

2023-2024 Topic Proposal: Economic Inequality

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Introduction and summary

Economic inequality permeates all areas of life in the United States and has a profound psychological and material influence on American society. Economic inequality influences life expectancy, physical and mental health, economic mobility and educational attainment.¹ It multiplies throughout generations and generates disenchantment with politics.² Due to its prominence in the lives of individuals, economic inequality is a “major theme in the American political dialogue.”³ As such, we propose **economic inequality** as the topic area for the 2023-2024 debate season.

Contemporary tomes have been dedicated to understanding this important issue from multiple perspectives. Economists, political scientists, legal scholars, philosophers, and people from many other fields have discussed a wide range of causes and potential solutions to this dilemma. Under our proposed topic, affirmative teams would advocate **fiscal redistribution** as the solution to economic inequality. Quite simply, this means that affirmative would advocate for a tax on the rich that transfers money to the poor. Affirmative teams would have plenty of flexibility to focus on different policies, including but not limited to a universal basic income, a federal job guarantee, a wealth tax, expanding social welfare programs, and increasing the federal minimum wage. Negative teams will have a wide arsenal of arguments at their disposal, such as arguments about workability, economic disruption, political feasibility, funding tradeoffs, or alternative ways to address economic inequality without fiscal redistribution.

The public education system portrays itself as a promoter of expanded opportunity, yet to fulfill this mission “the study of social inequality is more urgent than ever.”⁴ Students need a

¹ Paul Solman, “How economic inequality might affect a society’s well-being,” PBS News Hour, <https://www.pbs.org/newshour/show/how-economic-inequality-might-affect-a-societys-well-being>, 2019.

² Francisco Perez-Arce, Ernesto F. L. Amaral, Haijing Huang, & Carter C. Price, *Inequality and Opportunity: The Relationship Between Income Inequality and Intergenerational Transmission of Income*, RAND Corporation, 2016.

³ “How economic inequality,” 2019.

⁴ “The Importance of Inequality Studies,” 2021.

more comprehensive “understanding of how human disparities have developed, why they persist and how they continue to evolve over time.”⁵ Unfortunately, such a discussion has been relatively sparse in high school debate. Although economic inequality has been an ancillary feature of some recent topics, it has not been the core focus since the 2009-2010 social services topic.⁶

Students are interested in learning about economic inequality; however, they “face a lot of confusion” and “struggle to sift through the literature and separate rigorous scientifically based research from opinion pieces” on this important topic.⁷ A season of debate, focused specifically on economic inequality, can create an opportunity to fully engage with such an immense literature base and form fully developed opinions on issues that directly impact their everyday lives. Doing so is a precondition for “healing the wounds of the past, generating social solidarity and rebuilding a more just society.”⁸

⁵ “The Importance of Inequality Studies,” 2021.

⁶ “National Debate Resolutions,” NFHS, <https://www.nfhs.org/media/1018339/past-resolutions.pdf>, 2018.

⁷ Can Erbil & Geoffrey Sanzenbacher, “Why, When, and How to Teach the Fundamentals of Inequality in Principles,” Economists for Inclusive Prosperity, <https://econfip.org/policy-briefs/why-when-and-how-to-teach-the-fundamentals-of-inequality-in-principles/>, 2020.

⁸ William A. Darity Jr., Malachi Hacohen, & Adam Hollowell, “The Importance of Inequality Studies,” Inside Higher Ed, <https://www.insidehighered.com/views/2020/12/02/why-colleges-should-consider-developing-inequality-studies-opinion>, 2020.

Potential resolutions

Each resolution that we have designed requires the affirmative to fiscally redistribute economic resources in the United States. The phrase fiscal redistribution is well-defined. It requires a *tax* of the upper economic half of society, measured by income or wealth, and *transfer* of economic resources. This dual requirement guarantees the negative ground based on agent (Congress holds the power to tax) and based on distribution. We recommend that any resolution chosen include the phrase “fiscal redistribution.”

Our overwhelming favorite is resolution number one. It is simple, easy to explain and contains the core topic mechanism. In addition, it is not *too* limiting, because there are definitions that support different ways to enact fiscal redistribution. For example, there is strong evidence that says that fiscal redistribution *must* tax the rich and fund the poor. This is the most limiting interpretation, but one that still includes the core affirmative cases. There is also evidence that says that fiscal redistribution must tax the rich, but *can* fund universal initiatives like a federal jobs guarantee or universal income that would be open to more than just the poor. Even broader, there is evidence that the “transfer” part of redistribution can be cash transfers, price subsidies, or in-kind benefits. So, the affirmative is given substantial leeway in terms of what they can tax and where they can spend, but the negative is guaranteed a very specific mechanism to refute: tax and transfer.

In theory, one could remove the word “fiscal” from the resolution because there is evidence that the phrase “redistribution” alone ensures similar debates. The reason we chose not to do this is because there is also strong evidence that defines “redistribution” as a whole host of policy measures: trade adjustment, regulations, property rights, labor laws, affirmative action, etc. The word “fiscal” keeps the debate focused on tax and transfer of economic resources.

Despite their clear relevance to the topic at-hand, we have intentionally avoided including phrases like “inequality” “economic inequality” and “income inequality” in the resolutions. We feared that those phrases might lead to resolutions that mixed burdens: forcing an affirmative to solve economic inequality to be topical would lead to confusing debates that made winning topicality contingent on solvency. We also felt more comfortable with this choice because of the Luebker evidence in the definition section, which clearly ties redistribution to the purpose of reducing income inequality.

Resolution 1: Elegant, broad

The United States federal government should substantially increase fiscal redistribution in the United States.

Resolution 2: Public benefits

The United States federal government should substantially increase fiscal redistribution of public benefits in the United States.

Resolution 3: List

The United States federal government should fiscally redistribute economic resources in the United States by enacting one or more of the following policies: universal basic income, wealth tax, and/or expanded social security.

Resolution 4: Downward redistribution

The United States federal government should substantially increase downward redistribution of wealth in the United States.

Resolution 5: Means-tested wealth transfer

The United States federal government should substantially increase means-tested transfers of wealth in the United States.

Timeliness and Material

Economic inequality is a timely topic. Although inequality has been a central feature of American society for centuries, COVID-19 exposed the pernicious effects of economic inequality in the United States and demonstrated the failure of the social safety net. COVID-related emergency relief bills were impactful, but in many ways only “highlight the inadequacies” of the system.⁹ A recent “National Bureau of Economic Research study concluded,” that parts of the social safety net, including “housing subsidies, the Supplementary Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), Temporary Aid to Needy Families, and child care subsidies” amount to an “ill-funded labyrinthine system rife with arcane eligibility criteria that...actually aids fewer than half of low-income families and only a quarter of those without children.”¹⁰ Many of our students already feel these effects. Those that don’t may face heightened economic anxiety as they enter the workforce or begin to take on student loan debt.

However, this topic is not too timely: there is unlikely to be a sweeping fix to economic inequality in the coming years. Largely, this is because those benefiting from the current system are the ones that hold the most power. Thus, for the same reason there is a strong politics link, there is unlikely to be a major change in US policy:

But doing better won’t be easy—or perhaps even possible. American views on the government’s appropriate economic role differ substantially from those of Canadians and Europeans. Moreover, corporate money and that of the truly wealthy already massively influence our politics, a phenomenon intensified by recent Supreme Court decisions.

Proposals to fortify the safety net will, therefore, provoke formidable resistance from

⁹ Rajan Menon, “The Pandemic Tested Our Social Safety Net. It Failed.,” The Nation, <https://www.thenation.com/article/economy/covid-unemployment-inequality/>, 2021.

¹⁰ “The Pandemic Tested,” 2021.

armies of special interests, lobbyists, and plutocrats with the means to influence politicians. So if you're impatient for a better safety net, don't hold your breath.¹¹

The affirmatives that we view as ideal on this topic, a Universal Basic Income and Federal Jobs Guarantee, are even less likely to be implemented. Therefore, this topic hits the sweet spot: there is contemporary literature advocating for policies attempting to reduce in income inequality (which is fantastic for research purposes), but they are unlikely to occur (which guarantees affirmative inherency and negative uniqueness).

¹¹ "The Pandemic Tested," 2021.

Scope

Rising wealth inequality in the United States “is commonly understood as an issue for those who have less, and it certainly is;” however, “recent studies demonstrate that inequality is bad for everyone.”¹² Some of this impact is economic, people on the lower rungs of the economic ladder have less economic access and mobility due to inequality. There are also strong psychological impacts, those on the lower rungs of the economic ladder internalize their dispossession as their earned or deserved, which makes them feel less worthwhile.

Although every student is affected in some way by inequality, many students may not yet understand the true impact that inequality has. This topic would give students the language to name, and understand, some of the emotions they have about their economic status or the economic status of those around them. Students on the wealthier side of the spectrum may gain empathy for those in need. Students on the poorer side of the spectrum may understand that poverty and disenfranchisement are not earned or deserved, but, instead, are a systemic feature of unregulated capitalism.

¹² Chris Ingraham, “How rising inequality hurts everyone, even the rich.,” Washington Post, <https://www.washingtonpost.com/news/wonk/wp/2018/02/06/how-rising-inequality-hurts-everyone-even-the-rich/>, 2018.

Range and Interest

Debates about economic inequality are accessible for debaters of all skills. Most debaters are likely familiar with the concepts of economic inequality and income inequality; however, the complexities of the causes and solutions of said phenomenon are ripe for debate. Research on this topic is accessible for younger debaters, because of the numerous think tanks dedicated to producing material written in an accessible language. Major news organizations like the Washington Post, New York Times and Vox have published think-pieces clearly outlining the case for a Universal Basic Income.¹³ For more advanced researchers, there are peer-reviewed academic articles centered on the subject, some using complex economic and statistical modeling.¹⁴ Again, this topic hits a sweet spot. Mainstream public policy think tanks have created accessible advocates. Yet, the economists that have been writing for decades on the subject continue to churn out much more complex studies that older and more advanced debaters will find fruitful for both sides of the debate.

In addition to research, the topic area itself is likely to be found interesting by students of all interests. There are geopolitical effects of inequality, and political ones as well. Inequality stratifies society among racial, gender and ableist identity lines.¹⁵ Additionally, inequality is fundamentally central to much of the critical literature currently discussed in modern policy debate. In sum, we do not envision teachers and debate coaches having any difficulty motivating students to be interested in this topic.

¹³ Ishaan Tharoor, "The pandemic strengthens the case for universal basic income," Washington Post, <https://www.washingtonpost.com/world/2020/04/09/pandemic-strengthens-case-universal-basic-income/>, 2020.

¹⁴ Thomas Straubhaar, "On the economics of a universal basic income," *Intereconomics* 52, no. 2 (2017): 74-80.

¹⁵ David Grusky, *Social stratification, class, race, and gender in sociological perspective*, Routledge, 2019.

Quality

Centering debates on the important topic of economic inequality encourages students to investigate political, historical, scientific and economic discussions that are central to civic discourse. Because inequality intersects with all facets of life, this topic will keep the interest of debaters interested in economics, geopolitics, racial inequity, gender inequality, populism, and more.

Balanced affirmative and negative ground¹⁶

As debaters and coaches who have experience in all styles of policy debate, we aimed to make this topic workable for all levels of debate and experience. Affirmative can be creative in the development of cases by choosing not only what to tax, but how it is taxed, as well what to transfer those funds to. Beyond that, teams are also guaranteed to have many negative positions, from attacking the feasibility of the affirmative case's ability to resolve their harms, arguments predicated on the reactionary behavior of the wealthy and corporations that would be taxed, as well as critiques of the assumptions supporting the affirmative's evidence. This guarantees that students at all levels of debate and experience will be able to not only engage in the topic, but flourish.

Affirmative Ground

There are many approaches affirmative teams can take to the topic. The tax code currently benefits the wealthy through tax reductions for "pass-through businesses," capital gains exemptions and more.¹⁷ All of these loopholes are used by the wealthy to drastically reduce (and in some cases, eliminate) the taxes that they pay. Affirmative teams can close these loopholes and transfer the funds to challenge income or wealth inequality.

Beyond those loopholes, we also identified in our third resolution a list of specific approaches affirmative teams could take, namely: establishing a universal basic income,¹⁸ a

¹⁶ The evidence supporting these affirmative arguments can be found in the "supporting evidence" section of the document.

¹⁷ Adam Looney, "Funding our nation's priorities: Reforming the tax code's advantageous treatment of the wealthy", Brookings, <https://www.brookings.edu/testimonies/funding-our-nations-priorities-reforming-the-tax-codes-advantageous-treatment-of-the-wealthy/>, May 12th, 2021.

¹⁸ Kanni Wignaraja & Balazs Horvath, "Universal basic income is the answer to the inequalities exposed by COVID-19", World Economic Forum, <https://www.weforum.org/agenda/2020/04/covid-19-universal-basic-income-social-inequality/>, April 17th, 2020.

federal job guarantee,¹⁹ a wealth tax,²⁰ increasing the federal minimum wage,²¹ or expanding social security programs.²² All of these are directions that affirmatives could take in the transfer of resources to resolve inequality. Thus, they are topical under all of the proposed resolutions, not just the list. For the other proposed resolutions, and our preferred one, there are many more paths that teams could take to design and write their affirmative cases, but that research would all be guided by the mechanism of fiscally redistributing resources.

Advantage ground for all these proposals is vibrant. Teams could defend advantages based on lifting people out of poverty, stimulating economic growth, re-allocation of current federal funding to new goals, and more. Beyond the more general advantages affirmative teams could read, there are also specific advantages to each, such as advantages based on the jobs granted via a federal job guarantee, higher education and research and development through raising the minimum wage or establishing a universal basic income, and more. Debaters can also explore the impact of each policy on specific groups in the United States, namely people of color, as well as the impacts on their own communities. The vast depth of these policy proposals means that through expansive research, teams can not only produce numerous affirmative cases, but they can also begin to understand the specifics of each policy and understand the unique impact each proposal could have.

Negative Ground

¹⁹ Mark Paul et al., “A Path to Ending Poverty by Way of Ending Unemployment: A Federal Job Guarantee”, *The Russell Sage Foundation Journal of the Social Sciences*, February 2018.

²⁰ Steve Wamhoff, “A Wealth Tax Might Be Easier to Implement than You Think”, Institute on Taxation and Economic Policy, <https://itep.org/a-wealth-tax-might-be-easier-to-implement-than-you-think/> July 31st, 2019.

²¹ David Cooper et al., “Raising the federal minimum wage to \$15 by 2025 would lift the pay of 32 million workers”, Economic Policy Institute, <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2025-would-lift-the-pay-of-32-million-workers/> March 9th, 2021.

²² Kathleen Romig, “Social Security Lifts More People Above the Poverty Line Than Any Other Program”, Center on Budget and Policy Priorities, <https://www.cbpp.org/research/social-security/social-security-lifts-more-people-above-the-poverty-line-than-any-other> April 19th, 2022.

Given the simple and predictable mechanism of a tax and transfer that affirmative cases will likely be tied to, teams can also create numerous, predictable negative positions. First, teams can attack the feasibility of affirmative cases to resolve their harms. There are a few ways in which teams can do this, namely arguing that the wealthy would avoid paying their taxes as they do in the status quo,²³ or arguments that the funds the affirmative transfers would not be effectively used to combat inequality.²⁴ Teams could also argue against the significance of the affirmative's harms through providing studies that disprove the extent of inequality in the United States, as Anshu Siripurapu writes:

[E]xperts say that the harms from inequality are overstated. Analysts at the libertarian Cato Institute, for instance, argue that it makes more sense to focus on poverty because inequality does not matter so long as everyone is doing better. Also, entrepreneurship benefits society as a whole, even as it makes some individuals wealthy, they argue. The overall poverty rate in the United States fell sharply, by more than 10 percentage points, between 1959 and 1969, but it has since fluctuated around 12.5 percent.²⁵

Second, teams have a variety of disadvantages. As previously mentioned, there are strong links to many politics disadvantages about the viability and controversial nature of the affirmative case, and the fact that affirmative cases would use Congress.²⁶ Teams can also read disadvantages based on the economic impact of the affirmative, including excessive and

²³ Jesse Eisinger et al., "The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax", ProPublica, <https://www.propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records-reveal-how-the-wealthiest-avoid-income-tax> June 8th, 2021.

²⁴ Mona Charen, "Throwing money at problems won't necessarily fix them", Boston Herald, <https://www.bostonherald.com/2019/06/29/throwing-money-at-problems-wont-necessarily-fix-them/>

²⁵ Anshu Siripurapu, "The U.S. Inequality Debate", Council on Foreign Relations, <https://www.cfr.org/backgrounder/us-inequality-debate>, April 20th, 2022

²⁶ "The Pandemic Tested," 2021.

unpredictable taxation, business confidence,²⁷ stock trading,²⁸ or about economic growth in general.

Negative teams can also read counterplans with those disadvantages as net benefits. Examples include counterplans that don't tax, tax something different than the affirmative, institute regressive taxes, modify the process of taxing to include businesses in the process of drafting the taxes, or counterplans that use alternative mechanisms from tax and transfer, such as regulations, to resolve the affirmative case's harms. The Bozio evidence clearly identifies the alternative to fiscal redistribution that could potentially address inequality.

Beyond those, teams could also argue the traditional states counterplan and federalism disadvantage debate. At the core of the discussion of tax and transfer, there is a question about which government level taxes should be implemented, as both state governments and the federal government have tax systems, as Ruth Mason writes:

If Congress uses tax expenditures and penalties to regulate areas traditionally or constitutionally reserved to the states, then such tax regulation raises federalism concerns similar to those raised when Congress makes conditional grants to the states. Thus, to the extent that we are concerned about the federalism impact of conditional grants, arguably we also should be concerned about the federalism impact of tax expenditures and penalties.²⁹

This fundamental question of where the taxing should happen leads to teams having to develop their affirmative cases to answer that question, leading to more in-depth research on reasons the

²⁷ Panagiotis Konstantinou and Athanasios Tagkalakis, "Boosting confidence: Is there a role for fiscal policy?", *Economic Modelling*, Volume 28, Issue 4, July 2011.

