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FLATTENED RATES, BROADENED BASE

by Eric B. Travers

In his January 25, 1984, State of the Union Address, President Ronald Reagan issued the first official public proclamation about the tax reform plan that would evolve into the Tax Reform Act of 1986 (TRA86). In its final form, the Act’s revisions and sweeping changes to the tax code could rightly be called “historic.” TRA86 combined individual and corporate tax rate reductions with loophole closing and other base-broadening measures in an attempt to spur economic growth while avoiding significant revenue losses.

In lowering rates, TRA86 built upon the changes enshrined in the Economic Recovery Tax Act of 1981 (ERTA), by lightening the tax burden on all Americans. At the same time, since TRA86 was supposed to be revenue-neutral, a number of loopholes were eliminated, including investment “incentives” created by ERTA to offset the revenue loss the rate reductions were expected to bring. TRA86, then, was actually something of a hybrid, combining the policy prescriptions of the more politically conservative supply-side (or “new classical”) economists and the politically liberal Keynesians.

In any event, by most statistical yardsticks, TRA86 was a success.

After the passage of TRA86 and until the infamous 1990 Omnibus Budget Reconciliation Act, the economy experienced the longest peacetime expansion in U.S. history. From 1986 to 1989, unemployment declined while real median family income and real average household income rose. As economic growth spurred revenues upward, the deficit tumbled, inflation remained low, and real per capita disposable income and living standards went up. While interest rates did rise slightly, they remained almost ten points below their pre-ERTA level. Gross Domestic Product (GDP) soared, and America prospered. The 1990 and 1993 tax increases were distinct breaks from 1986 and were followed by a recession and one of the weakest recoveries on record. The history of TRA86, the economic rationale behind its various provisions, and the economic consequences are important in today’s economy, precisely because the success of the Act can provide a beacon to light the way for future tax reform.
History of the Tax Reform Act of 1986

The end of World War II marked the rise of the economic theories of John Maynard Keynes. Over the next several decades, Keynesian economics, as it was called, became the dominant and conventional wisdom of government economists. By the time President Nixon declared in 1971 that “We are all Keynesians now,” cracks had begun to form in the theory. The Keynesian Universe was poised to enter a decade that would ravage some of the central tenants of the theory (primarily the Phillips Curve and the IS–LM model) and lead to a revival of classical economics under the guise of “supply-side” theory.

As the 1970’s began, a recent tax increase had pushed the U.S. tax burden to a post-war high. The tax-burden, however, was destined to become even more onerous as inflation-induced “bracket-creep” pushed citizens into higher tax brackets. Even though in real terms many Americans were barely keeping up with inflation, they were having to pay taxes at higher individual rates because the tax code did not take into account the slipping purchasing power of the dollar. When combined with the Arab oil embargo of 1973 (which helped push the inflation rate to 12.5%), the negative effects of high rates were becoming obvious. As the poverty rate climbed, economic growth stagnated and interest rates rose sharply. The economy was hit with several recessions. Inflation and unemployment were rising—an impossibility according to the Keynesian Phillips Curve—and a new term was born: “stagflation.”

As the Keynesians vainly grasped for answers to problems which weren’t supposed to occur, an alternate current of thought was gaining popularity throughout the economic community. The “supply-side” economists, as they were called, claimed to have an answer to stagflation, and the answer lay in the tax code. The time had come, they said, for tax cuts. The tax burden had reached a prohibitive level, and individual behavior and money were being funneled into economically unproductive endeavors as a result. A way to reverse this would be large across-the-board cuts in individual marginal tax rates. The ranks of the supply-siders were buffered and supported by such notable economists as Robert Mundell, Arthur Laffer, Paul Craig Roberts, and Robert Bartley.

