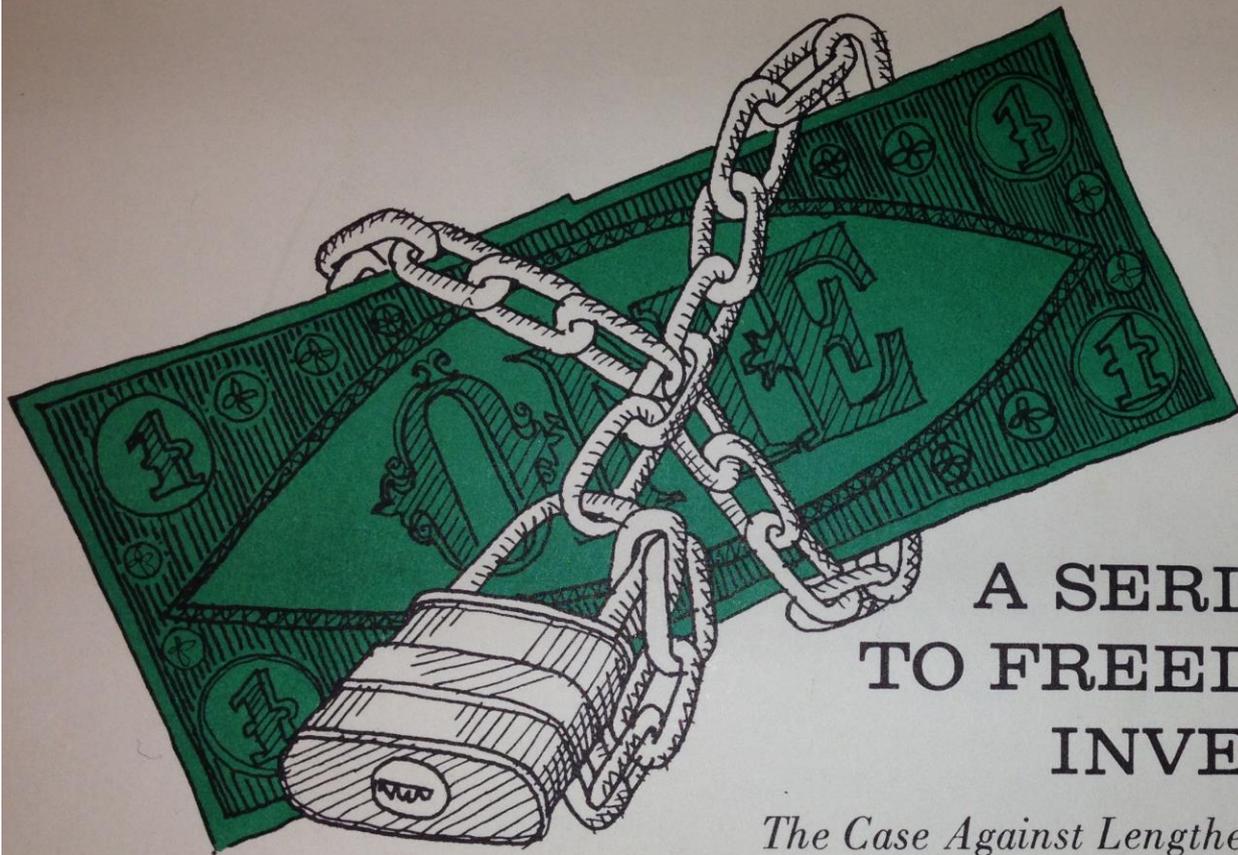
Top Capital Gains Tax Rates and Economic Growth, 1950-2011



Source: Leonard Burman, "Tax Reform and Tax Treatment of Capital Gains" (September 20, 2012)