²⁸ Lawrence Cunningham, "How the new and higher taxes that Biden and Congress are pushing would hurt stock investors and consumers", MarketWatch, <https://www.marketwatch.com/story/how-the-new-and-higher-taxes-that-biden-and-congress-are-pushing-would-hurt-stock-investors-and-consumers-11632295330> September 25th, 2021

²⁹ Ruth Mason, "Federalism and the Taxing Power", *California Law Review*, Volume 99, Number 4, August 2011

federal government is necessary. During the review process, a concern was raised that affirmatives could potentially tax anything (arms sales, weapons, carbon, etc.), which would lead to unpredictable advantages. This concern can be addressed in two ways. First, the negative can argue that the tax and transfer must be in a redistributive direction. That means that the tax must exclusively target the wealthy and then give that money to the poor. Several of the seemingly extraneous taxes, like Value Added or carbon tax, would be universal and therefore not be redistributive. We believe that the negative would have success with that topicality argument. Second, the negative can read a counterplan to impose that tax, but not transfer the resources in a redistributive fashion. If a 1AC was constructed entirely around “tax good” but didn’t have a strong defense of transferring those resources to the poor, this counterplan would have a high likelihood of victory.

Pre-evidence conclusion

Economic inequality holds great potential as a debate topic. Nationally, K-12 students are interested in the issue, but generally lack the knowledge necessary to successfully identify causes and solutions to problems related to economic inequality. The topic has strong affirmative advocates and disadvantages that allow negative teams to engage with qualified evidence.

This paper has thus far been written as a topic paper, not as a debate brief. Admittedly, it has been reliant on footnote and asserted the existence of compelling arguments on both sides of the debate. In what follows, we break with the prose. Instead, briefed evidence will be found that supports: definitions of terms in the resolution, affirmative advocates and tools to write affirmative advantages, and negative arguments.

Definitions

“Federal Government” means the United States government

Black’s Law 99 (Dictionary, Seventh Edition, p.703)

Federal Government

The U.S. government—also termed national government

Fiscal redistribution requires a direct governmental intervention through a tax and transfer of resources. Both elements are required.

Luebker 15, Senior Researcher at the Institute of Social and Economic Research (WSI), Hans Boeckler Foundation (Malte, “Redistribution Policies,” final version is available in *Labour Markets, Institutions and Inequality: Building Just Societies in the 21st Century*, edited by Janine Berg, published in 2015 by Edward Elgar Publishing Ltd., Cheltenham, https://www.researchgate.net/profile/Malte-Luebker-2/publication/298075483_Redistribution_policies/links/591d93c60f7e9b642817b774/Redistribution-policies.pdf)

In dictionaries, redistribution is defined as “to alter the distribution of” something.² This is a useful starting point:

what follows is that income redistribution policies encompass all government interventions that alter the distribution of incomes, including those that affect the primary distribution of incomes. As argued in Part II of this volume, granting collective bargaining rights (or denying them) has consequences for the functional distribution of incomes and for wage inequality, as do minimum wages. However, governments alter the primary distribution of incomes in other, often even less visible ways. For instance, the liberalization of financial markets since the 1980s is widely believed to have contributed to a concentration of incomes at the top, and to a shift away from wages and towards profits (see Stiglitz, 2012; ILO, 2012). Likewise, trade liberalization has differential impacts on the incomes of various groups in society (see Jansen and Lee, 2007). Such a broad definition of redistribution underlines the fact that most government action has redistributive consequences. To gain support for unpopular decisions such as the opening of trade, governments sometimes try to compensate the losers and impose a corresponding tax on the winners (ibid.). At this stage, redistribution becomes more apparent since it directly alters the primary distribution of incomes. This direct intervention in the form of taxes and transfers is commonly at the heart of public debates over redistribution, simply because it is more visible, even though the impact can be minuscule when compared the original policy decision. For example, trade compensation schemes are commonly thought to redistribute less than 5 per cent of the gains from trade (ibid.: 75). The concept of fiscal redistribution captures these direct interventions that governments make through taxes and transfers. A key policy concern is often their net effect on income inequality, usually expressed as the change in a summary measure such as the Gini coefficient between the primary and secondary distribution. The impact can be further disaggregated into the direct effect of taxes and mandatory social contributions and the contribution of transfers (see section 6). Tax policies play a crucial role for both aspects: They determine how much resources are at the disposal of governments for social policies, but the structure of the tax code by itself has an impact on inequality. At one extreme, income taxes can be regressive, i.e. the tax rates are lower for those with higher incomes. An example for a tax that widens inequality is the ‘poll tax’, an equal lump sum paid by every resident. However, although the top marginal tax rates have fallen substantially across the industrialized world since the 1970s, modern tax systems are still typically progressive and tax rates increase with incomes.³ The result is that the rich pay (or are expected to pay) a greater share of their income as taxes, and that inequality after taxes is lower than before taxes. Between these two models lie distribution-neutral regimes with flat tax rates, where everybody pays the same proportion of her or his income in tax.

Fiscal redistribution requires direct quantitative easing or taxation—it excludes effectual redistribution of government regulation.

Hicks & Swank ’84 — Alexander Hicks, Northwestern University; Duane H. Swank, Marquette University; 1984;

“GOVERNMENTAL REDISTRIBUTION IN RICH CAPITALIST DEMOCRACIES”; *Policy Studies Journal*, Vol. 13, Issue 1; University of Kansas Libraries, ProQuest

GOVERNMENTAL REDISTRIBUTION

Governments may affect the redistribution of income by a variety of means. They may do so fiscally; that is, by means of government expenditure and revenue flows. And they may do so normatively; that is, by means of preponderantly regulatory as opposed to monetary influences. They may do so directly; that is, by means of the net, direct, immediate (first-order) give and take of expenditure benefits and revenue burdens. They may also do so indirectly; that is, by relatively long-term and multi-stage processes, as when transfers to high-income persons employing low income household members stimulate low-income employment and earnings.

These four modes of governmental redistribution of income — fiscal and normative, direct and indirect — are cross-classified below to generate a typology of types of governmental redistribution. Four types result:

1. **direct fiscal redistribution**, exemplified by net, **first-order shifts** in income distributions **resulting from** **government cash transfer**, **tax extraction**, and so on;
2. **indirect fiscal redistribution**, exemplified by the relatively **indirect**, **second-to-final-order** impacts of **(Keynesian) fiscal policy** upon economic activity and, as a result, **income dispersion**;
3. **direct normative redistribution**, exemplified by the relatively direct (and **intentional**) impacts of **regulatory policies in labor** and other **factor markets** (e.g. **open-shop** or **affirmative action** legislation); and
4. **indirect normative redistribution**, exemplified by the more circuitous **redistributive effects** of **property** and **contract law** upon **possession**, **exchange** and, **in effect**, **redistribution**.

The typology is presented in Table 1.

Table 1

Types of Governmental Redistribution Defined by Combinations of Fiscal and Normative Policy Means and Direct and Indirect Policy Impacts

	Fiscal	Formative
Direct	Direct Fiscal e.g., progressive taxation	Direct normative e.g. affirmative action
Indirect	Indirect Fiscal e.g., high-employment policy	Indirect Normative e.g., property rights

The “tax” part of the tax-and-transfer requirement could be a progressive income tax, but not a regressive sales tax

Hicks ’86 — Alexander Hicks, Northwestern University; 1986; “CLASS INFLUENCE ON REDISTRIBUTIVE POLICY: THE CASE OF U.S. STATE GOVERNMENTS, 1951-1961*”; *Journal of Political and Military Sociology*, Vol. 14; University of Kansas Libraries, JSTOR

The present redistributive policy focus is on a particular type of government redistribution that may be called direct fiscal redistribution to the poor (hereafter DFRP). **Fiscal redistribution** refers here to redistribution of **money** and **in-kind income** among strata of households by means of **both** government **spending** and **taxing** (i.e., **fiscal**) activities. For example, increased **generosity** in public assistance **payment** levels and reliance upon **progressive income** as opposed to **regressive sales taxes** can provide positive **fiscal redistribution**. Direct fiscal redistribution refers to that part of such redistribution that can be accounted for in terms of government's relatively **direct** and immediate **give-and-take** of expenditures and **taxes** to and from income **strata** of households. Current evidence suggests that such redistribution is considerable in advanced capitalist political democracies, especially vis-à-vis the poor (e.g., Reynolds and Smolensky, 1977; Hicks and Swank, 1984b). During the 1970s DFRP apparently augmented the “pre-fisc” income share of poor households in the U.S. by over 100 percent (see Reynolds and Smolensky, 1977: 74 on the U.S.; and Hicks and Swank, 1984b on advanced capitalism).

The “transfer” part of tax and transfer allows for spending on education and health, in addition to cash transfers

Lustig & Higgins ’18 — Nora Lustig; Sean Higgins; “Commitment to Equity Handbook: Estimating the Impact of Fiscal Policy on Inequality and Poverty”; *Brookings Institution*, ISBN: 978-0-8157-3221-1, Chapter 1: THE CEQ ASSESSMENT Measuring the Impact of Fiscal Policy on Inequality and Poverty; University of Kansas Libraries, Springer

1 The Theory of Fiscal Redistribution: Key Analytical Insights

In this Handbook, **“fiscal redistribution”** refers to the process by which the state **collects revenues** from individuals and households (primarily **through taxes**) and spends these **revenues** on benefits (for example, **cash transfers**, **price subsidies**, and in-kind **benefits** such as **education** and **health**) intended for **specific** individuals and households. In so doing, the state changes the postfiscal **income distribution** and **poverty rates** that would have prevailed in the absence of fiscal policy. Because of behavioral responses and general equilibrium effects, fiscal policy can also change the prefiscal income distribution and poverty rates. While at this point the CEQ Assessments do not estimate the counterfactual prefiscal income with these second-round effects in place, it is important to note that the analytical insights presented here and in chapters 2 (Enami, Lustig, and Aranda), 3 (Enami), 4 (Higgins and Lustig), and 5 (Enami) apply to fiscally included income redistribution regardless of the method used to estimate its extent. That is, **regardless of whether** **fiscal redistribution** is **calculated** using **run-of-the-mill** fiscal incidence analysis, microsimulation methods, or partial or general **equilibrium** modeling, the theoretical results discussed below and in the next four chapters apply.

In addition to the **taxes** and **benefits** currently included in the CEQ Assessments, **the state**, or course, **also spends on** **public goods**, and collects **revenues** from and spends on **subsidies** that benefit **corporations** as well.

While spending on **public goods** and **taxing** and **subsidizing** corporations also have **redistributive effects**, these forms of revenue collection and spending are not considered in the CEQ Assessment tool (at least, not for the moment).

The phrase “redistribution” alone also guarantees the “tax and transfer” requirement on affirmatives.

Sharony, Mizrahi and Malul **16**, * Lecturer at Ben Gurion University of the Negev (Chen, Shlomo and Miki, “Public Preferences for Redistribution and Policy Outcomes: A Comparative Study,” European Social Survey, https://www.europeansocialsurvey.org/docs/about/conference/SHARONY_Public-preferences-for-redistribution.pdf)

The study deals with public preferences concerning **redistribution policy**, and their effect on actual policy. **Redistribution is defined** in the literature as a reduction of inequalities in the distribution of wealth through **government taxes and transfers** (Durante & Putterman, 2009). There is a mismatch between public preferences and policy in this field in certain countries. That is, in some countries the public displays a high demand for redistribution policy, but the government's social spending is low or vice versa.

Redistribution means tax and benefits, but it must be a progressive tax.

Brewer 12, Professor of Economics, et al (Mike, “Lifetime inequality and redistribution,” <https://ifs.org.uk/wps/wp1223.pdf>)

Throughout, we use the term redistribution applied to **tax and benefits systems** to signify inequality reducing policies, which is achieved when the relative position of individuals at the bottom of the earned income distribution is improved by the **tax and benefits** system. Thus, for example, a pure flat tax rate would not be redistributive; instead, it is the **progressivity** of the tax system that makes it redistributive. A progressive tax system is one where the average tax rate (ATR) is increasing in earned equivalised income, where the ATR is the ratio of total family tax liability (net of benefits) to earned income.

There is evidence that might allow affirmative flexibility beyond tax and transfer. Cards like this support a slightly more expanded affirmative toolbox.

Jeffery **Miron**, 20**21** (“Rethinking Redistribution,” <https://www.nationalaffairs.com/publications/detail/rethinking-redistribution>)

Whether one agrees with it or not, this popular understanding of **redistribution**'s purpose yields some useful criteria for assessing the degree to which our redistribution programs are actually succeeding. The aims of helping the poor and minimizing harm to everyone else, in other words, offer some specific ends against which our means of redistribution can be tested.

By and large, those means **take three forms**. First, there are direct anti-poverty programs, like Temporary Assistance to Needy Families (what we commonly think of as welfare), food stamps, Medicaid, and the Earned Income Tax Credit. **Second**, there is progressive taxation, which transfers wealth from richer to poorer Americans across the income distribution. And **third**, there are policies that tilt economic outcomes in specific markets to benefit people with lower incomes (minimum-wage laws are a classic example).

Some might be worried about the “reverse robin hood” affirmative that takes from the poor and gives to the rich. There is in fact some evidence to support it.

Dyck ‘5 — Dagmar Dyck, Department of Finance, Government of Canada; 2005; “Fiscal Redistribution in Canada, 1994-2000”; *Canadian Tax Journal*, Vol. 53, No. 4; University of Kansas Libraries, Hein Online

The policy decisions of governments, whether at the federal, provincial, or local level or in the public pension sector (Canada Pension Plan/Quebec Pension Plan (C/QPP)) have an impact on Canadians' pocketbooks. **Families pay taxes in exchange for the benefits of government expenditure, such as unemployment insurance, health care, or defence**. Of course, the exchange is not exact for all families—**taxes may be either more or less than benefits received**—and so there may be a broad relationship between a family's income and its gain or loss from the **fiscal operations** of government. This gain or loss may be called **“fiscal redistribution.”** Fiscal redistribution could **vary from** the situation, at **one extreme, where all tax revenues are collected from higher income groups and all benefits are distributed to lower income groups (“government as Robin Hood”) to the other extreme, where lower income groups pay all of the taxes** while higher income groups receive all of the benefits (“government as **reverse Robin Hood**”).' This article examines where the Canadian public sector fits on this continuum by first

apportioning, across all family income groups, both the amount of taxes paid and the amount of benefits received, and then attempting to determine the impact of fiscal redistribution across and between income groups.

However, there is evidence to refute that interpretation that we believe would be successful, based on other T standards (like limits and bidirectionality)

—Italics in original

Altshuler '10 — Alan Altshuler, John F. Kennedy School of Government, Harvard University; 2010; “Equity, Pricing, and Surface Transportation Politics”; Committee on the Equity Implications of Evolving Transportation Finance Mechanisms Transportation Research Board, Special Report 303; <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.352.4960&rep=rep1&type=pdf>

Few public initiatives in surface transportation are crafted and promoted mainly to further equity objectives. Once they are in the political arena, however, equity claims are generally prominent in debates about them. The most successful equity claims, historically, have been principally those in the second set (benefits should be proportional to payments) rather than the first (government should tilt in favor of the poor and weak).

Two caveats, however. **Redistribution** is a significant if secondary **theme** of urban mass transit policy. **And the** defensive

redistributive concept here labeled Do No Harm **serves as an important constraint on** initiatives in the overall surface transportation arena, **ranging from** construction proposals entailing **displacement of residents to** **fiscal proposals that would accentuate** current **disparities between advantaged and disadvantaged groups.**

TABLE 1 Equity Concepts

Theme	Definition & Elaboration
Redistributive	Government action should seek to offset private sector inequalities.
	Variant 1: Fiscal Redistribution. Defined here, for the sake of parsimony, simply as absolute transfers from more to less affluent groups, and at times special benefits for those with disabilities.
	Variant 2. Do No Harm. Public initiatives should, insofar as possible, leave no one worse off.
Return-to-Source	Public benefits should flow in proportion to fiscal (or at times other pertinent) contributions.
	Variant 1: Fee-for-Service. In the public realm, typically collective (calculated for groups, such as highway users, rather than individuals).
	Variant 2: Geographic. Benefits should flow from higher to lower level governments in proportion to revenue flows from the lower to higher.

Fiscal redistribution must go from higher-income folks to lower-income folks

Mulle '18 — Emmanuel Dalle Mulle, Researcher, Graduate Institute of International and Development Studies, Geneva; 2018; “The Nationalism of the Rich: Discourses and Strategies of Separatist Parties in Catalonia, Flanders, Northern Italy and Scotland”; *Routledge*, ISBN: 978-1-315-15895-2, Chapter 2: Catalonia Fiscal plundering and the end of federalism; University of Kansas Libraries, Taylor & Francis

The formation of ERC’s claims of fiscal exploitation and their degree of credibility also depend on other factors than just the existence of a fiscal deficit with the central administration. **While the ‘adequate’ level of social redistribution is a political question**

that does not concern us here, what can be discussed from a technical perspective is whether there are

major flaws in **the system** that **might nourish** discontent with **concrete forms of social redistribution.** Ways of **looking at this include** the evaluation of: **overcompensation effects,** considerations of efficiency and regional **economic convergence,** trends in **taxation** and **public finances,** and the overall **evolution of the economy.**

A minimal definition of fiscal redistribution entails that regions should contribute in accordance with their income but receive equal per capita spending. Hence, those with a higher than average income should be net contributors and those with a lower one net recipients. Uriel and Barberan (2007, p. 412) show that,

in the period 1991–2005, Catalonia’s position was in line with this assumption. Yet, there also are some overcompensation effects,⁶ although

their **precise size is unclear**. Using data for 2005, Espasa and Bosch (2010) argued that Catalonia received between 12 per cent and 14 per cent less than the Spanish average. Yet, De la Fuente (2005) calculated the same amount at 6 per cent below the average for the period 1990–97. Furthermore, this has affected other contributory regions and not exclusively Catalonia (Tortella 2016, pp. 441–443). **What**, instead, seems to be **uncontroversial** is the disproportionately low amount of infrastructural **investment** received by Catalonia. De la Fuente – who has otherwise provided very **conservative estimates of the fiscal deficit** (e.g. De la Fuente 2001) – has **pointed out** that the Generalitat received **less investment than all other** autonomous **communities** during the 1990s. **Such spending represents a small share of the deficit** claimed by ERC, **but it probably had a sizable negative impact on the development of the Catalan economy** in recent years.