Supply-side ideas were also taking hold in the political arena. In 1978, Congressman Jack Kemp (R–NY) and Senator William Roth (R–DE) proposed a bill (the Kemp–Roth tax cut) to reduce the top marginal tax rate by 30% over three years.
The bill was defeated, with the threat of a Jimmy Carter veto hanging over its head, but it would come back. A version of the Kemp–Roth bill comprised a major portion of ERTA$^{21}$, and TRA86 contained a similar rate reduction. Thus, while a Reagan defeat in either 1980 or 1984 would surely have meant no tax reform with the breadth and scope of the 1986 Act, Reagan's tax policy was actually a logical extension and acceleration of a form of general economic thought that had been gaining popularity since the middle to late 1970's.$^{22}$

The philosophy behind the rate reduction was this. Tax rates and changes in tax rates affect economic activity by directly influencing people's incentives to work, earn money, produce goods and services, save, and invest.$^{23}$ In order to spur growth, the tax cut had to be geared toward increasing incentives, and this meant the cuts had to affect marginal rates—the rate a taxpayer would pay on his or her next dollar of income.$^{24}$

The backbone of the '86 tax cut, then, was the belief that the "substitution effect" was, for the macroeconomy, stronger than the "income effect." The new–classical economists behind the supply–side movement felt that individuals faced with the option of keeping more of each additional dollar earned (through, for example, a tax cut) would generally be more inclined to work longer and produce more. The value of work would be greater than the value of leisure. Likewise, at prohibitively high tax rates, people would be inclined to work less. Money that would otherwise be invested in new companies and capital stock was instead languishing in tax shelters, forced thereby the relative unprofitability taxes imposed on the extra "return" of each invested dollar. Taxes, then, were self–defeating and suppressing growth. The answer was lower rates.

Despite its shiny new garb, this theory was not really new. Emphasis on the disincentives of prohibitively high tax rates had roots all the way back to Adam Smith.$^{25}$ Even Keynes agreed with the general proposition of the "supply–siders." In a slender 1933 tome entitled The Means to Prosperity, Keynes wrote:

Nor should the argument seem strange that taxation may be so high as to defeat its object, and that, given sufficient time...a reduction of taxation will run a better chance, than an increase, of balancing the budget. For to take the opposite view...is to resemble the manufacturer who, running at a loss, decides to raise his price, and when his declining sales increase the loss, wrapping himself in the rectitude of plain arithmetic, decides that prudence requires him to raise the price still more;—and who, when at last his account is balanced with nought
on both sides, is still found righteously declaring that it would have been the act of a gambler to reduce the price when you were already making a loss.\textsuperscript{26}

While ERTA went a long way toward reducing the individual tax burden—indexing the individual rate brackets, lowering tax rates 25\% across the board\textsuperscript{27} and the top rate from 70\% to 50\%\textsuperscript{28}—and though the result was higher income taxpayers paying more, many corporations still used tax breaks and credits to avoid paying any taxes at all. This tidbit of information received publicity in 1984 with the publication of a study showing that 128 "large and profitable" corporations had paid no federal income tax from 1981 to 1983.\textsuperscript{29} In his book \textit{For the Record}, former Treasury Secretary and Chief of Staff Donald Regan noted that the tax system remained "complicated, inequitable, expensive to administer, and so filled with loopholes that it was entirely unnecessary to cheat on taxes in order to avoid paying them... The inequity was [most] glaring in the case of corporations. Our job was to make the tax system fairer and simpler and more economically efficient."\textsuperscript{30}

The revenue gains from closing such "glaring" loopholes would be used to cover the revenue losses expected from the President's desire to further lighten the load on individual taxpayers. The concept of a revenue–neutral tax code revision was born. Using static analysis (ie., assuming behavior is unaffected by tax rates)\textsuperscript{31} to come up with the numbers, savings from eliminating tax breaks would be funneled back to reduce the overall tax rates on individuals and corporations.\textsuperscript{32} The major players in the actual writing of the bill were Senate Finance Committee Chairman Bob Packwood (R–OR), House Ways and Means Chairman Dan Rostenkowski (D–IL), and Treasury Secretary Donald Regan.\textsuperscript{33}

