

THE FACTS

The coming weeks are a critical time for our country. As a post-election Congress turns its attention to averting a fiscal crisis, every issue that we care about is at risk. The outcomes of the fiscal debate in Congress' lame duck session will shape the life opportunities of an entire generation of Americans.

In order to ensure that our values are reflected in the choices of our elected officials, there needs to be a broad public groundswell across the country, proclaiming for all to hear that creating a tax system that works for everyone is a national priority. Join the movement with Bend the Arc Jewish Action.

THE POLICY

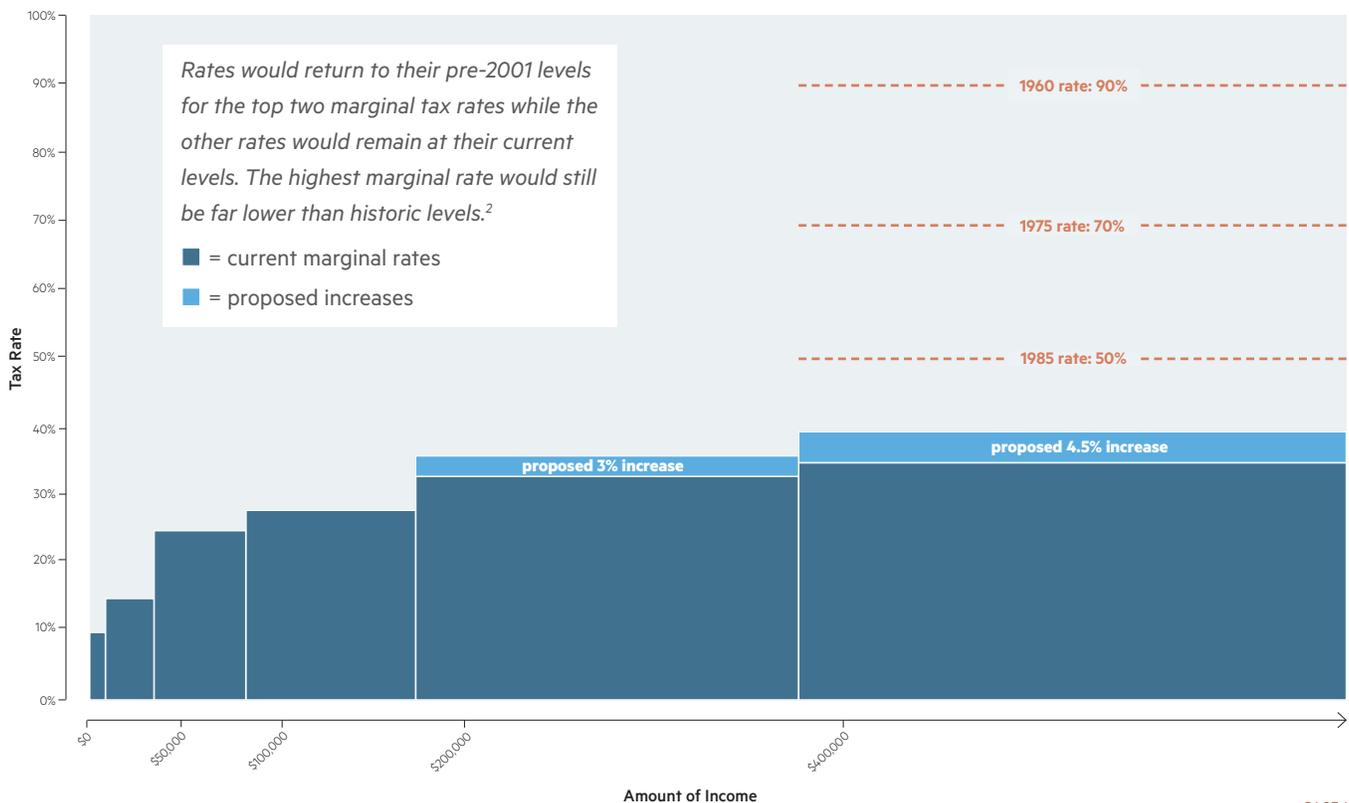
End the 2001 tax cuts for the wealthiest two percent, those with annual incomes over \$250,000.

WHAT IT WILL DO

Generates \$1 trillion in increased revenue and savings on debt interest over the next ten years.¹

Letting the sun set on tax cuts for the wealthiest two percent is a fair and responsible solution to America's revenue crisis – both economically and morally. The 2001 tax cuts overwhelmingly benefited the very wealthiest Americans without creating the jobs that were promised. The wealthiest two percent are enjoying the lowest tax burden in half a century and accumulating a larger share of the nation's wealth.