More evidence that redistribution must go from the rich to the poor

Decoster and **Camp 98** (Andre and Guy Van, “The unit of analysis in microsimulation models for personal income taxes: fiscal unit or household?,” Center for Economic Studies, Papre DPS 98.33)
If the main objective of the evaluation of a tax reform is to give empirical content to the redistributive effects of different tax systems before and after the reforms, a formal expression of the concept of redistribution is required. **Redistribution is defined** here **as the shift of income which occurs in the post-tax distribution from high to low incomes**. Hence, it can be measured by comparing the pre-tax Lorenz curve with the post-tax concentration curve. Our measure of redistributive effect is therefore defined as: $\Pi [] RS = - \int L p L p dp XT X - 2 0 1 () ()$ (2) where the superscript of IIRS refers to Reynolds and Smolensky (1977) who applied this measure to the US tax system, and $L p x f x dx X y () = \int \mu 0 0 1 \leq = p p F y$ and $() (3) L p x t x f x dx t X T y = - - \int () () () \mu () 1 0 0 1 \leq = p p F y$ and $() (4)$ are, respectively, the Lorenz curve of pre-tax income (x) and the concentration curve with respect to pre-tax income of after-tax income $(x - tx - ())$, with: p : the population shares of the pre-tax distribution $f(x)$: the density function of x $F(x)$: the distribution function of x μ : mean income (pre tax) $t(x)$: the tax liability corresponding with taxable income x t : the average tax rate.

Redistribution must reduce the incentive to accumulate wealth

Rehme 7, Professor of Economics @ Technische Universität Darmstadt (Gunther, “Economic Growth and (Re-)Distributive Policies in a Non-cooperative World,” Journal of Economics, 91.1)

Following Alesina and Rodrik’s paper **redistribution is defined** here **as any policy that reduces the incentive to accumulate**. Taking growth maximizing policies as a benchmark has its virtues since people appear to have difficulties disentangling the relationship between utility enhancing income growth and the distribution of income at each point in time. See, e.g. Amiel and Cowell (1999). Thus, any policy s_5 ’s redistributes and lowers growth in the model.¹⁹

Fiscal redistribution must fund the public sector, which excludes the “transfer resources to businesses” affirmative.

Savkova ’21 — Mariela Savkova, Thematic Compendium, citing World Bank fiscal redistribution definition, Ph.D., Department of European Studies of Sofia University; 2021; “PERSPECTIVES OF SUSTAINABLE DEVELOPMENT, CLIMATE CHANGE AND HEALTH – GLOBALLY AND LOCALLY – Thematic Compendium”; Belgrade, *Thematic Compendium*, ISBN-978-86-82825-22-7; Research Gate
Fiscal redistribution - in regional science, **the term “fiscal redistribution” means the redistribution of resources** generated by the **economy**. **There is a proportionate correlation between the percentage of public resources (investments) and the weight of the public sector in the economy**. (Inchauste, G., Karver, 2019, p.646).

This might be feeling excessive, but we are trying to demonstrate an overwhelming consensus. Redistribution is a government policy, reducing inequality, through a tax and transfer.

Jorge **Martinez-Vazquez 12**, et al, Professor of Economics (The Impact of Tax and Expenditure Policies on Income Distribution: Evidence from a Large Panel of Countries, International Center for Public Policy Working Paper 12-25)
Income inequality is measured here by the Gini coefficient, although of course inequality has many other dimensions. ¹⁷ **The term “redistribution” is used to mean a reduction in income inequality** as measured by the Gini coefficients **as the result of government policies** controlling for other factors that typically have been identified in the past literature as significant determinants of income distribution. **On the side of government policies we consider all** direct and indirect **taxes**. ¹⁸ **as well as** a variety of government **expenditures** beyond social welfare expenditures.¹⁹ We take a long run view of how tax and expenditure policies may have affected income distribution over a continuum of 30 + years. . Using a multi-country study can be criticized because even though income distribution is affected by a set of common factors across countries, there are many institutions and processes that are particular to each country that cannot be reflected in the variables used in the regression. However, this issue is minimized because in our estimation technique we control for those fixed country effects.

We also wanted to include some definitions of “fiscal” that help support the argument that the affirmative is required to tax.

Fiscal’ requires either taxation or sub-taxation royalty measures that are deposited in a states treasury and expended for either governmental or public needs.

Keith et al. ’13 — Kenneth Keith, Judge, International Center for Settlement of Investment Disputes; L.Yves Fortier, Tribunal Member; Georges Abi-Saab, Professor, and Tribunal Member; Gonzalo Flores, Secretary of the Tribunal; 2013; “CONOCOPHILLIPS PETROZUATA B.V. CONOCOPHILLIPS HAMACA B.V. CONOCOPHILLIPS GULF OF PARIA B. AND CONOCOPHILLIPS COMPANY THE CLAIMANTS V. BOUVARIAN REPUBLIC OF VENEZUELA THE RESPONDENT”; International Center for Settlement of Investment Disputes, Washington DC, ICSID No. ARB/07/30; University of Kansas Libraries, Hein Online
(c) The Tribunal’s Conclusion That the Relevant Measures Fall Within Article 4

330. The positions of the Parties as presented by the Parties during the course of the arbitration indicate that the **tax and royalty measures constitute a “fiscal regime”**. That understanding of the opening phrase in Article 4 is **supported by the first meaning of “fiscal”** in the Oxford English Dictionary:

“of or **pertaining to the fisc or treasury** of a State or Prince; pertaining to the **public revenue**”.

To go to the noun, **the applicable definition of “fisc” is the State treasury Royalties such as those** in issue here are **payable to the State. The royalties, along with the taxes, are part of the public revenue.**

331. It may also be noted that **in terms of standard legal definitions of tax**, such as those in Black’s Law Dictionary and Thomas M Cooley’s writings on taxes and constitutional law, **royalties such as those here may well qualify as taxes**. Those definitions involve a **charge levied by the State** by virtue of its sovereignty **to yield public revenue for the support of government and for all public needs**. The Tribunal need not, however, decide that issue since **royalties appear** without any question to **fall within** the compendious phrase used at the beginning of Article 4 and in particular within **“fiscal deductions”**.

‘Fiscal’ is tax efficiency in opposition to economic burdens—examples

Gunnarsson ’20 — Asa Gunnarsson, Professor of Tax Law, Umea University. Former Coordinator of the Horizon2020 Project; 2020; “FAIR AND SUSTAINABLE TAXATION—FROM A EUROPEAN HORIZON”; *Florida Tax Review*, Vol. 23, No. 2; University of Kansas Libraries, Hein Online

Fiscal taxation for economic growth, implemented by tax neutrality as a guiding principle, has since the beginning of the 1980s, become a dominant view on tax sustainability. **Fiscal is defined as efficiency in relation to optimal tax theory, which basically is to avoid distorting tax regulations that are regarded to cause unwanted excess burdens in the economy**. This has been described as an ideological hegemony, which on a global scale has institutionalized a one-path model for taxing for economic growth in tax law design.⁸ **The main features of these tax reforms can briefly be summarized as follows:**

- **Broader labour income tax bases** but low progressivity;
- **A moderate taxation of capital and corporations;**
- **Uniform tax rates applied on the consumption of goods and services;**
- **Introduction of in-work tax subsidies;**
- **A shift from direct taxes to indirect taxes.**⁹

Neutral taxation benchmarks taxes that distort the economic efficiency of market processes as little as possible, implying a trade-off between efficiency and equity. Redistributive taxes and transfers are regarded as negatively affecting incentives to work, save, and earn income. **The idea of a trade-off between equity and efficiency is at the core of the optimal income tax problem.**¹⁰

Resolution number two includes the phrase “public benefits.” Although this is not a resolution we recommend, we are including the definitions that made us think it was worthy of including in the topic paper.

‘Public benefits’ is defined by the DHS and previously excluded non-cash payments, but has since been broadened to include 6 distinct affirmative areas.

Wilkinson ’20 — J. Harvie Wilkinson III, Judge, United States Court of Appeals, Fourth Circuit; 2020; “CASA de Md., Inc. v. Trump”; United States Court of Appeals for the Fourth Circuit, No. 19-2222; University of Kansas Libraries, Lexis
Regarding the types of public benefits that could render an alien a public charge, the 1999 Proposed Rule explained that it has “never been [INS] policy that the receipt of any public service or benefit must be considered for public charge purposes.” See 64 Fed. Reg. at 28,678. Indeed, the 1999 Proposed Rule explicitly stated that because “[n]on-cash benefits, such as [s]upplemental [n]utrition [a]ssistance [p]rograms, are by their nature supplemental and frequently support the general welfare,” acceptance thereof should not be considered in public charge analyses. Id. Consequently, the 1999 Proposed Rule related that only the acceptance of “public cash assistance” or “institutionaliz[ation] for long-term care” should be factored into the public charge analysis. Id. Finally, the 1999 Proposed Rule adopted longstanding principles derived from the public charge precedents, such as the requirement that immigration officials employ a “totality of the circumstances” approach in “making a [**123] prospective public charge decision.” Id. at 28,679. Although the 1999 Proposed Rule provided new details regarding public charge determinations, nothing therein purported to change the established meaning of the term “public charge.” On the contrary, the 1999 Proposed Rule actually sought to codify the definition derived from the term’s historical usage. See 64 Fed. Reg. at 28,677. Ultimately, however, the 1999 Proposed Rule was not finalized.
[*275] Notwithstanding the failure to finalize the 1999 Proposed Rule, its definition of “public charge” was nevertheless implemented by the INS via a document entitled “Field Guidance on Deportability and Inadmissibility on Public Charge Grounds.” See 64 Fed. Reg. 28,689 (Mar. 26, 1999) (the “1999 Field Guidance”). The INS issued the 1999 Field Guidance two months before the 1999 Proposed Rule as a stopgap measure to clarify confusion surrounding the interplay between the Public Charge Statute and the Welfare Reform Act pending finalization of the 1999 Proposed Rule. To that end, the 1999 Field Guidance immediately adopted the definition of the term “public charge” contained in the 1999 Proposed Rule and barred immigration officials making public charge determinations from placing “any weight on the receipt of non-cash [**124] public benefits (other than institutionalization) or the receipt of cash benefits for purposes other than for income maintenance.” Id. at 28,689. Importantly, like the 1999 Proposed Rule, the 1999 Field Guidance explicitly contemplated that its definition of “public charge” would not significantly alter public charge determinations. Id. at 28,692 (explaining that the 1999 Field Guidance’s definition should not “substantially change the number of aliens who will be found . . . inadmissible as public charges”). After its adoption, the 1999 Field Guidance controlled public charge determinations until the promulgation of the DHS Rule in 2018.
* * *

In sum, this review of the history of the term “public charge” reveals a simple truth that the panel majority and DHS fail to acknowledge: since its first use in 1882, the term has consistently described aliens who are significantly dependent on the government. The text, structure, legislative history, and judicial interpretations of the various public charge provisions permit no other conclusion. It is against this consistent history that the DHS Rule must be evaluated.
2.

Turning now to the DHS Rule, DHS promulgated it on August 14, 2019, pursuant to its rulemaking authority [**125] under the INA and the APA. See 84 Fed. Reg. 41,501 (Aug. 14, 2019). Put simply, the Rule extraordinarily expands the definition of “public charge,” resulting in a definition of staggering breadth.

The DHS Rule’s expansive sweep can be gleaned from its definitions alone. To that end, the Rule says that a “public charge” is “an alien who receives one or more public benefits . . . for more than 12 months in the aggregate within any 36-month period (such that, for instance, receipt of two benefits in one month counts as two months).” See 84 Fed. Reg. at 41,501. And the term “public benefit,” as used in the Rule, includes: (1) “[a]ny Federal, State, local, or tribal cash assistance for income maintenance (other than tax credits); (2) “Supplemental Nutrition Assistance Program (SNAP); (3) “Section 8 Housing Assistance”; (4) “Section 8 Project-Based Rental Assistance”; (5) certain Medicaid services; and (6) “Public Housing under section 9 of the U.S. Housing Act of 1937.” Id. Moreover, the Rule provides specific guidance regarding how immigration officials should conduct public charge assessments. To be sure, the Rule purportedly retains the totality-of-the-circumstances evaluation that has long applied to public charge determinations, but that evaluation is now singularly [**126] focused on whether an alien is “more likely than not at any time in the future to receive one or more public benefits . . . for more than 12 months in the aggregate within any 36-month [**276] period.” Id. at 41,502. 8 Owing to the confluence of the Rule’s various provisions, an alien can now be deemed a public charge predicated on the potential acceptance of a small amount of government benefits for a short period of time.

‘Public benefits’ includes medical care and health services, along with a litany of other social services appropriated by the government

Ceisler ’21 — Ellen H. Ceisler, Judge, Pennsylvania Commonwealth Court, First Judicial District; 2021; “Ramirez v. Dep’t of Human Servs.”; Commonwealth Court of Pennsylvania, No. 60 C.D. 2020; University of Kansas Libraries, Lexis
Even so, this does not mean that Ramirez is entitled to receive them. Despite the Department’s erroneous reasoning, it remains that “we may affirm an agency’s decision ‘on other grounds where grounds for affirmance exist.’” Turner v. Unemployment Comp. Bd. of Rev., 899 A.2d 381, 385 (Pa. Cmwlth. 2006) (quoting Kutnyak v. Dep’t of Corr., 748 A.2d 1275, 1279 n. 9 (Pa. Cmwlth. 2000)). In this situation, another law, 8 U.S.C. § 1621, bars Ramirez from receiving GA medical benefits. This statute reads as follows:

(a) In general

Notwithstanding any other provision of law and except as provided in subsections (b) and (d), an alien who is not—

(1) a qualified alien (as defined in section 1641 of this title),
 (2) a nonimmigrant [*8] under the Immigration and Nationality Act, or
 (3) an alien who is paroled into the United States under section 212(d)(5) of such Act for less than one year,
 is not eligible for any State or local public benefit (as defined in subsection (c)).

(b) Exceptions
 Subsection (a) shall not apply with respect to the following State or local public benefits:
 (1) Assistance for health care items and services that are necessary for the treatment of an emergency medical condition (as defined in section 1396b(v)(3) of Title 42) of the alien involved and are not related to an organ transplant procedure.
 (2) Short-term, non-cash, in-kind emergency disaster relief.
 (3) Public health assistance for immunizations with respect to immunizable diseases and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by a communicable disease.
 (4) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (A) deliver in-kind services at the community level, including through public or private nonprofit agencies; [*9] (B) do not condition the provision of assistance, the amount of assistance provided, or the cost of assistance provided on the individual recipient's income or resources; and (C) are necessary for the protection of life or safety.

(c) "State or local **public benefit**" **defined**
 (1) Except as provided in paragraphs (2) and (3), for purposes of this subchapter **the term "State or local public benefit" means—**
 (A) any **grant, contract, loan, professional license, or commercial license provided by an agency** of a State or local government **or by appropriated funds** of a State or local government; **and**
 (B) any **retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, unemployment benefit, or any other similar benefit for which payments or assistance are provided to an individual, household, or family eligibility unit** by an agency of a State or local government or by appropriated funds of a State or local government.
 (2) Such term shall not apply—
 (A) to any contract, professional license, or commercial license for a nonimmigrant whose visa for entry is related to such employment in the United States, or to a citizen of a freely associated state, if section 141 of the applicable [*10] compact of free association approved in Public Law 99-239 or 99-658 (or a successor provision) is in effect;
 (B) with respect to benefits for an alien who as a work authorized nonimmigrant or as an alien lawfully admitted for permanent residence under the Immigration and Nationality Act qualified for such benefits and for whom the United States under reciprocal treaty agreements is required to pay benefits, as determined by the Secretary of State, after consultation with the Attorney General; or (C) to the issuance of a professional license to, or the renewal of a professional license by, a foreign national not physically present in the United States.
 (3) Such term does not include any Federal public benefit under section 1611(c) of this title.
 (d) State authority to provide for eligibility of illegal aliens for State and local public benefits
 A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law after August 22, 1996, which affirmatively provides for such eligibility.

8 U.S.C. § 1621. The GA **benefits Ramirez seeks fall within** this statute's [*11] **definition of "public benefits."**
 Ramirez does not fall within any of the categories of people generally allowed to get such benefits, and none of the exceptions to this statutory prohibition apply to Ramirez's situation.

‘Public benefit’ is needs based and excludes injury redress.

Zazzali ‘S — James R. Zazzali, Judge, New Jersey Supreme Court; 2005; “Caballero v. Martinez”; Supreme Court of New Jersey, No. A-8; University of Kansas Libraries, Lexis

1 Following oral argument, the Court requested supplemental briefing on the issue whether the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), 8 U.S.C.A. §§ 1601-46, prohibits the provision of UCJF benefits to illegal aliens. PRWORA states that illegal aliens are not eligible for "any **State or local public benefit provided by "an agency of a State or local government or by appropriated funds** of a State or local **government.**" § 1621 (a), (c). All parties to this litigation submitted that HN4[] PRWORA does not apply to UCJF benefits, and we agree. **The Fund is not** an agency of a state or local government **because it is** administered by the New Jersey Property Liability Guaranty Association, **a private, non-profit entity comprised of member insurance companies.** N.J.S.A. 17:30A6; N.J.S.A. 39:6-64c. **It is funded by fees levied on liability insurance companies** doing business in New Jersey, **not by state or local government appropriations.** N.J.S.A. 39:6-63. Finally, **UCJF benefits are not similar to the need-based benefits enumerated in § 1621(c)(1)(B), such as retirement and welfare assistance,** which the statute cites as examples of benefits covered by PRWORA. **Although an applicant's eligibility for need-based benefits is determined by his or her income-level, an applicant's eligibility for UCJF benefits is determined by the injuries** he or she sustains in a motor-vehicle accident. See also *Rajeh v. Steel City Corp.*, 157 Ohio App. 3d 722, 2004 Ohio 3211, 813 N.E.2d 697, 707 (2004) (holding that workers' **compensation is not "public benefit"** pursuant to PRWORA **because** workers' **compensation is not** similar to **need-based** benefits listed in PRWORA).

