



Written by [Alex Newman](#) on March 25, 2011

Congress Considers Giant Tax Hikes on Rich

A coalition of “progressive” lawmakers led by Rep. Jan Schakowsky (D-Ill., pictured) introduced a proposal to create new tax brackets for millionaires and billionaires that would see almost half of their income absorbed by the federal government, supposedly in an effort to reduce the deficit.



The so-called “Fairness in Taxation Act,” introduced last week, would allegedly raise an estimated \$78 billion or more by forcing millionaires to surrender between 45 percent and 48 percent of their income. Billionaires would have to fork over 49 percent of theirs.

It is unclear how exactly the estimated revenue figure was calculated, or whether the methodology took into account the fact that high-income earners and their wealth are highly mobile. But in addition to the higher tax brackets, the legislation would also treat capital gains and dividends as regular income for those earning \$1 million or more.

In a [statement](#) released online, Schakowsky complained that the rich own too much wealth and the rest of Americans don’t own enough. “In the United States today, the richest one percent owns 34 percent of our nation’s wealth — that’s more than the entire bottom 90 percent, who own just 29% of the country’s wealth,” she said, noting that the very rich earned a lot while the bottom 90 percent earned an average of \$31,244.

The figures cited by Schakowsky come from the [spread-the-wealth-promoting](#) Economic Policy Institute, [funded](#) by billionaire “[New World Order](#)”-supporter George Soros and labor unions. How reliable its statistics are is unclear, but they differ substantially from figures [compiled](#) by other organizations.

What is not mentioned in the numbers, however, is that the top one percent of earners filing tax returns already pay almost 40 percent of all income taxes, [according](#) to The Tax Foundation. The top five percent of filers pay about 60 percent of all income taxes, while the top 0.1 percent pay almost 20 percent. Meanwhile, the bottom 50 percent [paid](#) less than three percent in 2008.

But for class warriors in Congress, that isn’t enough. “It’s time for millionaires and billionaires to pay their fair share,” Schakowsky [demanded](#), claiming that was the reason she introduced the bill. “This isn’t about punishment or revenge. It’s about fairness. It’s about avoiding budget cuts that harm middle class families and those who aspire to it. We can choose to cut education, job creation and health care, or we can choose to ask those who can contribute more to do so.”

The Congresswoman also lamented the fact that the top tax bracket — currently set at 35 percent — kicks in on income of about \$375,000 per year. She thinks the brackets should distinguish between the “well off” and billionaires, pointing specifically at the top 20 hedge-fund managers whose average income last year was more than \$1 billion.

Ironically, Schakowsky’s husband, Robert Creamer, [pled guilty in 2005 to felony tax violations and bank](#)



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[fraud](#). "In my heart, I know that these mistakes do not define or diminish this good man," the congresswoman said at the time, despite the fact that her husband admitted to not paying his "fair share."

Of course, even Obama's Treasury Secretary Timothy Geithner, currently in charge of the Internal Revenue Service, admitted to not paying his taxes. The former Democrat chairman of the Congressional committee that writes the tax rules, Rep. Charlie Rangel, failed to properly pay his taxes, too.

But Schakowsky, a member of President Obama's deficit "Fiscal Commission," pointed to a poll showing that her plan would be politically popular. According to the NBC survey she cited, most Americans support higher taxes on the rich instead of cuts to "social security" or Medicare as a way to reduce the deficit.

But regardless of what polls say, [analysts claim](#) the "soak the rich" strategy will backfire — big time. Among the problems highlighted by experts, including many certified public accountants, is the fact that rich people can simply pack up and leave. They can very easily take their wealth, the jobs they create and their investments to other countries with less punitive tax rates such as Switzerland. Many have already done so, and with even more taxes, more would certainly follow.

Others [point out](#) that more taxes on the rich means less investments in America, which would translate into fewer productive private-sector jobs as the resources are squandered on bureaucrats and government programs instead. And of course, some high-income earners would simply work less to avoid the higher tax rates.

On top of all that is another glaring problem. The \$78 billion the bill would collect, assuming that number is correct, would barely make a dent in the government's budget deficit, projected to exceed \$1.5 trillion in 2011 alone. Critics say the problem is too much federal spending, not a lack of revenue.

There's also a mistake in the underlying assumptions of the bill. Wealth, of course, is not a zero-sum game — the rich do get richer in a free market, but as they produce more wealth, the poor become wealthier too. Soaking the wealthy makes everyone poorer in the end, as the socialist governments of the 20th century proved over and over again.

But the bill has already attracted a host of co-sponsors including Rep. Raul Grijalva (D-Ariz.), Rep. Keith Ellison (D-Minn.), Rep. Jesse Jackson, Jr. (D-Ill.), Rep. Donna Edwards (D-Md.), Rep. Bob Filner (D-Cal.), Rep. Jerry Nadler (D-NY.), Rep. Steve Cohen (D-Tenn.), Rep. John Yarmuth (D-Ken.) and Rep. Peter DeFazio (D-Ore.).

"[T]his legislation asks that the wealthiest Americans tighten their belts and contribute to our economic recovery, just like the rest of the nation," said Democrat Congressman John Yarmuth of Kentucky. "It is a critical step to ensuring our economy works for all Americans, and not just the wealthy few."

Self-described Marxist news outlets like [Political Affairs](#) have been trumpeting the legislation as well. Karl Marx, of course, was a strong advocate of "progressive" taxes on income. Having those with more income pay higher percentages of their earnings to the state is one of the primary methods of redistributing "the wealth" and fomenting class warfare. It also endears the regime in power to the masses, who are essentially bribed into supporting the government with other people's money.

Prominent labor unions have jumped on the bandwagon too. The AFL-CIO, for example, [said](#) on its website that the bill would "add fairness to the nation's tax system by ensuring that millionaires and billionaires pay their fair share." Fair share, of course, is never defined.



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And even a few rich people were listed among the bill's supporters. "I think very wealthy people like me should pay substantially higher taxes, since we have done exceedingly well in the last few decades," explained Katharine Myers, a millionaire cited in Schakowsky's press release who got rich off of royalties from her mother-in-law's efforts. "Our taxpayer-funded government contributed to my success." Of course, there is no law preventing Myers from sending the government more money if she wants to.

Also included in Schakowsky's release were statements from several leftist legislators and organizations supporting the bill. Meanwhile, however, the Republican chairman of the House Ways and Means Committee [is proposing](#) changes to the tax system that would set maximum rates of 25 percent for individuals and corporations.

How far Schakowsky's bill will go remains to be seen, but class-war agitators anticipate that it will be politically attractive. If approved, however, taxes on the rich would reach massive levels. Between federal, state and local taxation, wealthy Americans could be paying as much in taxes as people in the crumbling social-welfare states of Europe. And the unforeseen consequences of such a move would undoubtedly cause major problems for everyone, not just the rich.



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