Ben Shahn, 1946



**A SERIOUS THREAT
TO FREEDOM OF
INVESTMENT**

*The Case Against Lengthening
The Capital Gains Holding Period*

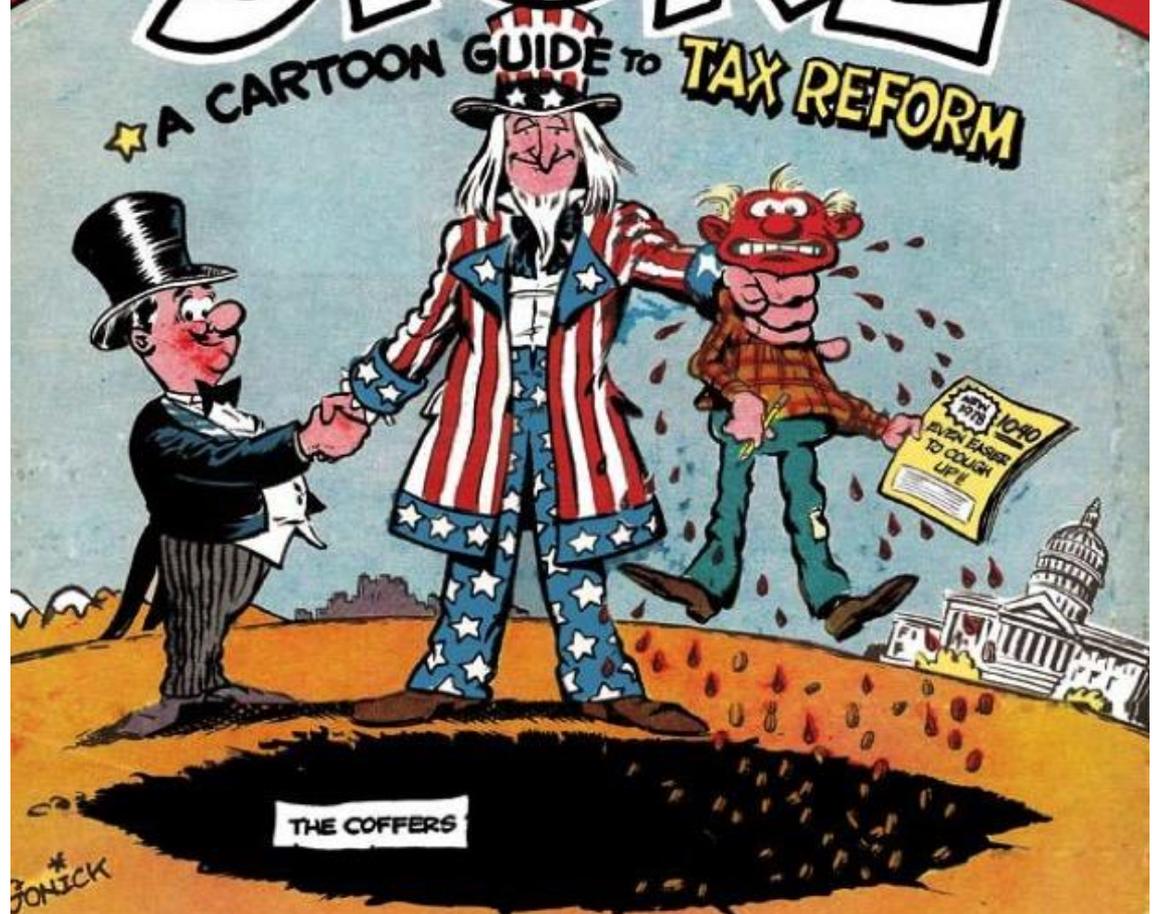
NEW YORK STOCK EXCHANGE

A NEW YORK
PUBLIC INTEREST
RESEARCH GROUP
(NYPIRG)
PUBLICATION

\$1.25

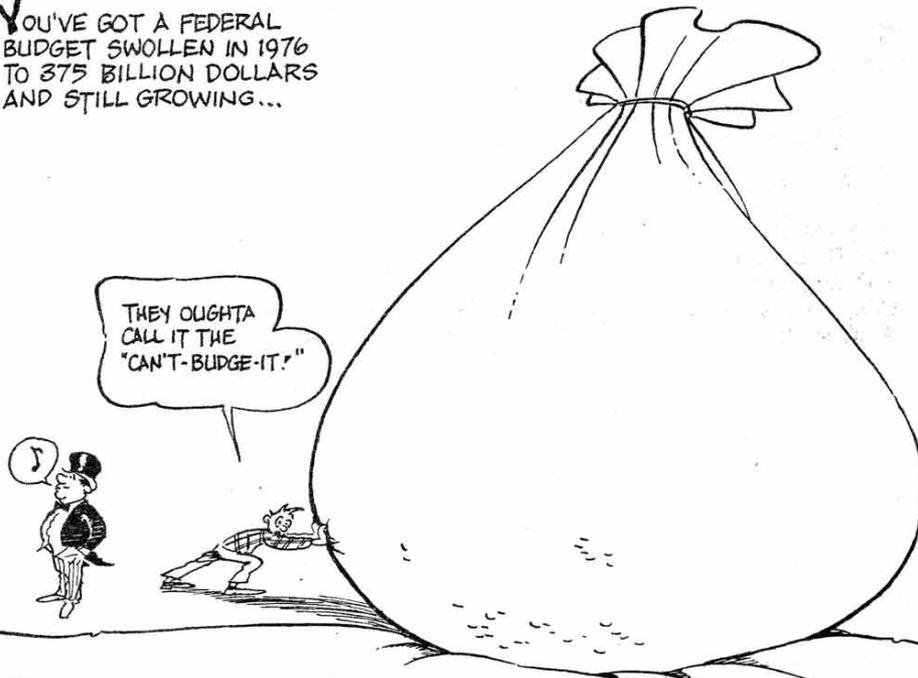
BLOOD FROM A STONE

★ A CARTOON GUIDE TO TAX REFORM



Larry Gonick and Steve Atlas, 1977

YOU'VE GOT A FEDERAL
BUDGET SWOLLEN IN 1976
TO 375 BILLION DOLLARS
AND STILL GROWING...



TO COME UP WITH THIS MONUMENTAL SUM EVERY YEAR, THE U.S. GOVERNMENT USES A VARIETY OF FUND-RAISING METHODS. BUT WHILE EVERYONE AGREES ON THE NEED FOR TAXES, ALMOST NO ONE AGREES ON THE MUCH MORE COMPLICATED QUESTION:



WHO PAYS
AND
HOW MUCH



AND THEREIN LIES OUR TALE.....

Larry Gonick and
Steve Atlas, 1977

IN RESPONSE, ADVOCATES OF PROGRESSIVE TAXATION HAVE ALWAYS ARGUED THAT IT'S REALLY THE POOR WHO WORK LIKE DOGS, WHILE THE RICH NEED ONLY SIT ON THEIR ASSETS AND WATCH THE INTEREST PILE UP.



BUT THESE ARGUMENTS ARE OLD HAT. NOWADAYS, ENEMIES OF PROGRESSIVE TAX RATES ARE AS NUMEROUS AS EVER, BUT THEY DON'T WASTE THEIR TIME DEBATING THE ISSUE. INSTEAD, MOST HAVE DISCOVERED THAT IT MAKES NO DIFFERENCE WHETHER TAX **RATES** ARE PROGRESSIVE OR NOT—AS LONG AS THERE IS A WAY AROUND THOSE RATES.