‘Public benefits’ are not exclusively needs based.

—This card cites the Zazzali evidence as wrong.

Greene ’10 — Paul W. Greene, Judge, United States District Court, Middle Alabama; 2010; “Uriostegui v. Ala. Crime Victims Comp. Comm’n”; United States District Court for the Northern District of Alabama, Southern Division, NO. 2:10-cv-1265-PWG; University of Kansas Libraries, Lexis

HN25[] Further, 8 U.S.C. § 1611(c)(1)(B) encompasses benefits that, like VOCA-funded crime victim compensation cash payments, cushion the economic blow that often results when a claimant becomes a “victim” of a particular unfortunate occurrence. These include circumstances that arise through no fault of the claimant and where eligibility is not conditioned on a maximum level of income or resources, as with, again, unemployment benefits and Title II Social Security disability benefits. Further, the Frost Letter entirely ignores the provisions 8 U.S.C. § 1611(b)(1), which lists several other “Federal public benefits” that are excepted from the general rule of ineligibility set forth in § 1611(a). Most notably, these exceptions include “[s]hort term, non-cash, in-kind emergency disaster relief,” 8 U.S.C. § 1611(b)(1)(B), as well as programs [*46] that deliver in-kind services at the community level, do not condition eligibility on a recipient’s income or resources, and are necessary for the protection of life or safety, such as “crisis counseling and intervention, and short-term shelter.” Id., § 1611(b)(1)(D); see also generally Final Specification of Community Programs Necessary for Protection of Life or Safety Under Welfare Reform Legislation, 66 Fed. Reg. 3,613 (Jan. 16, 2001). of 8 U.S.C. § 1611(b). By limiting such exceptions to “in kind” benefits, i.e., those furnished in the form of “goods or services rather than money.” Black’s Law Dictionary 857 (9th ed. 2009).

Congress intended both (1) that the term “Federal public benefit” would reach similar benefits in the form of cash payments made to individuals to ameliorate adverse conditions resulting from an emergency,

disaster, crisis, or similar extraordinary circumstances beyond the claimant’s control and (2) that such cash payments, unlike in-kind benefits, would be subject to § 1611(a)’s general rule of ineligibility for non-qualified aliens. See, e.g., Flood Mitigation Grants and Hazard Mitigation Planning, 74 Fed. Reg. 47,476 (Sept. 16, 2009) (determination by the Federal Emergency Management Agency (“FEMA”) that purchase by the federal government of real property following a flood or other disaster pursuant to hazard mitigation assistance programs based on pre-event market value, which has the effect of compensating property owner for disaster [*47] loss beyond the current market value, constitutes a Federal public benefit under PRWORA); Disaster Unemployment Assistance Program, 68 Fed. Reg. 10,935 (March 6, 2003) (wherein the Department of Labor recognized that benefit payments under the Disaster Unemployment Assistance Program, see 42 U.S.C. § 5177, are Federal public benefits under PRWORA, precluding eligibility for non-qualified aliens).

Both the OVC and the plaintiff also urge the notion that victim compensation payments are dissimilar from other benefits listed in the statute because of the broader purposes underlying PRWORA. The Frost Letter emphasizes that PRWORA limits alien eligibility “to remove the incentive for illegal immigration provided by the availability of public benefits.” (Frost Letter at 3 (quoting HN26[] 8 U.S.C. § 1601(6)). The OVC then proceeds to claim that crime victim compensation awards are not public benefits because such payments allegedly “do not provide an incentive for illegal immigration — clearly people do not set out for the United States to become victims of crime.” (Frost Letter at 3). That may be so, but the argument remains still unavailing. As the defendants highlight, aliens are no more motivated to come to the United States for the purpose of enduring hardship in a natural disaster or similar emergency, such as a tornado or a flood, [*48] in order to receive public benefits that might be available in the aftermath. Even so, the text of § 1611(b)(1)(B) (and parallel language in § 1621(b)(2)) confirms that Congress conceived of those types of aid and benefits as “public benefits” for purposes of PRWORA and that non-qualified aliens would be generally ineligible to receive them to the extent they are provided in the form of cash payments.

The OVC’s characterization of crime victim compensation payments as being “in the nature of restitution” is equally unavailing. “Restitution” is bottomed on the principle that a “person who has been unjustly enriched at the expense of another is required to make restitution to the other.” Restatement (First) of Restitution § 1 (1937). Both Federal and State laws provide for criminal “restitution” in that traditional sense; that is, that an offender is required to pay his victim to compensate for losses caused by the conduct underlying the criminal offense. See, e.g., 18 U.S.C. §§ 3663, 3663A, 3664; Ala. Code §§ 15-18-65 to -78. Because such payments are made by the offender directly to the victim, it cannot reasonably be said that a benefit has been provided by any government agency or by government-appropriated funds. That, however, is not the model for VOCA-funded crime victim compensation benefits. [*49] Such payments, including those under the ACVCA, come from pooled public funds, not the individual wrongdoer who caused the harm. As the OVC notes, that the money used to fund VOCA grants comes, at least mostly, “from criminals” (Frost Letter at 3), in that the Federal Victims Fund is comprised primarily of fines and assessments collected from those convicted of federal criminal laws and from sums and of property pledged and forfeited by defendants that failed to appear in federal criminal cases. 42 U.S.C. § 10601(b). Likewise, Alabama authorizes assessments to the ACVC Fund from those found guilty in nearly every State and municipal criminal case. Ala. Code § 15-23-17. However, such payments by criminal defendants to a Federal or State victims fund are legally and conceptually distinct from restitution payments to the victim. See generally United States v. Pawlinski, 374 F.3d 536, 539 (7th Cir. 2004) (holding that district court could not direct the deposit of unclaimed victim restitution payments made pursuant to 18 U.S.C. § 3663A into the Federal Victims Fund, which was not itself a “crime victim”); Ex parte Lewis, 556 So. 2d at 374-75 (setting aside an ACVCA assessment made pursuant to Ala. Code § 15-23-17 where trial court erroneously understood that the assessment would be paid to the defendant’s victims rather than into the ACVC Fund). Further, whether the criminal [*50] defendants paying sums to a crime victims fund have any relationship whatsoever to a particular individual who receives a crime victim compensation payment or any legal responsibility for the recipient’s injuries is purely incidental. See, e.g., Ala. Code § 15-23-13 (providing that an award pursuant to the ACVCA “may be made whether or not any person is prosecuted or convicted”). The underlying facts of the plaintiff’s personal claim amply illustrates this distinction as her assailant was never apprehended. Finally, contrary to the OVC’s assertion, it is not significant that VOCA-funded crime victim compensation payments are not “paid for with tax revenues from the general public.” (Frost Letter at 3). It is unclear why the ultimate source of Federal funding should matter so long as the grant or benefit in question is “provided by an agency of the United States or by appropriated funds of the United States,” as specified by 8 U.S.C. § 1611(c)(1). No party disputes that such requirement is met with regard to ACVCA payments because of the Commission’s receipt of VOCA grants. Even so, several benefits listed, including “unemployment,” some types of “disability,” and “retirement,” are likewise not funded by general tax revenues but rather by [*51] special payroll taxes on employers, employees, or both. Put simply, the fact that crime victim compensation payments are traceable to fines and other amounts collected from some broader group of “criminals” generally do not transform the former payments into something akin to “restitution.” In the end, crime victim compensation payments are cash public assistance designed to ease economic hardship, often for those with lesser means.¹⁶

Apparently in support of the assertion that crime victim compensation payments are similar to “restitution,” the Frost Letter cites Caballero v. Martinez, 186 N.J. 548, 897 A.2d 1026 (N.J. 2006) (Frost Letter at 4 n.7), in which New Jersey Supreme Court stated that a payment from that State’s Unsatisfied Claim and Judgment Fund (“UCJF”) is not a “State public benefit” for purposes of PRWORA under 8 U.S.C. § 1621(b). 897 A.2d at 1031 n.1. Under that program, a person who lacks uninsured motorist coverage and suffers bodily injury or death in a motor vehicle accident where the other driver is uninsured or unknown may be eligible to receive compensatory payments from the UCJF. See N.J.S.A. 39:6-61 to -91. Although all parties to the Caballero litigation stipulated that PRWORA did not apply, the Court chose to explain it that [*52] it agreed for three reasons: (1) the UCJF is administered by a private, non-profit entity, not by a government agency; (2) the UCJF is funded by fees levied on liability insurers doing business in New Jersey, “not by state or local government appropriations”; and (3) “UCJF benefits are not similar to the need-based benefits enumerated in § 1621(c)(1)(B), such as retirement and welfare assistance,” which the Court stated, determined eligibility

based on an applicant's "income level," while "an applicant's eligibility for UCJF benefits is determined by the injuries he or she sustains in a motor vehicle accident." Caballero, 897 A.2d at 1031 n.1. At least on the surface, there are similarities between New Jersey's UCJF program and crime victim compensation programs like the ACVCA. There is some possibility that the particulars of New Jersey's UCJF program might render it materially distinguishable from VOCA-funded crime victim compensation payments for purposes of PRWORA. But even assuming that it is not, the undersigned would decline to follow Caballero, at least insofar as the OVC and the plaintiff seek to extend its reasoning to this case. First, Caballero is not binding on this court. Second, given that all parties expressly [*53] took the position that PRWORA did not apply, the Court's footnote discussion of the issue is dicta. Third, to the extent that Caballero suggests that the types of "State **public benefits**" listed in § 1621(c)(1)(B) are limited to those where eligibility is based upon "need." its analysis is simply wrong. Several of the "State and local **benefits**" enumerated in § 1621(c)(1)(B), like the parallel types of identified "Federal **public benefits**," are not conditioned upon an applicant's demonstration of either any particular level of "**need**" or "**income-level**." These would include at least certain types of "**retirement**" "**health**" "**disability**" and "**unemployment**" **benefits**. Fourth, the fact that the State has statutorily delegated responsibility for administering the UCJF program to a private, non-profit entity proves little. If, for example, a state tapped a private entity to administer its state "welfare" program pursuant to statutory standards, it is doubtful that such a measure would alter the application of PRWORA to the program. Fifth, the Caballero Court's reliance upon the fact that the UCJF is funded by fees from insurers is likewise dubious. In the end, it would appear that such fees are collected under penalty of [*54] law from insurers that would generally have no liability to the claimant, and they are distributed as a government-created benefit.

‘Public benefits’ is defined to only include voluntary assistance programs

—Italics in original

Jones ’18 — Kenton D. Jones, Judge, Arizona Court of Appeals, Division One; 2018; “In re MH2015-002490”; Court of Appeals of Arizona, Division One, No. 1 CA-MH 15-0107 and No. 1 CA-MH 16-0021; University of Kansas Libraries, Lexis

II. Court-Ordered Psychiatric Treatment Is Not a "Public Benefit" as Defined by State Law.

P14 ASH separately asserts that involuntary civil commitment is a "public benefit" not available, under state law, to a person [**1048]

[*508] who cannot prove his lawful presence. HN5[] The Arizona State Legislature has adopted PRWORA's general definition of

"state or local **public benefits**." See A.R.S. § 1-502(I). And like PRWORA, the statute's unambiguous purpose is to restrict the availability of public **benefits** for which an individual must apply. Section 1-502(A) states:

[A]ny agency of this state or a political subdivision of this state that administers any state or local **public benefit** shall require each natural person who applies for the state or local public benefit to submit at least one of the following **documents** . . . demonstrating lawful presence in the United States.

(Emphasis added). Thus, the state statute also applies only to benefits for which a person voluntarily [***11] applies.

Affirmative Evidence

Basic income is a core topical affirmative that permanently guarantees freedom from poverty

Ackerman 3, Professor of law and political science, et al (Bruce, “Redesigning Distribution: basic income and stakeholder grants as alternative cornerstones for a more egalitarian capitalism,” <https://www.ssc.wisc.edu/~wright/Redesigning%20Distribution%20v1.pdf>)

In some ways, basic income and stakeholder grants are not completely different kinds of proposals. After all, if one invests a stakeholder grant in a relatively low-risk investment and waits a number of years, then it will eventually generate a permanent stream of income equivalent to an above-poverty basic income. Similarly, if one continues to work for earnings in the labor market while receiving a basic income and one saves the basic income, after a number of years it will become the equivalent of a stakeholder grant. Nevertheless, the two proposals reflect quite distinct visions of what kind of system of redistribution would be morally and pragmatically optimal in developed market economies. Stakeholder grants emphasize individual responsibility and what is sometimes called “starting gate equality of opportunity”. Individuals get a stake, and if they blow it on conspicuous consumption rather than long-term plans, then this is their responsibility. Basic income envisions a system of redistribution that permanently guarantees everyone freedom from poverty and a certain kind of lifetime equality of minimal opportunity: the opportunity to withdraw from the labor force to engage in non-remunerated activity.

Affirmative teams could get creative with their tax, for example using a carbon tax to redistribute wealth nationally

Rosenberg et al. '18 — Joseph Rosenberg (Senior Research Associate, Tax Policy Center); Eric Toder (PhD in Economics, University of Rochester; Institute Fellow, Urban-Brookings Tax Policy Center); Chenxi Lu (B.A., Mathematical Economics from Fudan University; Research Associate, Urban-Brookings Tax Policy Center); “DISTRIBUTIONAL IMPLICATIONS OF A CARBON TAX;” Columbia University Center on Global Energy Policy; July 2018; https://www.taxpolicycenter.org/sites/default/files/publication/155473/distributional_implications_of_a_carbon_tax_5.pdf

Combined **Distributional Effects of Carbon Tax and Revenue Recycling** Options

Next, we estimate the combined distributional effects of adopting a carbon tax and the three options to fully return the revenue to hold the overall tax burden unchanged. While each of the revenue recycling options would leave the overall tax burden unchanged, they would have dramatically different effects on the distribution across income groups. We summarize the results for the central carbon tax scenario in 2025 below (figure 2). The pattern across income groups is similar in other years, although the level of the overall burden generally declines over time as projected carbon tax revenues grow slower than overall income (because the tax is expected to reduce the consumption of taxed goods over time). The full set of distributional results and revenue recycling parameters is shown in tables 4a–4d and table 5.

Reducing Payroll Taxes

Reducing employee payroll taxes would offset much of the impact of the carbon tax across the income distribution. In the central scenario, the employee OASDI payroll tax rate could be lowered from 6.2 percent to 3.4 percent in 2025 (table 5). Taxpayers in the bottom quintile of the income distribution would on average see their taxes increase by 0.5 percent of pretax income; taxpayers in the middle quintile would see a tax increase of 0.1 percent on average; taxpayers between the 60th and 99th income percentiles would receive a net tax cut; and taxpayers in the top 1 percent would see taxes increase by 0.5 percent of pretax income. The tax increase at the top reflects the fact that the OASDI payroll tax is capped at wages above the OASDI maximum amount and does not apply to capital income, so the share of the carbon tax that falls on the top 1 percent exceeds the share of OASDI payroll taxes that they pay

Reducing the Corporate Income Tax

Reducing the corporate income tax would disproportionately benefit higher-income taxpayers, exacerbating the regressivity of the carbon tax. In the central scenario, corporate income tax revenues could be reduced by \$250 billion in 2025 (table 5).⁹ For taxpayers in the bottom quintile, the corporate tax reduction would offset just 20 percent of the carbon tax burden—that is, they would see their taxes increase by 1.6 percent of pretax income on average versus the 2.0 percent in the carbon tax only simulation. On average, the corporate tax reduction would offset 36 percent of carbon tax for taxpayers in the middle quintile and 82 percent for taxpayers in the 80th to 90th percentiles. Taxpayers in the top 10 percent would receive a net tax cut on average, with a tax decrease of 1.6 percent of pretax income for the top 1 percent.

Lump-Sum Household Rebates

Providing lump-sum rebates to households would benefit lower- and middle-income taxpayers the most as a percentage of income. In the central scenario, carbon tax revenue could be returned by offering a \$990 rebate to all individuals (half that amount for dependents) in 2025 (table 5). Taxpayers in the bottom income quintile would on average receive a net tax cut of 4.4 percent of pretax income; taxpayers in the middle quintile would on average receive a net tax cut of 0.3 percent of pretax income; taxpayers in the top quintile would face a net tax increase of between 0.3 percent of pretax income in the 80th to 90th income percentiles and 0.7 percent of pretax income in the top 1 percent.

This is a card defending the “downward redistribution” language in resolution number 4 Kolb ’18

— Robert W Kolb (Professor of Finance and the Frank W. Considine Chair of Applied Ethics in the business school at Loyola University Chicago); “The SAGE Encyclopedia of Business Ethics & Society,” SAGE Publications; March 27th, 2018

The phrase **redistribution of wealth** commonly **refers to** **government policies** that are **intended to increase the income** or **benefits of poor people** using **money raised by general taxation of the rich**, the **prosperous**, and the **middle classes**. However, many writers **have pointed out that** **government and tax policies** sometimes **have the opposite effect** of transferring money from **the poor** or middle classes **to the rich**. **Government bailouts** of financial firms (and the expectation of such bailouts) **are a good example of upward redistribution**. Sometimes the debate is limited only to the redistribution of income, but generally, **any policy intended to benefit one segment of the population** whether **in the form of income or services** can be considered an **attempt to redistribute the wealth**. The ethical **debate** about **downward redistribution** is usually framed as a **conflict between egalitarian** proponents of **redistribution** who claim that **society has a collective moral responsibility to look after the poor** and **libertarian critics** who see such transfers as an **unethical** violation of the property rights of those who pay the taxes.

Affirmatives could remove the numerous exemptions in the tax code for the wealthy, opening up new funds for the government to use to tackle poverty

Looney ’21 — Adam Looney (Non-resident Senior Fellow – Economic Studies & Executive Director, Marriner S. Eccles Institute, University of Utah); “Funding our nation’s priorities: Reforming the tax code’s advantageous treatment of the wealthy,” Brookings; May 12th, 2021; <https://www.brookings.edu/testimonies/funding-our-nations-priorities-reforming-the-tax-codes-advantageous-treatment-of-the-wealthy/>

Wealth and income are heavily **concentrated** in the United States—and increasingly so. **One factor that contributes to the concentration of income and wealth is the tax system’s advantageous treatment of inherited wealth**, **corporate** and non-corporate business **income**, and **capital gains**.

