

The Delray Democrat

It Is Class Warfare We've Been Losing for a Half-Century¹

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Complaints that multimillionaires and multinationals don't pay their fair share of taxes are met with cries of "socialism" and "class warfare." Of course the socialism is for the obscenely rich, who have been practicing and winning class warfare since 1970, as the chart below makes abundantly clear. Not only has the share of all income going to the bottom 90 percent shrunk dramatically since 1970, but in the top 10%, the higher a taxpayer ranked the more his or her slice of the economic pie grew:

	Bottom 90%	90-95%	95-99%	99-99.5%	99.5-99.9%	99.9-99.99%	Top 0.01%
1970	67.10%	11.10%	12.70%	2.80%	3.50%	1.80%	1.00%
2017	52.44%	12.53%	16.97%	4.20%	6.19%	4.43%	3.24%
Change	-21.85%	12.88%	33.62%	50.00%	76.86%	146.11%	224.00%

Source: Perfectly Legal, by David Cay Johnston, based on data provided by economists Thomas Piketty and Emanuel Saez and updated in personal email by Mr. Johnston.

The burgeoning inequality is largely a function of under-taxation of the wealthiest Americans. The top tax bracket under Eisenhower was 91%, dropping to 70% under JFK, 28% under Reagan, and then bouncing between 31% and 39.6% under the next five presidents. After the Trump tax cut, it is 37%.

Further contributing to economic inequality is the favorable treatment afforded dividends and capital gains, which comprise the bulk of income earned by the uber-wealthy but little if any of the income earned by ordinary Americans (who generally don't benefit from tax deductions for yachts and private planes).

In the chart below, the tax rate decreases as the income increases. The top 1% are taxed at a higher rate than the top tenth of a percent, who pay a higher rate than the top hundredth, while the top thousandth pay the lowest rate of all of the megarich.

¹ *The Delray Democrat*, [September 2021](#), p. 5.

Percentile	Average Income	Average Tax Rate	"Buffet Rate"	Contribution to Treasury if Taxed at 30% Buffet Rate
Top 0.001%	\$121,450,346	20.98%	30.00%	\$250,474,176,700
Top 0.01%	\$28,359,690	22.98%	30.00%	\$460,570,178,600
Top 0.1%	\$5,990,129	24.79%	30.00%	\$718,837,089,400
Top 1%	\$1,225,357	24.90%	30.00%	\$1,410,805,487,900

Source: <https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-tax-rate-and-income-percentile>.

Indeed, as David Leonhardt [reported](#) in *The New York Times*, in 2018 the top 400 taxpayers paid a lower rate than almost anyone else.

This is not altogether surprising. Consider that the Social Security tax of 6.2% is only assessed on the first \$142,800 of income. Workers on salary earning under that cap pay the full 6.2%. Even the “poorest” of those in the above chart pay a small fraction of that, and the rate paid by the top-thousandth of a percent is a mere 0.00729%, a rounding error. And that’s why Warren Buffet famously claimed that he paid a lower tax rate than his secretary.

The average salary of an executive secretary to a CEO is \$83,161, resulting in an effective tax rate of 16.9%. Add 6.2% and that’s a higher rate than either the top hundredth or top thousandth of taxpayers pay.