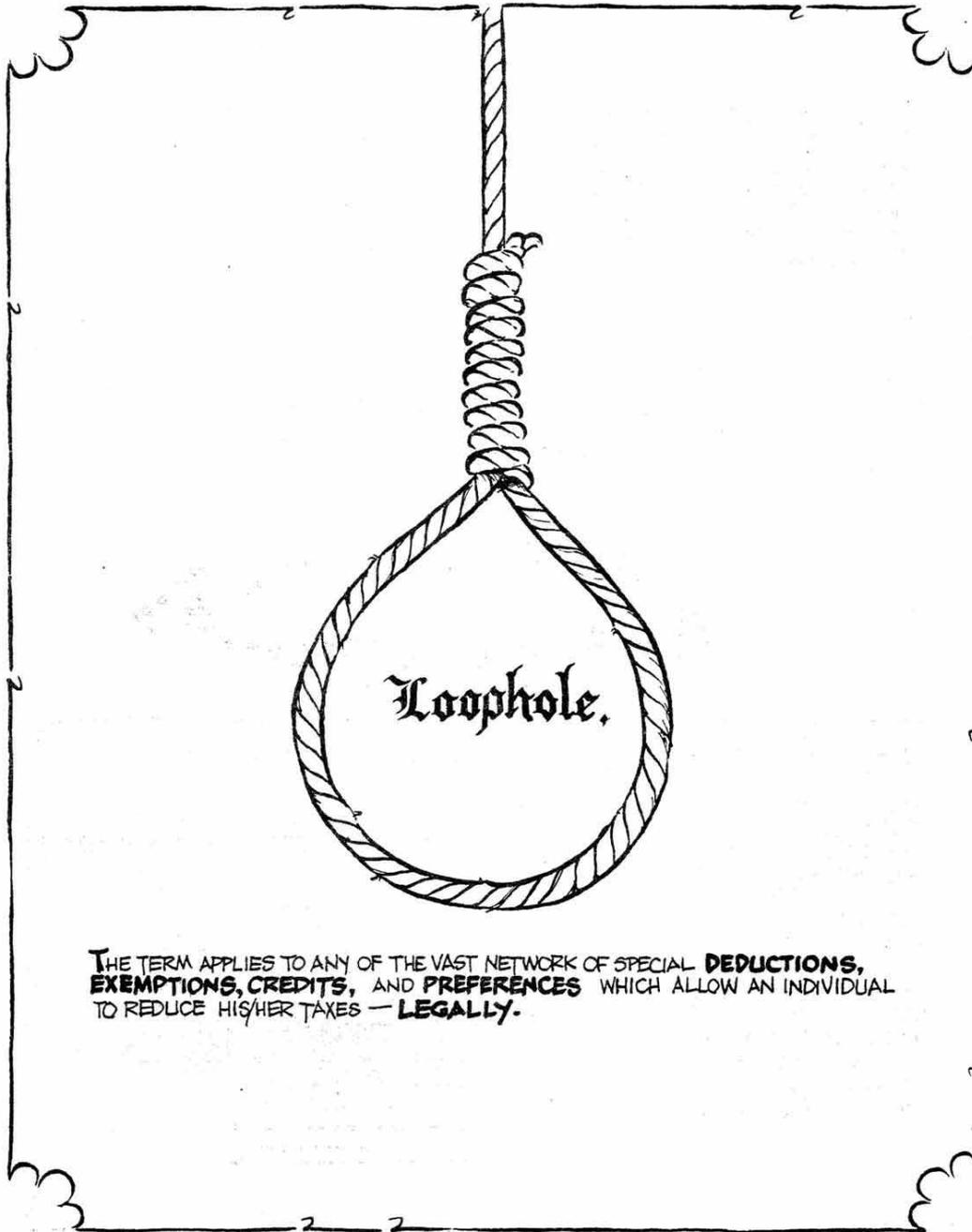
AND OF COURSE, THERE IS.

Over—	But not over—	Enter on Form 1040, line 16:	of the amount over—
\$20,000	\$22,000	\$6,070-4.8%	\$20,000
\$22,000	\$26,000	\$7,030-4.50%	\$22,000
\$26,000	\$32,000	\$9,030-4.53%	\$26,000
\$32,000	\$38,000	\$11,110-4.55%	\$32,000
\$38,000	\$44,000		\$38,000
\$44,000	\$50,000		\$44,000
\$50,000	\$60,000		\$50,000
\$60,000	\$70,000		\$60,000
\$70,000	\$80,000		\$70,000
\$80,000	\$90,000		\$80,000
\$90,000	\$100,000	\$48,550-4.69%	\$90,000
\$100,000		\$55,490-4.70%	\$100,000

THE SECRET IS...