The tax system is, of course, **a means to raise revenue** to fund government. But it is **also** one of **the most significant policy tools** that the **federal government uses to reduce poverty**, **insure Americans** against risks to their health and economic **wellbeing**, and **offset market-driven increases in inequality** in income and wealth.

Over the last several decades, as inequality surged, and as **job opportunities** for some workers **stagnated**, **changes in federal policies partly**—but not entirely—**offset those headwinds**. In particular, provisions such as the Earned Income Tax Credit (EITC) and the Credit Tax Credit have substantially increased the incomes and well-being of for low- and middle-income families.

At the same time, however, **changes in tax policy** have also **tended to favor the highest-income taxpayers**. Legislation has **reduced tax rates on corporations**, **private businesses**, **capital gains** and dividends, and on **inherited wealth**. In other words, **we have reduced tax rates** on the forms of **income and assets** that are particularly important to the **wealthy**—and this has **diluted the effectiveness of the tax system** in **restraining** the forces that are **widening inequality** in the U.S. As a result, the tax system now does less to reduce inequality in income and wealth at the top of the distribution today than it has in the past.

Moreover, **the fact that all taxpayers got a tax cut** over the past several decades, **despite increases in federal spending**, means that increases in **transfers** to low- and middle-income households **came at the expense of other** federal **spending**, including productive government investments in **infrastructure and research**, and rising deficits. In short, **reduced rates on high-income taxpayers** have not only made the tax system **less progressive** but also **impaired** other **fiscal goals**.

Inequality in income and wealth

For perspective, **the distribution of income and wealth is incredibly unequal**. According to estimates from the Congressional Budget Office, in 2017, **the top 1 percent** of households earned almost **19 percent of all** market **income**, which includes wages, business income, and capital income before taxes and transfers, and the top **10 percent** about **44 percent**.^[1]

Wealth is **even more concentrated**. According to the latest Federal Reserve Survey of Consumer Finances, in 2019 the **top 1 percent of households** held about one third of all **wealth** (more than the bottom 90 percent combined) and the **top 10 percent 71 percent**.^[2]

These data imply that in 2017 average income of households in the top 1 percent (\$1.9 million) was about 29 times greater than that of middle-income households (\$66,800), and in 2019, the average wealth of the top 1 percent (\$27.6 million) was about 263 times that of middle-class households (\$105,100).^[3]

In historical context, the concentration of income and wealth is **unprecedented**. Between 1979 and 2017, per-capita pre-tax market income earned by the top 1 per increased 250 percent, compared to only 29 percent for the lowest-income 20 percent of the population and 39 percent for the middle class. Over that period, the top 1 percent share of market income increased from 9 percent to 19 percent.^[4] Likewise, between 1978 and 2016, the share of wealth owned by the top 1 percent increased from about 22 percent to more than 30 percent and the share owned by the top 0.1 percent doubled (from 7 percent to 14 percent).^[5]

The relationship between taxes and inequality

The tax system plays an important role in **mitigating** income **inequality** because it is **progressive** on an **after-tax, after-transfer basis** the distribution of income is **less unequal**. Among low- and middle-income households, **federal tax and transfer** policies have **reduced poverty** and increase after-tax, after-transfer incomes. However, the tax system has become **less progressive at the top** of the income distribution and, today does **less to reduce inequality in wealth** than in the past.

For example, the CBO estimates that the income per person earned (pre-tax and transfers) by the lowest-income households increased 29 percent between 1979 and 2017, and by 39 percent among middle-income households. On an after-tax, after transfer basis, however, the take-home income of the lowest-income families actually doubled and it increased by 57 percent for middle-income households because of reductions in their tax burdens and increases in transfers.^[6] Likewise, the fraction of Americans living in poverty—measured based on their after tax, after transfer income—has declined from 13.0 percent in 1980 to 7.7 percent in 2018, largely due to federal policies.^[7] In 2017, taxes and transfers cut poverty by almost 60 percent.^[8] And the recently passed American Rescue Plan is expected to reduce the fraction of Americans living in poverty this year by 31 percent, and by 56 percent among children.^[9]

To a large extent, these achievements are the result of tax policies, particularly the EITC and the Child Tax Credit. In 2018, the EITC and Child Tax Credit lifted almost 11 million Americans out of poverty (including 5.5 million children) and made almost 18 million less poor (including 6.4 million children).^[10] Absent the EITC alone, poverty would be 17 percent higher.^[11]

In other words, the **experience over the last forty years teaches that tax policy and social insurance** programs are an effective tool that can **offset** increases in **inequality** and **reduce poverty**.

An exception to these trends is that legislation has reduced the effective tax rates paid by **high-income taxpayers** over time, and those reductions were largest among the highest income and highest-wealth taxpayers. As a result, the tax system now does less to **reduce inequality** in income and wealth today among high-income taxpayers than it has in the past, and high-income taxpayers contribute less toward funding government programs.

For instance, according to IRS statistics, the effective average individual income tax rate paid by the top 1 percent of taxpayers in 2018 was 25.4 percent, down from 31 percent in the 1970s and from even higher rates in earlier decades. For the top very richest 0.001 percent of taxpayers, the decline was even sharper, to 23 percent from 31 percent in 1995, 38 percent in 1985, and 46 percent in 1975.^[12] Likewise, estimates of the total burden of all taxes, including individual, corporate, excise, estate, and property taxes at both federal and state and local levels, show that taxpayers in the top 1 percent paid effective rates ranging from 40 percent to 70 percent in 1950 but between 33 percent and 23 percent in 2018.^[13] Today tax rates at the very top are regressive in the sense that the very highest income taxpayers face lower effective rates than other taxpayers within the top 1 percent.

There are several changes in the tax system that **contribute to these trends**: the tax system's increasingly generous treatment of **inherited wealth**, **reductions in tax rates on corporate and business income** owned by wealthy taxpayers, and the **favorable treatment of capital gains** on investments and **other assets disproportionately owned** by high-wealth taxpayers.

These advantageous elements of the tax code allow higher-income households to accumulate **more wealth**, increase the market value of their existing assets, and increase the wealth that is passed along to future generations. Inherited wealth

One contributor to **wealth concentration** is the fact that wealthy families pass their assets along to future generations. **Inheritances and intergenerational** financial **gifts** are an important cause of wealth

concentration.^[14] Gifts and bequests are highly skewed—fewer than 2 percent of bequests exceed \$1m but those gifts represent 40 percent of dollars transferred. Recipients are better educated, higher income, and hold more wealth than individuals that do not receive gifts or bequests. More than half of intergenerational transfers went to individuals who were already in the top 10 percent of the wealth distribution, compared to only 8 percent of transfers to individuals in the bottom half of the distribution. In the aggregate, the dollar amounts are large—each year decedents pass on close to a \$1 trillion to their heirs.^[15]

The tax system **subsidizes intergenerational transfers** for wealthy households **because capital gains taxes that** would **normally apply** to the sale or transfer of appreciated assets, like corporate stock, **are not applied** to bequests. Bequests received by heirs are not subject to tax, and the tax basis of inherited assets is immediately increased (“stepped-up”) to the market value at the date of death. Unlike assets sold by a taxpayer, which are immediately subject to income tax, or gifts of appreciated assets, whose basis is “carried over” to the recipient, **capital gains on assets held until death are never subject to income tax.**

Each year, **hundreds of billions** in capital gains **escape income tax as a result of the non-taxation of gains on bequests and gifts.** The exclusion of capital gains due to “step up” is among the largest tax expenditures, estimated to cost \$660 billion between 2020-2029.[16]

Moreover, the benefit of this tax preference is highly concentrated among the wealthy because bequests are rare outside wealthy decedents, the value of bequests is concentrated among high-income individuals and their heirs, and because unrealized capital gains compose a large share of the assets of wealthy households; in 2013, unrealized gains represented about 34 percent of the wealth of the top 1 percent, and households in the top 10 percent of the wealth distribution hold about 93 percent of all unrealized gains.[17]

Indeed, the U.S. Treasury estimated that **virtually all** of the **revenue** that would be **raised** were step up in basis at death **eliminated** would be paid by **taxpayers in the top 1 percent** of the income distribution **and 80 percent by the top 0.1 percent.**[18]

Historically, the tax benefits of stepped up basis were partially offset by the estate and gift tax system, which as recently as 2001 applied to estates valued above \$675,000 (about \$1 million today) and at rates that reached as high as 55 percent. Today the estate tax applies only to estates that exceed \$23.4 million per couple and the highest effective rate is 40 percent. Because of legislated changes, the estate tax has been eliminated for all but extremely wealthy households—about 0.2 percent of decedents pay estate tax and, as a result of the large exemption and other avoidance opportunities, the effective tax estate tax rate among taxable estates was 17 percent.[19]

In short, **the exclusion from tax of capital gains held until death increases intergenerational wealth** transfers. Business income

The tax code also provides **preferential treatment for** the **income** and **assets** **predominantly owned by wealthy households.** The majority of the wealth of very wealthy households is in the form of business assets. **Business income**—especially “pass-through” business income—**is taxed at lower rates** than those that apply to other forms of income, including labor income (like wages) that forms the majority of most taxpayers’ incomes.

About 58 percent of the wealth of the top 1 percent is composed of the stock of public companies or privately-held businesses. Among the wealthiest 0.1 percent of households, about 70 percent of their wealth is held as shares of public or private businesses. In contrast, most of the wealth of the bottom 90 percent of households is in their homes or pensions.[20]

In fact, the majority of high-income taxpayers are owners of pass-through business. In 2014, 69 percent of the top 1 percent of income earners and 84 percent of the top 0.1 percent of income earners accrued some pass-through business income. For perspective, that means there are five times as many pass-through business owners in the top 0.1 percent of the income distribution than there are highly-paid executives of public companies.[21]

Because stock ownership is so concentrated, the top 1 percent earn about 45 percent of C-corporate income (as measured by dividends) and an even larger share—about 70 percent—of the income of pass-through S-corporations and partnerships that do not face the corporate tax. Increases in the income of these businesses is a key contributor to the increase in inequality in income and wealth. For instance, almost half of the increase in the top 1 percent share of income since the 1970s is associated with pass-through business income.[22] Owners of S-corporations and partnerships now earn about half of all income from businesses.[23]

Today, the maximum statutory federal rate that applies to the wages of executives and highly-compensated officers of public companies is 53.2 percent, 40.8 percent for the wages of other employees, 39.8 percent for corporate businesses (but often lower), and 29.6 percent for many forms of pass-through business income.[24]

The tax advantages of business owners are relatively recent. In 1986, the top individual income tax rate fell below the corporate tax rate, creating significant incentives for a business to un-incorporate and for new businesses to organize as pass-throughs. Legislation loosened limitations on the activities, financial structures, and shareholders of S-corporations. For partnerships, changes in state law established new entity types, like limited liability companies (LLCs), and regulatory changes, like the “check the box” rules finalized in 1996, allowed a multitude of business types to elect to be taxed as partnerships (just by checking a box).

The shift in the share of income earned by pass-through businesses and the lower effective tax rates they pay has reduced the tax burden on business owners substantially. According to one U.S. Treasury study, if the relative shares of pass-through and C-corporate activity were held at 1980 levels, the average tax rate on business income in 2011 would have been 28 percent instead of 24 percent. This translates to more than \$100 billion in lost revenue in 2011 alone.[25]

The implementation of the Medicare surcharge and the Net Investment Income Tax, enacted in 2010, which carved out S-corporation profits and certain other pass-through income from either tax, increased the relative benefit of earning income through a pass-through business. In recent years, this has accelerated the shift of professional service businesses, like healthcare providers, technical and scientific services, or contractors, into pass-through form and to characterize their income as “profits” instead of wages to avoid payroll taxes.[26]

As a result, the growth of pass-through businesses has also contributed to the erosion of the payroll tax base, which funds Social Security, Disability, and Medicare. Prior to the mid-1980s, owners of closely-held businesses paid Social Security and Medicare payroll taxes on most of their income. Most businesses were either sole proprietorships or general partnerships (in which all business income is treated like wages for payroll tax purposes) or closely held C-corporations (whose owners generally paid out their income as wages to avoid the double tax on profits). The growing share of income accruing to limited partners, LLCs, and others that file as partnerships and to S-corporations eroded the payroll tax base because those entities are either statutorily excluded from the payroll base or a lack of clarity in the law allows owners to avoid the tax.[27]

In 2011, about 71 percent of pass-through owner income was subject to Social Security or Medicare taxes, down from 88 percent in 1994. In addition, because pass-through business income has increased over time as a share of total income, these shifts have eroded the long-run solvency of the trust funds that depend on payroll revenues.

The Tax Cuts and Jobs Act (TCJA), enacted in 2017, accelerated these trends. TCJA introduced a 20 percent deduction (under Section 199A) for most pass-through business income. Half of the tax savings of 199A accrues to the top 1 percent of taxpayers, and 72 percent to the top 5 percent.[28]

At the same time, the TCJA reduced the corporate tax rate from 35 percent to 21 percent. Most of the benefit of that rate cut accrued to corporate shareholders and between 34 percent and 47 percent accruing to the top 1 percent of taxpayers.[29] These recent provisions reduced revenues substantially, made the tax system less progressive and inequitable, introduced new economic distortions, but did little to stimulate new business formation, employment, or investment.[30]

Reduced tax rates on **business and corporate assets** not only increase the after-tax income of business owners, they also increase the value of the business itself because the stream of future income is **more valuable**. In this sense, preferences for corporate and business income directly **increase** the **wealth** of owners of those assets.

Capital gains and investment income

In addition to **low rates** that apply to active business income, owners of businesses and other capital assets benefit from **preferential capital gains rates** on the sale of those assets. Long term capital gains face a **maximum** tax **rate** of **23.8 percent**, if subject to the 3.8 percent Net Investment Income Tax, or 20 percent otherwise. About 80 percent of the tax benefit from the preferential rates on capital gains qualified dividend **accrues to the top 1 percent** of taxpayers and 92 percent to the **top 10 percent**. [31]

For investors in certain assets, the capital gains tax treatment is **even more favorable**. Owners of qualifying real estate may **defer tax** on the sale of an asset through “like-kind” exchanges (under Section 1031). Sales of Qualified Small Business Stock (QSBS) (under section 1202) or of investments in Qualified Opportunity Zone businesses may be excluded from **capital gains tax entirely** and thus face a **zero percent**. These provisions **predominantly benefit wealthy investors**; the average income of investors benefitting from Opportunity Zone tax breaks in 2019 was

\$1,083,766.[32] While there is no public data on who benefits from the exclusion of income from the sale of QSBS, it is a safe bet that the **vast majority of the exclusion** accrues to **high-wealth investors**. In combination with the 21 percent corporate tax rate, the complete exclusion of tax on capital gains in these circumstances is unusually favorable to wealthy and sophisticated investors that can take advantage of these provisions.[33]

In addition to benefitting investors that own appreciating assets, **the reduced rates on capital gains provides an incentive and opportunity** for certain investment managers or business owners to **characterize their compensation** as a **capital gain** (a “carried interest”) rather than **wages**, **reducing the tax rate** that would apply from 40.8 percent to 23.8 percent or even 0 percent for private equity or venture capital fund managers whose funds invest in QSBS.

The low rates that apply to capital gains **directly affect** the **concentration of wealth**. Retirement savings and unrealized capital gains are an important share of the wealth of Americans. Taxes on these assets are deferred, of course, until the assets are liquidated. The bottom 90 percent of taxpayers, who hold their wealth in the form of pre-tax pensions and retirement accounts, will be taxed at ordinary income tax rates when they draw on their pensions in retirement. In contrast, a large share of the assets of wealthy taxpayers is in the form of unrealized capital gains, which are taxed at lower rates (or not at all if held until death), which tends to increase the true concentration of wealth among the highest-wealth households. This means that the reductions in rates on capital gains enacted over time have led to increasing inequality in after-tax wealth.[34]

Conclusion

In summary, **the current tax system provides more advantageous treatment to high-income, high-wealth households in historical comparison** or relative to the treatment of other income **disproportionately earned** by less-wealthy households, like wages. As a result, **the tax system does less to reduce inequality** in income and wealth **than it has** in the past **or it could** under viable alternative tax regimes.

This favorable treatment of high-income, high-wealth taxpayers is **not justified on economic grounds**. Scaling back reductions in the tax rates that apply to **corporate** and **pass-through business**, **eliminating** the **exclusion of capital gains held until death** (“stepped up basis”), **raising the tax rates on capital gains** and **eliminating tax expenditures for specific capital gains**, and **funding enforcement** to ensure taxes levied **are actually collected** would be effective ways to **reduce inequality** in after-tax income and wealth.

Taxing wealth is easy, studies have provided sustainable models

Wamhoff '19 — Steve Wamhoff (Director of Federal Tax Policy, Intitute on Taxation and Economic Policy; J.D. and Master's in Public Policy, Georgetown University); "A Wealth Tax Might Be Easier to Implement than You Think;" ITEP; July 31st, 2019; <https://itep.org/a-wealth-tax-might-be-easier-to-implement-than-you-think/>

A direct federal tax on wealth, as described in a January report from ITEP and proposed by Sen. Elizabeth Warren, could raise substantial revenue to make public investments, curb rising inequality, and is supported by a large majority of Americans. But would it work? Recent research highlighted in a new academic paper outlines approaches that would make it easier than you might think.

Feasibility of Wealth Tax Disputed on Campaign Trail

This feasibility of a wealth tax came up during the July 30 Democratic presidential debate with Rep. John Delaney arguing that the idea is unworkable. The ITEP report on this topic already addresses his claims, but it's worth focusing on his assertion that "the countries that have had it have largely abandoned it because it's impossible to implement."

Delaney's statement is entirely out of context because the handful of countries that tried to implement wealth taxes imposed them on broad groups of people (not just the wealthiest) and allowed exemptions for many different types of assets. This almost surely results in people trying to recharacterize their assets to fit the exemptions.

More importantly, none of those wealth taxes relied on the sort of approaches that have been developed in recent scholarship to solve the biggest implementation problems.