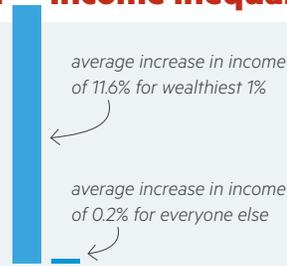
In-Depth Look: Returning to Clinton-Era Tax Rates



In-Depth Look: Growth in Income Inequality

Uneven Recovery ³

The wealthiest captured 93% of the increase in GDP when the nation entered recovery from 2009-2010, continuing current trends of income inequality.



For Some, Expanding Slices of the Pie ⁴



Over the last 35 years, the portion of **total income** going to the wealthiest 1% went from 9% to 24%.



Over the last 25 years, the portion of **total wealth** owned by the wealthiest 1% went from 33% to 40%.

RESPONDING TO COMMON MYTHS AND MISUNDERSTANDINGS

MYTH

- 1 Higher taxes “punish” those who have been most successful. Won’t higher taxes hurt investment and job creation?**

RESPONSE

Taxes pay for the services we all need – education, public safety, infrastructure, such as roads and bridges, and Social Security disability and retirement benefits, to name just a few. Those who are successful have a responsibility to pay into the system that helps them be successful. This has never hurt the American economy. In the last century, our greatest period of economic growth occurred when taxes were much higher than they are today. And, in fact, a recent congressional study found there is no evidence whatsoever that lower taxes create jobs or spur economic growth. That is a myth created by wealthy people who are personally and ideologically opposed to taxation. There is, however, considerable evidence to the contrary: top tax rates have declined by more than two-thirds over the past 50 years while the economy has contracted and the wealthiest Americans have become exponentially wealthier, vastly increasing income inequality.⁵

MYTH

- 2 How is it fair to raise taxes on two percent of Americans when almost half pay no taxes at all?**

RESPONSE

While it is true that nearly 47 percent of households paid no federal income tax for 2011, many of these people did pay taxes: federal payroll, state, and local taxes. The rest are poor, elderly, or students. A select few are wealthy and managed to avoid taxes by exploiting exemptions and deductions. It makes sense to raise taxes at the top, rather than the bottom, because incomes have increased sharply at the top over the last few decades while stagnating and contracting for the middle class and for people at the bottom rungs of the economy.⁶

MYTH

- 3 We are in this financial mess because of entitlements like Social Security, Medicaid and Medicare. These programs take the biggest bite out of the federal budget. We just can’t afford them.**

RESPONSE

Let’s break this down. Through payroll taxes, workers contribute to Social Security and Medicare, and once retired, receive benefits they have helped to fund over the course of their working lives. This arrangement ensures that Social Security will continue to be solvent for decades to come. Though Medicare and Medicaid costs are projected to grow as a result of increasing costs of healthcare, cutting benefits for seniors is neither a path to fiscal stability or moral.

Social Security and Medicare do make up a significant portion of the federal budget but these programs are not the cause of the deficits we have today. The wars in Afghanistan and Iraq added over one trillion dollars to the deficit, compounded by significantly decreased federal revenue because of the 2001 tax cuts, which reduced federal taxes to their lowest rates in decades. Balancing the budget on the backs of the poor, is not a solution to the revenue crisis.⁷

BEND THE ARC
jewish action

Inspired by Jewish tradition to hold America to its promise. www.jewishaction.us

1. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3785> & http://ctj.org/ctjreports/2012/11/reforming_tax_breaks_is_not_a_substitute_for_higher_tax_rates_both_are_necessary_to_raise_adequate_r.php
 2. <http://www.irs.gov/pub/irs-drop/rp-11-52.pdf> & <http://visualizingeconomics.com/tax-rate-poster/> & <http://www.taxpolicycenter.org/>
 3. <http://elsa.berkeley.edu/~saez/saez-USTopIncomes-2010.pdf>
 4. <http://www.vanityfair.com/society/features/2011/05/top-one-percent-201105> & <http://www.cbpp.org/cms/index.cfm?fa=view&id=2908>
 5. <http://graphics8.nytimes.com/news/business/0915taxesandconomy.pdf> & <http://www.offthechartsblog.org/rattner-raise-capital-gains-and-dividend-rates-to-help-shrink-deficits/>
 6. <http://www.taxpolicycenter.org/taxtopics/federal-taxes-households.cfm> & <http://takingnote.blogs.nytimes.com/2012/09/18/the-47-percent/> & <http://www.nytimes.com/interactive/2012/11/30/us/rising-spending-declining-revenues.html?ref=us> & http://www.slate.com/articles/news_and_politics/the_great_divergence/features/2010/the_united_states_of_inequality/introducing_the_great_divergence.html
 7. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3849>