Larry Gonick and Steve Atlas, 1977



THE TERM APPLIES TO ANY OF THE VAST NETWORK OF SPECIAL **DEDUCTIONS, EXEMPTIONS, CREDITS, AND PREFERENCES** WHICH ALLOW AN INDIVIDUAL TO REDUCE HIS/HER TAXES — **LEGALLY.**

Larry Gonick and
Steve Atlas, 1977

STILL AND ALL, THERE IS REASON TO BELIEVE THINGS COULD BE **DIFFERENT!**



W-WHY?

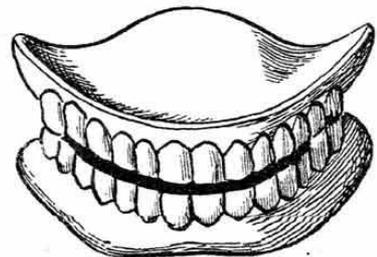
FIRST OF ALL, PUBLIC SUPPORT FOR REFORM IS RISING, AS MORE AND MORE TAXPAYERS REALIZE WHO'S FOOTING THE LOOPHOLE BILL.

SECOND, REFORM GROUPS ARE TOUGHER, BETTER ORGANIZED, AND MORE SOPHISTICATED THAN IN THE PAST, AND BEGINNING AT LAST TO MAKE THEMSELVES FELT.



FINALLY, THE NEW TENANT AT 1600 PENNSYLVANIA AVENUE IS PUBLICLY COMMITTED TO A GENUINE OVERHAUL OF THE TAX CODE, A PLEDGE WHICH THE PRESS AND THE ELECTORATE SHOULD NOT LET HIM FORGET.

FALSE PROMISES, JIMMY? LET'S HOPE NOT!



Larry Gonick and Steve Atlas, 1977

It is futile to argue about how much money McGovern proposes to take away from you under his sundry tax programs, because he proposes to take it all.

-Ayn Rand, *Saturday Review*, Oct 21, 1972, p. 50

“My Sticker Incentive Chart”

New Foods	1	2	3	4	5	6	7	8	9	10	
											
											
											

My Goal: _____ Stickers My Reward: _____

4 = _____ 3 = _____ 2 = _____

AN EXCLUSIVE
INCENTIVE FOR:




girl scouts
heart of central
california

#cookiebosses!