The Purpose and Challenges of a Wealth Tax

At the outset, it is helpful to remember why we need a federal wealth tax and what the challenges are in implementing one. The nation's income tax by itself fails to place a sufficient constraint on growing economic inequality. Our income tax simply does not tax all types of income that wealthy people have. If you measure income as an economist would measure it, you would include asset appreciation, even in years when assets are not sold, as income. If you were worth \$1 million last year and are worth \$2 million this year, you must have had at least \$1 million in income. But if your net worth increased because your assets appreciated, the federal income tax does not count that asset appreciation as income. You could own a company that is worth millions and that is rapidly growing, but you could still report very little income to the IRS and therefore pay little in federal income taxes.

One solution is to expand the definition of taxable income to include this type of asset appreciation, for the very wealthy. Proposals for "mark-to-market" taxation would do this. However, supplementing the income tax with a tax directly on wealthy households' net worth—an annual federal wealth tax—is another compelling approach to address the same problem.

There is a widely acknowledged obstacle to implementing a wealth tax: The IRS has methods of measuring people's income but measuring net worth (the value of one's assets) is not something the IRS does as frequently. The estate tax is an exception—it is like a wealth tax that is imposed just once, after a rich person dies. But a wealth tax would be imposed annually, which raises the question: Would the difficulties of valuing assets make the wealth tax impossible to enforce?

The tax code's answer to this question traditionally has been to say there is no way to know what an asset is worth until it is sold so the IRS simply taxes income generated from the asset sale. If you buy an asset for \$5 and sell it for \$10, then the asset must have been worth \$5 when you bought it and it must have been worth \$10 when you sold it. In any event, the profit generated from that sale (the realized capital gain) is taxed as income. On the other hand, if you don't sell the asset, it is assumed that no one really knows what it's worth or how much it might have appreciated, so the tax code just acquiesces. This is why the wealth of those at the top can accumulate largely tax-free.

Solutions to the Valuation Problem

But there are strategies to value unsold assets. One approach that scholars have recently focused on is explained in a recent paper by David Gamage of Indiana University Maurer School of Law. It would assume that each asset owned by a wealthy person would appreciate at some standard rate—perhaps based on growth throughout the economy or based on a rate specific to the type of asset—until the asset is sold, at which point the tax calculation for previous years would be corrected, either increased or decreased.

For example, assume a very high net worth household that is subject to a wealth tax purchases an asset for \$1 million. This approach would assume that the asset is worth what they paid for it, \$1 million, and that its value rises at some standard rate each year the household continues to own the asset. Imagine that, based on the standard

growth rate, the asset is assumed to be worth \$1.7 million after 10 years. But then at the end of the decade, the household sells the asset for \$2 million. In this case, the IRS would assume that the asset must have appreciated steadily from \$1 million to \$2 million over the decade, meaning the asset was worth more each year of the decade than originally estimated, which in turn means that the net worth of the household was higher in each year of the decade than originally estimated. The household would then pay additional wealth tax, plus interest. The proposal would work the same way in reverse if a household sells an asset for less than its assumed worth based on the standard growth rate. If the standard growth rate assumed that the asset was worth \$1.7 million after a decade but the household sold the asset for \$1.5 million, that would mean the asset had appreciated less in each year of the decade and that the household overpaid wealth taxes during that period. They would receive a refund of some wealth taxes, with interest. This approach would leave taxpayers in the same situation they would be in if their assets had been valued perfectly initially and they had paid exactly the right amount of wealth tax each year. You might be reading this and thinking, “Wait, this is supposed to make implementing a wealth tax easier? It sounds complicated!” The answer to that is, well, this is complicated, but it would work. Remember that the taxpayers who would be subject to a federal wealth tax or mark-to-market taxation can deal with complexity. These proposals almost always apply only to the very wealthiest people, usually the wealthiest 0.1 percent of Americans. They have accountants and tax lawyers who use software to calculate their tax liability. They are not doing their taxes at the kitchen table the way a middle-class family might. And let’s keep in mind, the wealthy already engage in mind-boggling complexity when it comes to finding ways to avoid taxes. It is exactly because the wealthy are so good at restructuring their wealth to minimize taxes—strategies simply unavailable to middle-class families—that a new approach to comprehensively taxing their income or wealth is critical.

A wealth tax is imminently defensible

Moran 10, Professor of law @ Vanderbilt (Beverly, “Wealth Redistribution and the Income Tax,” Howard Law Journal, 53.2)

In the United States, wealth has race, ethnic, and gender effects. For example, in 2002, the median net worth of non-Hispanic white households was \$87,056; for households with a black householder, the median net worth was \$5,446; for households with an Asian or Pacific Islander householder, the median net worth was \$59,292; and for households with an Hispanic householder, the median net worth was \$7,950.42 Also in 2002, female householders had a median net worth of \$20,217, which was 19.8 percent of the married-couple median. Male householders had a median net worth of \$23,700 or 23.2 percent of the married couple median.⁴³ The wealth gaps between groups in the United States are much greater than other gaps between blacks and whites, or males and females, including gaps in education and income.⁴⁴ A tax on wealth, rather than income, might help decrease wealth and income inequality by addressing wealth as a foundational part of inequality.⁴⁵

There’s a strong federal key argument for a wealth tax, because it may require amendment to the constitution

Moran 10, Professor of law @ Vanderbilt (Beverly, “Wealth Redistribution and the Income Tax,” Howard Law Journal, 53.2)

The primary legal roadblock to a federal wealth tax is a constitutional restriction on direct taxes without apportionment that prohibits a wealth tax absent constitutional amendment.⁴⁶ The constitutional prohibition on direct taxes is not, however, an insurmountable barrier to a wealth tax. The same constitutional provision was amended in 1913 in order to permit the modern American income tax.⁴⁷ One hundred years later, Article 1 § 2 could be amended again in order to permit a federal wealth tax. The restriction on wealth taxes is achieved by Article 1 § 2 of the Constitution, which requires that direct taxes be apportioned by population.⁴⁸ The restriction on direct taxes reflects the eighteenth century American political need to accommodate southern slaveholders.⁴⁹

A wealth tax is a great way to repair historical racial injustices

Moran 10, Professor of law @ Vanderbilt (Beverly, “Wealth Redistribution and the Income Tax,” Howard Law Journal, 53.2)

Given the racial history of Article 1 § 2 as a means of concentrating power in southern slaveholding elites and the continuing race effects of wealth distribution within the United States, a wealth tax as one way to achieve wealth redistribution fits at least three tax policy concerns:

(1) Because so much of the population has little or no wealth, a wealth tax would exempt a large part of the population from filing, thereby saving the government and the taxpayers a great deal of economic and social cost.⁵³

(2) Because wealth and income are so closely associated, a wealth tax would target those most able to pay and most likely to occupy the smallest and most protected part of the population.

(3) Because if we are to believe Adam Smith and other tax benefit theorists, a wealth tax most clearly ties government benefits to the tax, which is a primary goal of taxation.⁵⁴

In addition, a wealth tax could address some lingering race issues in the United States, for example, the question of reparations for slavery. In the United States, even very mild attempts to make up for slavery can provoke terrifying threats.⁵⁵ Although the United States has sometimes acknowledged responsibility and provided redress,⁵⁶ when the subject is American slavery, the topic of reparations raises serious disagreement.⁵⁷

A universal basic income is necessary to resolve income inequality

Wignaraja & Horvath '20 — Kanni Wignaraja (Assistant Secretary-General, United Nations); Balazs Horvath (Chief Economist, UNDP); “Universal basic income is the answer to the inequalities exposed by COVID-19,” World Economic Forum; April 17th, 2020; <https://www.weforum.org/agenda/2020/04/covid-19-universal-basic-income-social-inequality/>

It is time to add a new element to the policy packages that governments are introducing, one we know but have abandoned: Universal Basic Income (UBI). It **is needed** as part of the package that will help us to get out of this yawning pit.

The naysayers, and there are plenty, will point out that it won't work because no country can afford to regularly dole out money to every citizen. They will argue that we will run **unsustainable deficits**, which cannot be financed.

This is a **valid** concern. But the alternative – not strongly addressing COVID-19 repercussions – will result in a **greater** surge in **inequality, increasing social tensions** that would cost governments even more **and** open countries to **heightened risk of societal conflict**.

The pandemic that began in China has raged across Asia and beyond, exposing inequalities and vulnerabilities of huge populations in the region. This includes informal workers – estimated at 1.3 billion people or two-thirds of the Asia-Pacific workforce – as well as migrants, with almost 100 million dislocated, in India alone. If a large part of an entire generation loses its livelihood, with no social safety net to catch it, the social costs will be unbearably high. Economic instability will follow the flare-up of social tensions.

During these times, when we need to kickstart sputtering economies, the payoff of social stability would be **tremendous**, making an even more powerful argument for **UBI**.

So a new social contract needs to emerge from this crisis that rebalances deep inequalities that are prevalent across societies. To put it bluntly:

The question should no longer be whether resources for effective social protection can be found – **but how they can be found**. UBI promises to be a **useful element** of such a framework.

Countries like the United States and Canada are already making such plans. Alaska, in fact, **has been making annual **UBI-type payments****, to every state resident, for decades. Canadian prime minister Justin Trudeau pledged CAD\$2,000 a month, for the next four months, to workers who have lost income due to the pandemic – a short-term form of UBI. Now we need to expand it and make it work in the long-term, and we can.

We must approach it differently from how we have in the past. We should neither view it as a hand-out, nor as a Band-Aid **solution** to add on to systems already in place. **Instead, we should use the current twin crises to **re-evaluate where we are**** “still digging”.

To make UBI fly, we will need **fair taxation**. Countries will have to work together, exchanging data across borders, **to stop **people** and **corporations from evading taxes****. Simply put, we must all pay our fair share. With good conscience, we can no longer privatize profit and socialize loss.

Then stop the subsidies, **notably fossil-fuel subsidies**, which hinder the path to achieving the **Sustainable Development Goals** – especially climate-change targets. This would benefit us all, while generating financial resources not just for UBI, but also to support **affected** fossil-fuel **companies**.

Warren **Buffet** and Bill Gates, among the richest people on the planet, have both advocated for the rich to pay more in taxes, the lack of which has led to a **growing** and enormous **disparity**. According to Credit Suisse's 2018 Global Wealth Report, 10% of the world's richest own 85% of its wealth.

Multinationals too are not paying their fair share. Apple, Amazon, Google and Walmart to name just a few, generate **mind-boggling profits** and pay **limited** amounts in **taxes**, after taking advantage of all the wrinkles in tax systems. If the top 1,000 corporations in the world **were fairly taxed**, it would allow for a **modest UBI** to be tightly and reasonably dispensed in countries across the world.

Something is simply wrong and broken when governments are **deprived of funds** they should justifiably have to construct a better state.

Lest the naysayers think this is a theory from the left, the idea of tax competition has been touched upon, for years on end, by the Organization of Economic Co-operation and Development (OECD). Its members include the US, Canada and Western European countries.

This is what its fiscal policy experts say: “To work effectively, a global economy needs some acceptable ground rules to guide governments and business. Such a framework can help business to move capital to locations where it can optimize its return, without impeding the aim of national governments to meet the legitimate expectations of their citizens for a fair share in the benefits and costs of globalization.”

To achieve “acceptable ground-rules” and “a fair share in the benefits and costs” will require global coordination; because if one country begins taxing this way, highly mobile capital will flee to countries that do not.

There is no question that UBI will be hard to get going. It is important to impartially consider the pros and cons, the reasons why it has not been implemented at scale so far, and what modalities would make it workable.

A key complicating factor with implementing UBI – beyond its fiscal cost – is that it would not arrive in a vacuum. It would need to fit into and complement the existing set of social programmes, both insurance-based and needs-based. And rules would be needed to prevent double-dipping of benefits.

Moving to such a system would need to ensure that the incentives to have a job remain intact. That is relatively simple to do: A UBI should be sufficient, to sustain a person at a modest minimum, leaving sufficient incentives to work, save, and invest.

Finally, good arguments can be made for having very selective conditions – for instance, some that relate to public goods, like vaccinating all children and ensuring they attend school. Such selective conditions would not undermine the main purpose of eliminating poverty and allow low-income people to take calculated risks, to try to lift themselves out of poverty.

Guaranteeing every American over 18 a job would functionally eliminate unemployment and poverty, and drastically redistribute resources to those in need.

Paul et al. ’18 — Mark Paul (Postdoctoral associate, Samuel DuBois Cook Center on Social Equity, Duke University); William Darity Jr. (Samuel DuBois Cook Professor of Public Policy, African and African American Studies, and Economics, and Director of the Samuel DuBois Cook Center on Social Equity, Duke University); Darrick Hamilton (Associate Professor of Economics and Urban Policy, New School); Khaing Zaw (Research Associate, Samuel DuBois Cook Center on Social Equity, Duke University); “A Path to Ending Poverty by Way of Ending Unemployment: A Federal Job Guarantee;” *The Russell Sage Foundation Journal of the Social Sciences*, February 2018, Vol. 4, No. 3; JSTOR, Accessed via KU Libraries

We propose passage of legislation guaranteeing every American over the age of eighteen a job provided by the government via the formation of a National Investment Employment Corps (NIEC) (Darity 2010; Aja et al. 2013). The permanent establishment of the NIEC would eliminate persistent unemployment and poverty, ensuring that the United States is able to achieve full employment, as outlined by the Full Employment and Balanced Growth Act of 1978. Related legislation has already been introduced by U.S. Representative John Conyers (D-MI) in House Resolution 1000 (H.R. 1000).

This proposal moves beyond the incremental changes typically advanced as policy solutions for major social problems. Our proposal, decidedly non-incremental, aims to bring about pronounced structural change in the American economy. The FJG could simultaneously achieve the goals outlined in other proposals in this double issue (see Romich and Hill 2018; Dutta-Gupta et al. 2018). Rather than potentially operating de facto to subsidize lowquality jobs, our proposal effectively eliminates poverty for those willing and able to work by providing a guaranteed job at nonpoverty wages. This will set a floor for a decent standard of compensation in the labor market and fulfill the Humphrey-Hawkins full employment mandate.⁸ The proposal is predicated on the view that there is an absolute shortage of decent jobs, rather than there being insufficiently skilled workers to fill vacant positions in the private sector, as we demonstrated in figure 1.

Unlike other proposals in this double issue, many of which require people to first be exposed to poverty prior to gaining access to the benefits of the social safety net, our proposal is intended to preempt exposure to poverty altogether. Under the FJG, all workers seeking employment would be employed at the local, state, or federal level by the NIEC. The program would provide meaningful and remunerative employment across an array of public works projects addressing both the nation’s human and physical infrastructure needs.⁹

To simultaneously provide full employment and rid the United States of working poverty, workers would be paid at least \$11.56 an hour. This wage rate would yield a salary of \$24,036 a year at forty hours per week of year-round employment, equal to the poverty line for a family of four (DeNavas-Walt and Proctor 2014).¹⁰ This wage rate represents a minimum entry level wage, but the program would be designed to enable workers to achieve promotion—and higher wages. We estimate a mean wage income for all employees of approximately \$32,500.

In addition to wages, workers would be guaranteed a **benefits** package.¹¹ We estimate that an additional \$10,000 will be spent per worker per year to provide adequate health insurance and standard retirement benefits. This insurance would be comparable to **current** health **insurance** programs offered to **federal employees** and members of **Congress**. Beyond health insurance and retirement, employees would be guaranteed **other benefits**, including **paid** family and sick **leave** and one week paid **vacation** per three months worked. Again, we emphasize that **compensation** and benefits package will set a **new floor in the labor market**—compelling employers to provide **competitive** **compensation** packages, or risk **losing workers** to the FJG program.

Projects and employment under the program will be coordinated across the various levels of government—local, state, and federal—as well as the Indian Nations.¹² At the federal level, we anticipate a wide array of **major public investment activities**, which may include fostering a transition to a **green energy economy**, **extending access to high-speed rail**, improvements in our public park service, **revival** and product **diversification** for the postal service, and an increase in **general services** across the economy.¹³

At the state level, we anticipate the states to undertake major infrastructure investment projects, as well as projects to improve the services they offer to their citizens. At the local level, we expect communities to undertake community development projects, provide universal daycare, maintain and upgrade their public school facilities, and improve and expand the services provided by their libraries.

In table 1, we provide three cost estimates for the proposal. Each estimate assumes the economy reaches full employment, by which we mean the elimination of both cyclical and structural unemployment. We assume U6 would be brought down to 1.5 percent.¹⁴ In column one, we provide a snapshot of the FJG program's costs drawing on experiences from the recent Great Recession. According to the Bureau of Labor and Statistics, the official peak unemployment rate during the Great Recession was 10 percent (15.3 million Americans).

We believe these figures grossly underestimate the numbers of workers in need during the Great Recession. Considering a broader measure of unemployment (U6) provides us with a more reasonable estimate for the number of workers that may seek employment through the FJG. During the peak of the crisis, U6 reached 17.1 percent. Removing those under the age of eighteen, since minors would not qualify for the program, we find that an estimated 24.1 million workers might have sought employment under the program. However, this might be an unrealistically high estimate of expenses, if the FJG has been in place prior to the recession. Due to its buffer stock mechanism, employment shocks would have been moderated and full employment would have been maintained.

Next, we also estimate two scenarios under recent economic conditions using July 2016 employment data. The first scenario assumes modest uptake under the FJG, on the assumption that all workers currently counted in U6 engage in employment through the National Investment Employment Corps (NEIC). In this case, 13.2 million workers may seek employment, demanding 11.9 million full-time equivalent jobs. The gross cost of the program, including benefits and materials, would be \$654.6 billion.