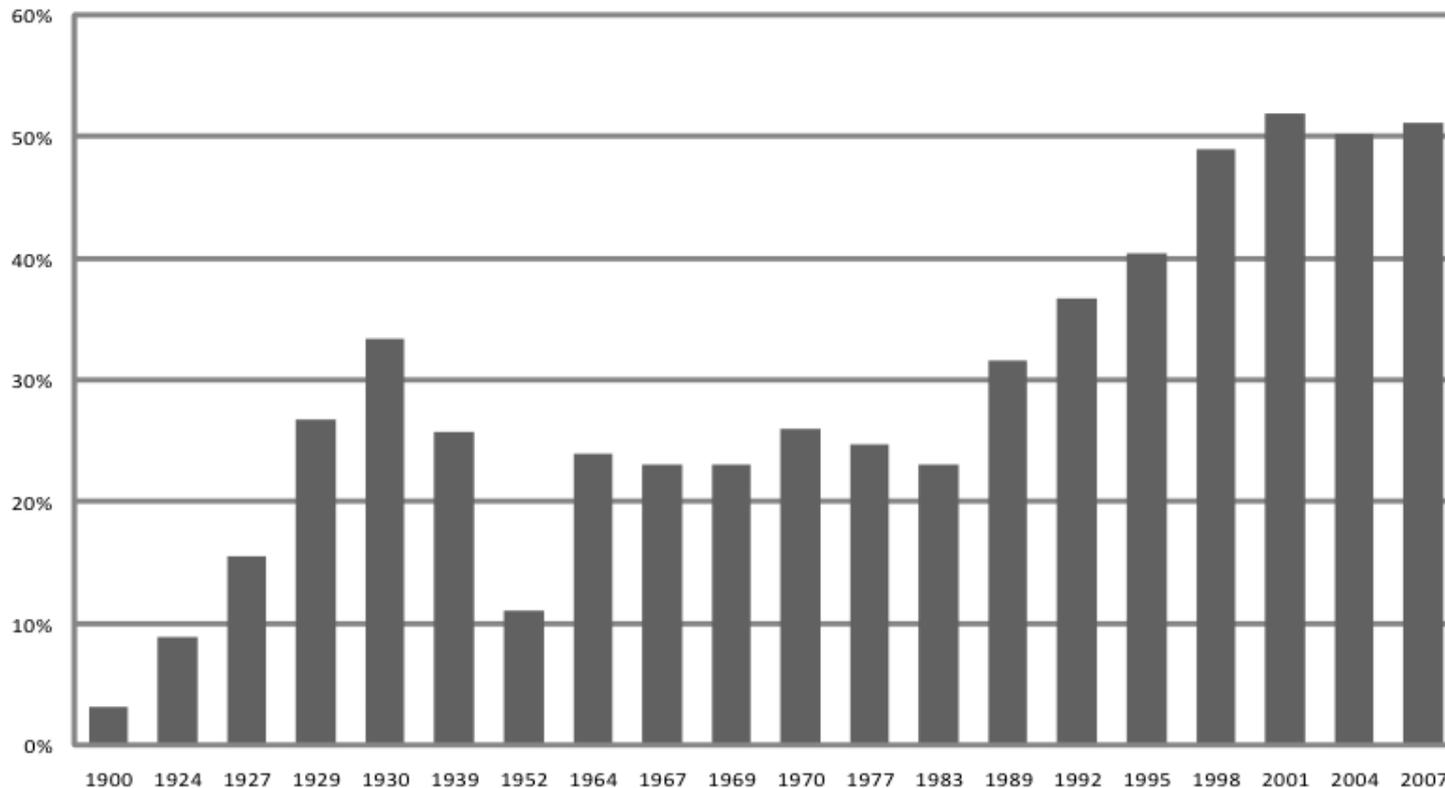
Girl Scouts who sell 1200+ packages of cookies will now receive an additional incentive:
a V.I.P. Cookie Boss Overnight

Daisy, Brownie and Junior Girl Scouts who reach this goal will be invited to attend a special overnight with a parent in June.

Cadette, Senior and Ambassador Girl Scouts who reach this goal will be invited to attend an overnight designed exclusively for older girls.

Details will be revealed to these
top Cookie Bosses on April 15.

Percent of U. S. Households Owning Equity, 1900-2007



Note: Equity ownership includes both direct ownership of corporate stock as well as indirect ownership through investment vehicles such as mutual funds; 1900 includes both bond and stock ownership.

Source: John V. Duca, "Why Have Households Increasingly Relied on Mutual Funds to Own Equity?" *The Review of Income and Wealth* 51 (September 2005): 375-96; U. S. Census, 2010 Statistical Abstract, Table 1174, "Stock Ownership by Age of Family Head and Family Income, 2001-2007" at http://www.census.gov/compendia/statab/cats/banking_finance_insurance.html; Edwin Burk Cox, *Trends in the Distribution of Stock Ownership* (Philadelphia: University of PA Press, 1963), 28-33; Lewis H. Kimmel, *Shareownership in the United States* (Washington, D.C.: Brookings Institute, 1952), 89; *Twentieth Century Fund, The Securities Markets* (New York: Twentieth Century Fund, 1935), 50, 56-57, 735; *New York Stock Exchange, A Detailed Look at the Individual Investor* (New York: New York Stock Exchange, 1971).

Graph by Alejandro Falchettiore, Russell Sage Foundation.