The second case based on recent labor market conditions estimates program uptake and expenditures assuming workers earning wages below the minimum offered by the NEIC also would partake in the FJG. Although we believe U6 provides a reasonable approximation of program uptake, we recognize that the establishment of a FJG will transform much of the labor market. In turn, we analyze a third estimate that represents an upper bound for uptake and cost under a FJG. This estimate assumes that all workers currently earning below the base wage offered by the NEIC (about one-quarter of all employed workers according to Bureau of Labor Statistics data), plus workers counted under U5, will seek employment with the NEIC.¹⁵ Under this scenario, program costs would increase sizably.¹⁶

Although these are large initial employment and cost projections, the macroeconomic stimulus effects from such a program would be **substantial**, generating **significant employment** in the private sector, thereby **mitigating** **workers' demand** for **public-sector employment**—and contributing to **cost containment**. Philip Harvey

estimated the indirect job creation effect of a government direct jobs program, similar to the FJG, and calculated that, **for every directly created job by the government, 0.26 indirect jobs would be created** through the private sector (2011).¹⁷

<<<FOOTNOTE 17>>>

17. A classic concern with the FJG is that a substantial exodus from the private sector will occur (for example, private-sector employment crowding). A few points are notable. First, the private sector jobs that are most vulnerable to competition from a FJG are generally the least desirable to workers, offering them the lowest wages and benefits package. Second, the minimum level of compensation offered in our proposal is not out of line with historic minimum wages once inflation and productivity increases are taken into account. In fact, if the minimum wage increased with inflation and productivity from its peak in 1968, it would have been \$18.70 per hour in 2016 (Cooper 2015). Minimum wage studies have not uncovered evidence of mass layoffs in low-wage sectors following substantial minimum wage hikes. **In part, the change**

in the floor of minimum compensation induced by a FJG would redistribute some income from profits to wages. This will likely lead to higher prices in some sectors, and to some firms exiting from

industries that offer the lowest wages and compensation packages (for a review of the magnitude of potential price increases under a \$15 minimum wage in the United States for the fast-food industry, see Pollin and Wicks-Lim 2016).

<<<END FOOTNOTE 17>>>

Costs associated with the FJG only represent half of the equation. **The initial cost** of the FJG **would be offset by significant cost savings** through reducing enrollment in many existing federal and state social insurance programs, by **maintaining state and municipal tax bases**, by **increasing the growth rate of gross domestic product (GDP)**, and by **substantial productivity and capacity gains** in the U.S. economy.

Increasing the minimum wage not only tackles persistent inequality, but also makes the economy more racially just

Cooper et al. '21 — David Cooper; Zane Mokhiber; Ben Zipperer; “Raising the federal minimum wage to \$15 by 2025 would lift the pay of 32 million workers;” Economic Policy Institute; March 9th, 2021; <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2025-would-lift-the-pay-of-32-million-workers/>

An increase in the national minimum wage is well **overdue**

The federal minimum wage has not been raised in over a decade; it has remained **stuck** at \$7.25 per hour since 2009. Figure A compares the trajectory of the minimum wage at face value (known in economics as the nominal minimum wage) with the inflation-adjusted or “real” value of the minimum wage (representing its purchasing power) and with the real value of the minimum wage had it risen with productivity after 1948. As the figure shows, rising costs of living since the last increase in the nominal minimum wage in 2009 have **diminished** the **purchasing power** of the federal minimum wage (the middle line for most of the graph), which had declined by 17% as of 2020 and 18% as of 2021 (not shown), a devastating fall in the earnings of the lowest-wage workers.

The figure also shows that, with the exception of some important increases, the inflation-adjusted value of the minimum wage has mostly **stagnated** or declined since the 1970s. But that was not always the case: In the 1950s and 1960s, Congress raised the minimum wage more frequently such that it rose roughly in line with the pace of **economywide productivity**. At the peak purchasing power of the minimum wage in 1968, a minimum wage worker earned \$10.59 per hour (in 2021 dollars), 46% more than a worker at the \$7.25 federal minimum wage today. Had Congress continued to increase the minimum wage in line with productivity growth, the minimum wage today would be over \$22 per hour. Despite the doubling of labor productivity, minimum wage workers today are paid substantially less in real terms than their counterparts earned five decades ago. Raising the minimum wage to \$15 by 2025, as called for in the Raise the Wage Act of 2021, is an important step toward **reversing** the **erosion** of the minimum wage’s buying power and—as detailed later in this report—achieving **greater racial and gender pay equity**, as well as **fairer wages for** those **workers most affected by** the **COVID-19** pandemic. The act has three key components:

1. The national minimum wage increases in five steps over five years, beginning with an increase to \$9.50 this year and ending with a \$15 minimum wage in 2025.
2. Each year after 2025, the minimum wage would automatically increase in line with changes in the median hourly wage in the economy.
3. The subminimum wages employers are currently allowed to pay tipped workers, workers with disabilities, and workers under the age of 20 are gradually phased out, raising minimum wages for these workers to the same level as other workers.

These three components of the Raise the Wage Act would ensure that the lowest paid workers are sharing in the **productivity gains** of the economy. A level of \$15 in 2025 would finally raise the living standards of the lowest-wage workers above levels those workers experienced 50 years ago. Automatically increasing or indexing the minimum wage to the median wage guarantees regular and predictable raises and prevents growing pay inequality between the lowest paid workers and the middle class. Finally, by phasing out subminimum wages, such as the meager \$2.13 per hour wage for tipped workers, all workers would be paid at least the new, common federal floor. Tipped workers in particular would benefit from having a regular paycheck so that they would not need to rely exclusively on volatile tips that can be particularly susceptible to discrimination and wage theft (Lynn et al. 2008; Cooper and Kroeger 2017).¹

In 2025, the Raise the Wage Act would raise the wages of **32.2 million workers** (Figure B). Those affected workers represent **21% of the projected workforce** of 151.7 million in 2025. Affected workers include **22.1 million directly affected** workers who would otherwise earn less than \$15 per hour in 2025 and **10.1 million indirectly affected workers** who would otherwise earn just above \$15 per hour in 2025. Specifically, we define indirectly affected workers as those with a wage rate between the new minimum wage and 115% of the new minimum wage. These workers will receive a pay boost as employers raise wages to recruit and retain them under the new higher wage standard. On average, an affected low-wage worker who works year round would see an annual pay increase of more than \$3,300 (see Appendix Table 2).

As we describe below, a \$15 minimum wage by 2025 would disproportionately benefit **Black and Hispanic workers** and **women**, raise the pay of essential and front-line workers, and reduce the number of people living **in poverty**. The appendix contains additional projections of benefits by detailed demographic groups and a summary of the methodology used to create these estimates.

An increase in the national minimum wage supports **a more racially just economy**

Due to occupational segregation, discrimination, and other impacts of systemic racism, racial pay disparities are one of the **persistent**, structural features of the U.S. labor market (Wilson and Rodgers 2016). Despite some historical progress, in 2019 Hispanic workers were being paid **10.8% less** than white workers with similar ages and education levels, and Black workers were being paid **14.9% less** than comparable white workers (Gould 2020).

Our analysis of shares of workers affected, combined with recent research on minimum wages and racial income and earnings gaps, indicates that raising the minimum wage to \$15 by 2025 would **substantially reduce racial pay inequality**. Figure C shows that while the raise would increase wages for less than one out of five (18.4%) white workers, about one in three (31.3%) Black workers and one in four (26.0%) Hispanic workers would receive a pay increase. Because they are particularly underpaid, women of color would disproportionately benefit from the Raise the Wage Act: 22.9% of those who would receive pay increases are Black or Hispanic women.

Ending the separate, tipped wage would **especially benefit women of color**, as they are more likely to work in tipped jobs and be paid subminimum wages. The National Women's Law Center (2021) finds that nearly 70% of tipped workers are women, and that Latinas and Black, Native American, and Asian American/Pacific Islander women are all disproportionately represented among tipped workers.

Civil rights leaders and advocates have long recognized the value of **higher wage standards** in **reducing inequality**.

In 1963, the federal minimum wage was \$1.15 an hour, and there was no minimum wage at all for agriculture, nursing homes, restaurants, and other service industries that disproportionately employed Black workers. The 1963 March on Washington for Jobs and Freedom (the March on Washington) called for a \$2.00 minimum wage (Pitts and Allegretto 2013). As Derenoncourt (2020) has observed, the 1963 March on Washington's demand would be equivalent to about \$15.00 today after adjusting for inflation (see Figure D).

The 1963 March on Washington demanded a \$2.00 minimum wage that would "include all areas of employment which are presently excluded" and would "give all Americans a decent standard of living" (Derenoncourt 2020).

Several years later, Congress expanded the coverage of the minimum wage and eventually raised it to its historical high point of \$1.60 in 1968, or \$10.59 in 2021 dollars. Derenoncourt and Montialoux (2021) describe how the new standard raised wages overall but had its largest effects on Black workers. Just before the increase, 28.8% of Black workers earned at or below the 1967 minimum, compared with 13.9% of white workers. The authors convincingly demonstrate that these increases were responsible for more than 20% of the fall in the **Black-white earnings gap** during the Civil

Rights Era. Since then, minimum wages have continued to play a **substantial role** in **reducing racial earnings inequality**. Wursten and Reich (2021) found that minimum wage increases between 1990 and 2019 reduced Black-white wage gaps by 12% overall, and by 60% for workers with only a high school diploma or less. The link between increases in the minimum wage and decreases in racial earnings gaps also means that the erosion of the federal minimum wage over this period **increased racial earnings gaps**.

Negative Evidence

Based on the topic wording, negative teams could argue that the better solution is improving education, hiking minimum wage, improving union power, modifying trade law or changing technological progress

Antoine **Bozio**, Bertrand Garbinti, Jonathan Goupille-Lebret, Malka Guillot, Thomas Piketty **20**, *Associate Professor, Paris School of Economics; Director, Institut des politiques publiques, et al (Pre-distribution versus redistribution: Evidence from France and the US, <https://voxeu.org/article/pre-distribution-versus-redistribution>)

Public policies aiming to reduce inequalities can be classified into two categories. **First**, for a given level of pre-tax inequality, **taxes, transfers and other public spending can reduce post-tax income inequality. This are usually called redistribution policies.** The public economics literature has largely been influenced by an approach that treats pre-tax inequalities as given and where **the policy options** for reducing inequalities largely **rest on various combinations of taxes and transfers**, with the constraints imposed by the behavioural responses to the tax and transfer system (e.g. this is the generic logic of optimal taxation literature). **However, public policies can also affect the pre-tax distribution of income – what we call ‘pre-distribution’.** A long-lasting literature has advanced several factors explaining pre-tax income inequality. It has typically discussed the relative role of **education** policies (Katz and Murphy 1992, Chetty et al. 2017), **minimum wages** (Autor et al. 2016), **compensation bargaining** (Piketty et al. 2014), **international trade, and technological change** (Autor et al. 2014, Acemoglu and Restrepo 2020) as driving forces of inequality. Finally, taxation and transfers can also affect pre-tax income either via changes in bargaining incentives or through different dynamics of capital accumulation. Although these channels are known to impact inequalities, the lack of adequate data series with sufficient historical and comparative breadth has limited the ability to evaluate and compare the long-term impact of various public policy options on inequality.

Negative teams will be able to find strong evidence indicting the premise that inequality is not a problem worth solving. This evidence argues that the decline in absolute poverty is the much more meaningful metric of societal progress.

Worstall 17, Fellow at the Adam Smith Institute in London, a writer here and there on this and that and strangely, one of the global experts on the metal scandium, one of the rare earths (Tim, “It’s Free Markets That Reduce Inequality, Not Capitalism Or Socialism,” *Forbes*, <https://www.forbes.com/sites/timworstall/2017/04/13/its-free-markets-that-reduce-inequality-not-capitalism-or-socialism/?sh=1b4943186ec7>)

As to inequality I would argue that **richer societies are always less unequal.** Agreed, this isn't either how most of us see it nor is it something that will be reflected in the normal statistics. **We can all go read Piketty, Saez and Zucman and shout that the rich have ever more of the financial assets and that's increasing inequality. Or that Bill Gates makes whatever it is a year which is a gazillion times more than I do therefore we're more unequal than the peasant and the Lord of old were. An argument I find deeply, deeply, unconvincing.** Partly because there are large parts of life where there simply isn't any inequality left. **Warren Buffett and Bill Gates both have access to exactly the same amount of Facebook or Spotify that you and I do. Once we've paid some minimal (and it is minimal, even \$100 is only 4 hours work a month at median US wage rates) amount for broadband we can all consume as much as we can be bothered to spend the time on.** This goes further. Both of those very rich men are known to like a Maccy D's or two. **Despite the gaping gulf in our various fortunes there are very few who do not enjoy exactly the same access to such comestibles as they do--absolutely as many as we might wish to consume. Which brings me to my major point about inequality. Back when being poor meant not having food. No, really, unemployment up to some 150 years ago or so not only could but sometimes did mean starvation. Actual no food until dead. Being poor could and sometimes did mean no roof over the head, not just a small one. No clothes not just an absence of that fifth change of them. Today unemployment means that you've still got a place to live in, food to eat, clothes on the back and so on. While the gap as measured in money might be larger the gap in actual daily living standards simply isn't as large as it used to be.**

Inequality does not produce poverty

Tanner 16, has undertaken a major project to develop innovative solutions to poverty in California, which is widely seen as a model for building bipartisan consensus around innovative ways to reform government-imposed barriers to economic participation by the poor and

marginalized groups. The Project on Poverty and Inequality in California builds on Tanner's most recent book, *The Inclusive Economy: How to Bring Wealth to America's Poor*, a comprehensive look at the ways government contributes to poverty in the United States. (Michael, "Five Myths about Economic Inequality in America," CATO Institute, <https://www.cato.org/policy-analysis/five-myths-about-economic-inequality-america>)

MYTH 4. More Inequality Means More Poverty

Perhaps the reason that there is so much concern over economic inequality is that we instinctively associate it with poverty. After all, poverty is the flip side of wealth. And, despite across-the-board gains in standards of living, too many Americans remain poor (at least by conventional measures). Slightly less than 15 percent of Americans lived in poverty in 2014, including 16 percent of women, 26.2 percent of African-Americans, and 21.1 percent of children.⁶¹ But, it is important to note that poverty and inequality are not the same thing. Indeed, if we were to double everyone's income tomorrow, we would do much to reduce poverty, but the gap between rich and poor would grow larger. Would this be a bad thing? There is little demonstrable relationship between inequality and poverty. Poverty rates have sometimes risen during periods of relatively stable levels of inequality and declined during times of rising inequality. The idea that gains by one person necessarily mean losses by another reflects a zero-sum view of the economy that is simply untethered to history or economics. The economy is not fixed in size, with the only question being one of distribution. Rather, the entire pie can grow, with more resources available to all.

Nor does it effect the political process negatively

Tanner 16, has undertaken a major project to develop innovative solutions to poverty in California, which is widely seen as a model for building bipartisan consensus around innovative ways to reform government-imposed barriers to economic participation by the poor and marginalized groups. The Project on Poverty and Inequality in California builds on Tanner's most recent book, *The Inclusive Economy: How to Bring Wealth to America's Poor*, a comprehensive look at the ways government contributes to poverty in the United States. (Michael, "Five Myths about Economic Inequality in America," CATO Institute, <https://www.cato.org/policy-analysis/five-myths-about-economic-inequality-america>)

MYTH 5. Inequality Distorts the Political Process

Recently, a new argument against inequality has come to the fore: that inequality skews the political process in ways that benefit the wealthy and penalize the poor. In doing so, it locks in the status quo, limiting economic mobility, and enabling the wealthy to become still wealthier. There is certainly some merit to this argument. The federal government can and does dispense favors to those with connections to the levers of power. This has enabled some individuals to accumulate wealth that they could not have earned in a truly free market. In that sense, disparities of political power may exacerbate inequality. On the other hand, there is far less evidence that the wealthy are able to use their political power to enact a broad agenda that favors the wealthy or penalizes the poor.

A complete review of campaign finance law is beyond the scope of this paper. However, the assumption that all wealthy people share a similar political orientation is simply not supported by the data. According to a Gallup Poll, about one-third of the top 1 percent of wealthiest Americans self-identify as Republicans, compared to roughly a quarter who self-identify as Democrats, a statistically significant, but far from overwhelming, tilt toward Republicans.⁷³ Wealthy Americans are slightly more likely to call themselves conservatives than liberals, but so is the American public as a whole. As for policy preferences, while there are some signs that there are some policy areas where the very wealthy hold different views, on most issues they do not diverge significantly from the rest of the public.⁷⁴ Simply look at such wealthy political activists as George Soros, Charles Koch, Sheldon Adelson, and Tom Steyer. Clearly, there is no common political denominator in that group.

There's a strong economy DA: Increasing taxes on the wealthy decimates stock trading and investment

Cunningham '21 — Lawrence Cunningham; "How the new and higher taxes that Biden and Congress are pushing would hurt stock investors and consumers;" September 25th, 2021; MarketWatch; <https://www.marketwatch.com/story/how-the-new-and-higher-taxes-that-biden-and-congress-are-pushing-would-hurt-stock-investors-and-consumers-11632295330>

While most of the new or increased taxes proposed by President Joe Biden or the House will affect investors only indirectly, some threaten core tenets of quality shareholders, America's most focused and long-term investors.

First, there's corporate taxes and how they affect what quality shareholders look for in a

company. Proponents of a corporate tax rate increase — to 26.5% from 21% under the House proposal and 28% under the Biden plan — assume this raises revenue without burdening individuals, especially those with lower incomes.

Critics counter that when corporations face increased costs, including taxes, they pass them on to customers through higher prices or to workers in the form of lower wages. Each of these arguments is plausible in theory but both ignore the nuances of corporate America that quality shareholders consider as part of their analyses. Concerning how corporate tax increases affect consumers, consider three different types of companies:

- Regulated companies, such as railroads and utilities, are legally permitted to pass tax increases to their customers and invariably do so.
- Commodity-type companies, such as sellers of soap and toilet paper, are also usually able to pass at least some tax costs on to consumers.
- Franchise-type companies, those with competitive advantages such as brand strength favored by quality shareholders, may not have the option to pass along increases due to their premium pricing. If higher corporate rates hurt franchise-type businesses more than commodity-type businesses or regulated ones, then quality shareholders must adjust. Such a change will certainly hurt them more than other investors, such as index funds or short-term traders, and will also make their favored businesses less attractive as investments. For policy purposes, moreover, this subtler reality exposes complex trade-offs. Higher corporate taxes will hurt customers of regulated businesses most because, as taxes increase, so does the price they pay. Policymakers, therefore, must choose between high rates that hurt ordinary people and low rates that might conflict with their revenue goals. Next up, capital gains taxes. The House proposal would increase the top capital gains tax rate to 25% from 20%. As a policy matter, increasing the cost of selling an investment may have the positive effect of lengthening investors' time horizons and discouraging short-termism. But for quality shareholders, investors with a long-term view already, such a tax increase is a penalty. The cost to quality shareholders would induce them to hold stocks even when the fundamentals indicate that it's time to sell.

There is also a strong inflation DA. This card would support uniqueness that the government is doing everything it can to contain inflation

Inflation subsidizes now. Key to growth.

Krugman 22, PhD, Professor of Economics (Paul, "Don't Tell Anyone, but 2021 Was Pretty Amazing," *New York Times*, <https://www.nytimes.com/2022/01/04/opinion/2021-economic-recovery.html>)

Grumpy New Year! There probably weren't many Americans who started 2022 feeling celebratory. We're going through yet another Covid wave, which is scary and wearying even though Omicron appears to pose a relatively low risk of serious illness if you're fully vaccinated. Holiday travel was a mess, with the combination of the pandemic and severe weather causing thousands of flight cancellations. Yet there's a good chance that once time has passed and we've had a chance to regain perspective, we'll consider 2021 to have been a very good year, at least in some ways. In particular, although nobody seemed to notice, it was a year of spectacular economic recovery — and one in which many dire warnings failed to come true. Let me give you some background. Here's the U.S. unemployment rate since 1979, the beginning of a nasty double-dip recession that was, at the time, the worst slump to hit America since the 1930s: The good news about that episode was that when the slump finally ended, the economy bounced back quickly — so quickly that Ronald Reagan was able to boast about "morning in America" and ride the recovery to a landslide electoral victory. After that, however, we seemed to lose our knack for economic recovery. The next three recessions — 1990-91, 2001 and 2007-9 — were followed by sluggish recoveries in which unemployment took years to come down. Then came Covid. The economics of 2020 were, to use the technical term, weird: The economy went into lockdown, experiencing a huge but temporary spike in unemployment. But what would 2021 look like? Many people expected at least a partial replay of the sluggish recovery that followed the 2008 financial crisis; in late 2020, forecasters surveyed by the Philadelphia Fed expected a 5.8 percent unemployment rate at the end of 2021. In fact, unemployment was already down to 4.2 percent by November. Here's a comparison you may find illuminating: the cumulative decline in the unemployment rate starting in December 1982 — the beginning of Reagan's boom — compared with the decline over the course of 2021: Yes, by this measure (and many others) we're in the middle of another morning in America, despite the drag caused by a lingering pandemic and supply-chain disruptions. So, about those disruptions: Can we talk for a moment about the Grinch that didn't steal Christmas? There was a lot of skepticism a couple of months back, when major retailers said that despite supply issues, they expected to be able to meet consumer demand. But I've seen almost no reports of empty shelves and frustrated shoppers. And in this case absence of evidence really is evidence of absence, because you know that some media organizations would have loved to hype stories of holiday woe if they could find them. But because Fox News and Newsmax recently got busted using photos of empty shelves taken in other years and other countries to bash Joe Biden, they appear to have been cautious about reporting a miserable Christmas experience unless they could find actual examples — and apparently they couldn't. So why are people still so downbeat? There continues to be a huge divergence between people's negative views about "the economy" — a perception based in part on partisan attitudes, in part on media coverage — and their mostly favorable reporting on their own financial situation: Still, inflation is a real problem, and what happens to inflation over the course of 2022 will have

a **big** retrospective **effect** on how we regard **the economy** of 2021. I still **expect** (hope?) to see inflation gradually **subside** as we work through the remaining kinks in the supply chain. Measures like the cost of container shipping are still elevated but off their peaks; surveys of purchasing managers suggest that **delivery times are** still bad but **improving**. If inflation does come down, 2021 will look in the rearview mirror like an **unambiguous success story**, a tale of **an economy** that powered through temporary bottlenecks and **rapidly returned to full employment**. Obviously that's not the only possible outcome — and for a variety of reasons, which I'll probably talk about in the next newsletter, it will be quite a few months before we'll have a clear picture on the inflation front. But one thing is clear: 2021 was **a banner** year for **economic recovery**. And people should know that.

There is literature arguing that current inflation is transitory

Droke 12-30-2021, equity research analyst and writer for Cabot Wealth Network (Clif, "Inflation Threat Is Overstated," Seeking Alpha, <https://seekingalpha.com/article/4477309-inflation-threat-overstated>)

Lately, talk of inflation has been all the rage on Wall Street. The **fear** of inflation **was stoked when the Labor Department revealed that producer price growth hit a record** on a year-over-year basis in November (up 9.6%), while consumer prices hit a 14-year high. **This sparked a wave of concern** among investors, **who** naturally **fear that such price spikes could become an established pattern**. But despite growing worries over inflation, a question that must be asked - especially in light of the strengthening U.S. dollar - is how much of a threat is inflation to the economy? Here, I'll make the case that while rising consumer prices will continue to be an issue in the coming months, **the threat is overstated with price increases likely attenuating in the second half of 2022**. Looking at only retail prices, there's no denying that rising living costs are a major issue right now. The 18-month U.S. national gasoline price average is \$3.29/gallon according to GasBuddy, the highest level since 2014 (but still under the \$3.93 average price in 2012). Food prices are also on the rise, with meat prices in particular "seriously out of hand" in the words of a recent Money magazine article. According to the Bureau of Labor Statistics, meanwhile, overall meat prices in November were up nearly 15% from the previous month, while beef was up 21% from a year ago. "The food at home index rose 6.4 percent over the past 12 months, the largest 12-month increase since the period ending December 2008," BLS observed. Most investors regard inflation as defined as the yearly percentage change of the Consumer Price Index (CPI), which gives an outside importance to the prices that consumers pay for goods and services like food, transportation and medical care. But the classical definition of inflation involves a combination of higher prices, higher interest rates and rising wages. The nominal rate of interest isn't rising, as the following graph illustrates. What's more, **the real rate of interest** (defined as the difference between the nominal interest rate and the inflation rate) **is actually negative**. This shows that the inflation **we're now experiencing isn't classical inflation**, but rather rising commodity prices due to a combination of high central bank money printing and government spending levels, **coupled with supply-chain problems**. Moreover, **if inflation was completely out of control, we should be seeing a substantially weaker dollar**. Instead, we find that the U.S. dollar index has shown some **strength** in recent months (see chart below). **The stronger dollar tells us that the demand for money is still high enough to keep inflation from spiraling completely out of control**. Moreover, another question that should be asked is whether it's possible something could happen to (unexpectedly) reverse the trend of higher consumer prices? If so, it doesn't take much imagination to guess what the catalyst might be, viz. China's debt crisis. China's largest real estate operator, Evergrande, creates nearly 4 million jobs each year. As many analysts have pointed out, should it collapse, it could create a crisis similar in magnitude to the Lehman Brothers collapse in the U.S. some 14 years ago. (Reuters recently alluded to this in a report titled, "China Evergrande's snowballing debt crisis.") But the problem doesn't stop with Evergrande. According to Liz Brumer-Smith of Motley Fool: "Since 2013, China has used a unique system of local government financing vehicles (LGFVs) to help stimulate economic growth through infrastructure improvements. China doesn't reveal much about its financial vulnerability, but estimates from Goldman Sachs show outstanding debts for LGFVs could be well over \$8 trillion today and make up around 52% of the country's GDP. Many of these LGFVs are considered risky and 'weak,' meaning in the event of collapse, far more than Evergrande's indebtedness could be at risk. Such a collapse would undoubtedly send shockwaves around the world and ripple into the financial markets of all developed nations that do business with China. Ironically, this would also likely 'solve' the current commodity price inflation dilemma. But even if China's debt problems can be contained in the coming year, **another factor that should serve to attenuate inflation would be the winding down of the global pandemic**. A growing number of observers believe that the omicron variant could be the last wave of the virus, with many predicting that this spring will witness the end of widespread virus-related restrictions. If that prediction materializes, **it would** presumably **take quite a bit of the edge of inflation** since it would imply lower emergency spending levels by state and federal governments, as well as higher production levels in the private sector (thereby relieving supply problems). That said, rising consumer and producer prices will almost certainly remain a problem in the first half of the new year. Crude oil prices, in particular, remain elevated, and the energy sector bull market shows no signs of ending anytime soon. For that reason, I expect the Invesco DB Commodity Index Tracking Fund (DBC), which is heavily skewed toward the energy sector, to be one of the top performers of the first half of 2022. In summary, while inflation is still very much a problem in the intermediate term, **the economic threat posed by inflation is** at least somewhat **overstated, given the persistent strength of the U.S. dollar** in the past year. Moreover, **there are good reasons for expecting rising**

prices to attenuate by the second half of 2022, including diminishing Covid restrictions and the potential deflationary pressure of a China debt crisis.

Qualified people are making the “transitory” argument

Blinder 12-29-2021, professor of economics and public affairs at Princeton, served as vice chairman of the Federal Reserve, 1994-96.

(Alan, “When It Comes to Inflation, I’m Still on Team Transitory,” Wall Street Journal, <https://www.wsj.com/articles/when-it-comes-to-inflation-im-still-on-team-transitory-price-index-pce-goods-supply-chain-logistics-federal-reserve-interest-rates-11640807029>

Inflation was a Grinch this Christmas. Economists on Team Transitory, myself included, should admit that we never thought inflation would go this high. What happened? Does high inflation still look transitory? First, the startlingly high 6.8% inflation rate reported by the consumer-price index over the past year exaggerates the problem. A better measure, the one on which the Federal Reserve focuses, is called the deflator for core personal-consumption expenditures, or core PCE. This

price index excludes food and energy, because they are so volatile and far beyond the Fed’s control. It registered a 4.7% inflation rate over the past year. OPINION: POTOMAC WATCH WSJ Opinion Potomac Watch Reviewing President Biden’s First Year SUBSCRIBE So yes, we have an inflation problem. But 4.7% inflation is a smaller problem than 6.8% inflation. The question remains: How did we get here? The old aphorism that inflation arises from “too much money chasing too few goods” is close, but “too much demand chasing too little supply” is spot on. Demand has surged as the economy leapt out of its terrible pandemic slump, but supply hasn’t been able to keep up because of various bottlenecks and shortages. NEWSLETTER SIGN-UP Opinion: Morning Editorial Report All the day’s Opinion headlines. PREVIEW SUBSCRIBE The U.S. government threw big lifelines to needy families in March 2020 and March 2021. Large transfer payments helped families muddle through and maintain their spending. The Federal Reserve chipped in with hyper-expansionary monetary policy, which helped revive the auto industry and contributed to the housing boom. Those fiscal and monetary policies, though imperfect, were wise.

Without them our economy would have fallen into a much deeper and longer recession—maybe even into deflation. But these measures were temporary. There won’t be large fiscal expansion in March 2022, regardless of what happens to President Biden’s

Build Back Better plan. And the Fed is now taking its foot off the monetary accelerator. Turning to supply, Covid fears shifted consumer spending away from services, many of which require close personal contact, toward goods, which come to us safely in boxes. But packages must be transported by trucks and, if they originate overseas, travel in container ships and be unloaded at ports. Strained container capacity, clogged ports, and a shortage of truckers have resulted in too little supply. In short, there is an inflationary price to pay when you catapult rapidly out of a pandemic-induced recession, and we are paying that price now. But it

still looks transitory to me—though that doesn’t mean it will be over in a month or two. It won’t, which is presumably why Federal Reserve Chairman Jerome Powell recently stopped using the word. Several factors point to lower inflation rates ahead.

First, the price of crude oil, which more than doubled between November 2020 and October 2021, has begun to fall. Second, normal consumption patterns will re-emerge as pandemic fears subside. Consumers will start buying more restaurant meals, hotel rooms and movie tickets—and fewer things that are shipped in boxes. Omicron may delay the return to normalcy, but it will happen. Third, capitalism is on our side. Shortages raise prices, but high prices create opportunities for profit, which attract capitalists to alleviate the shortages. They don’t do this out of altruism, but out of self-interest. The process takes time, however—time to increase semiconductor manufacturing capacity, time to get more trucks on the road, time to enhance port capacity and so on.

Bottleneck inflation may be gone in a few months, or it may take another year or so. You can call another year of high inflation “transitory” or “terrible.” But it isn’t likely to be permanent, which is why I’m still on Team

Transitory

UBI would trigger runaway hyper-inflation

Archetto 18, foreign affairs officer at the Bureau of Political Military Affairs, US Department of State and a former security assistance officer at the Defense Security Cooperation Agency, Office of the Secretary of Defense (Greg, “Implementation of a ‘universal basic income’ program would be a disaster,” *The Hill*, <https://thehill.com/opinion/finance/397192-implementation-of-a-universal-basic-income-program-would-be-a-disaster/>)/BB

For example, in Finland — and a smattering of other countries — principalities and cities are currently experimenting with UBI using sample populations limited by age, employment status, and other factors, hardly “universal.” So far no definitive results have been gleaned on UBI’s efficacy, but in today’s millennial parlance, let me “save you a click.” In order to fully appreciate how UBI would work, you need to look at what it’s implementation would do to an entire economy, not just a fraction of it. If everyone suddenly had an extra \$10K a year, and everyone knew that everyone had an extra \$10K a year, prices would go up and inflation would rise, thus negating the perceived gains of such a program. Think of it this way. If you walk into a store right now, the price of any product is based on the maximum amount of money it can command in exchange for it in relation to the number of customers needed to pay that price and keep it moving off the shelves at a predictable pace. In other words, supply and demand. However, this is based on the fact that the shop owner has no way of knowing the wealth level of every customer that walks into his store. Now, if Scrooge McDuck waddled in, the shop owner could

assume his wealth, deduce that he could afford to pay more, and try to raise the prices on the fly. However, that would be tough because prices are usually clearly marked. But generally, that price is set using the knowledge that any single customer that walks in at any given time has a wealth baseline of \$0 and an upper bound of, say, \$112 billion. But, if you add in the knowledge that everybody that walks into your store, because of UBI, now has a wealth baseline of X+\$10K, don't you think that shop owner would charge more for his products? He knows you can afford a higher price now. These price rises would then have reverberations throughout the economy. As prices went up, wages would need to follow, which would make prices go even higher in an upward inflationary spiral. This is essentially Milton Friedman's "helicopter money" analogy.

And a federalism DA: Increasing regulatory taxes undermines the delicate balance of competitive federalism between the federal government and the states

Mason '11 — Ruth Mason (Visiting Associate Professor of Law, Yale Law School; Associate Professor of Law and Nancy and Bill Trachsel Corporate Law Scholar, University of Connecticut Law School); "Federalism and the Taxing Power," *California Law Review*, Volume 99, 2011; JSTOR, Accessed via KU Libraries

If Congress uses tax expenditures and penalties to regulate areas **traditionally or constitutionally reserved** to the states, then such tax regulation raises **federalism concerns** similar to those raised when Congress makes conditional grants to the states.⁹⁵ Thus, to the extent that we are concerned about the federalism impact of conditional grants, arguably we also should be concerned about the federalism impact of tax expenditures and penalties.

Among the values that federalism promotes is **horizontal competition** among the states for residents who are free to move to any state in the Union. Competition forces state governments to respond to the **political preferences of their residents**.⁹⁶ The states' smaller size compared to that of the nation also may facilitate **political participation**.⁹⁷ at least when a single voter's voice carries **more weight** in state than federal elections.⁹⁸ Similarly, the smaller size of states, coupled with uneven distribution of voter preferences across the country, facilitates **policy diversity**: each state can adopt policies that **reflect the preferences of its residents**, which may differ from national preferences or from preferences of residents of other states.⁹⁹ Closely related to this is the idea that states may devise different ways to pursue similar policy goals, thus serving, in Justice Brandeis' famous words, as "laborator[ies]" for "social and economic experiments."¹⁰⁰

Federalism also promotes vertical competition between the **federal and state governments**. Although the federal and state governments do not compete for residents, James Madison predicted that **they would compete for the affections of the governed**.¹⁰¹ For any regulatory area not exclusively assigned to the federal or state governments by the Constitution, Madison envisioned that the people would **choose their regulator**.¹⁰² If they trusted the federal government more, the people would invest more power with the federal government, or vice versa.¹⁰³ In this way, Madison believed that the federal and state governments would check each other, so that neither would become oppressive.¹⁰⁴

It is not necessary to repeat at length here the well-known claim that conditional federal spending jeopardizes federalism values.¹⁰⁵ Instead, it should suffice to draw the analogy between federal grant spending and federal tax spending. When it conditions grants upon states' implementation of particular policies, the federal government thereby reduces the scope for state policy experimentation and competition.

Similarly, when the federal government uses federal tax law to reach past the states to **regulate private taxpayer behavior** though **tax expenditures and penalties**, it may leave less room for states to implement **different or contrary policies**. Where federal tax incentives **reward taxpayers** for engaging in particular activities, such as education,¹⁰⁶ home ownership,¹⁰⁷ and the purchase of private health insurance,¹⁰⁸ those tax incentives may displace the expression of **local values** and local **political preferences**. Similarly, to at least some extent the federal government may **override local political decisions** when it uses tax penalties to **discourage** certain **activities**, such as smoking, gambling, and driving. If, in order to secure federal subsidies or avoid federal penalties, taxpayers strive to meet federal (rather than local) standards, then the taxing power raises concerns similar to those raised by the spending power.¹⁰⁹ Specifically, if the federal government uses its taxing power to enlarge the scope of its regulatory influence beyond its constitutionally enumerated powers, it **reduces the areas in which the states can compete** with the federal government and with each other. Thus, just as commentators have accused Congress of using conditional federal grants to crowd out state regulation,¹¹⁰ so too may Congress use federal taxes to crowd out state regulation. Ultimately, the extent of this problem depends on unanswered empirical questions regarding the extent to which federal taxing and spending displaces state and local regulation in similar substantive areas. The impact of federal taxes on state legislative choices also depends on legal questions, such as whether

the federal government may use taxes to achieve ends that lie beyond its other constitutionally enumerated powers, and whether such regulation can preempt state taxes and regulations. Parts II and III consider these legal issues.