After a good deal of false starts, mis-steps and revisions, a bill was finally pounded out and produced for a vote in the House on September 25, 1986. With wide bi–partisan support, it passed by a count of 292–136.\textsuperscript{34} Two days later, the Senate approved the measure 74–23.\textsuperscript{35} On October 22, a triumphant President Reagan signed the measure on the White House south lawn and spoke of a \textit{Washington Post} headline about the bill which said, simply, "The Impossible Became the Inevitable."\textsuperscript{36}

The 1986 Tax Reform Act was finally complete. Its major provisions could be broken down into two groups: (1) base–broadening structural changes and (2) rate reductions and growth incentives.

The base–broadening measures reached into a number of areas. Many incentives for
tax shelter investments were either reduced or eliminated. Numerous special business deductions were repealed, as was the investment tax credit. Depreciation deductions were revised to lower the amount one could deduct each year as a depreciation loss on capital stock. The 60% exclusion of long-term capital gains from taxation was repealed (making 100% of capital gains taxable), and the capital gains tax was increased from 20% to 28%. Furthermore, people could no longer deduct state and local taxes from their federal income tax.

The following revisions would appear in the second group. Personal tax exemptions were increased from $1,080 to $2,000. The standard deduction was raised from $2,480 a person and $3,670 for couples, to $3,000 and $5,000 respectively. The earned income tax credit was increased to allow exemption of 14% of earnings up to $5,714. For families with incomes over $9,000 (1986 dollars), the credit was to be phased out by 1988. The tax code was simplified by reducing the sixteen bracket individual-income tax rate structure, which ran from 11% to 50%, to two brackets—15% and 28%. The maximum corporate tax rate was dropped from 46% on profits over $100,000 to 34% on profits over $75,000, and some 4 million low-income earners were removed from the tax rolls entirely.37

The new-classical economists in the Reagan administration favored the large tax rate reductions as a means of increasing the incentives to work, save and invest, while decreasing the profitability of hiding behind tax shelters.38 As the incentives grew, economic growth would be spurred, and the tax base would broaden naturally. As aggregate supply increased, the Reagan program assumed the Federal Reserve Bank, under Paul Volcker, would continue to restrict growth in the money supply (thereby reducing aggregate demand). Combined, the two effects would lead to increased economic wealth while keeping inflation low.

Keynesian concerns, that the tax cuts would be inflationary, were misplaced not only because the aggregate supply curve would shift out (offsetting the increased consumption) but because of the deflationary impact of the loophole closing, particularly on the asset market.39 Short term inflationary pressures on the aggregate economy would be swamped by the sell-off of assets that had lost their protected tax status.

Since many of the tax shelters required investors to actually own a tangible asset, the reason for holding the asset would disappear as its tax exemption shrunk. Indeed, one of the anecdotes repeatedly heard during congressional debate was that of the so-called see-through office buildings—"commonplace in cities like Houston"—built not because
of the demand for office space but as tax—sheltered investments. Lower tax rates and fewer shelters would trigger a sell-off of investor's hard assets toward money—market investments, stocks and bonds, and other producers of taxable income. The result, then, would not be inflation but deflation, particularly in the real estate market, as investors rushed to move out of tangible assets. Operating on the rather safe assumption that the Federal Reserve Bank would continue its "tight—money" policy, aggregate prices would remain relatively stable and inflation under control. Indeed, inflation expectations, as measured by interest rates and exchange rates, declined following the announcement of the tax act.

The Keynesians applauded the legislative loophole closing and the increase in the capital—gains tax as ways of increasing the taxes on the wealthy and corporate America. Indeed, these base broadeners were probably the most enduring aspect of TRA86. Official estimates placed the loss of revenue from rate cuts at $121.7 billion over five years. During that same time period, the rise on corporations was estimated to garner $120.4 billion. In reality, the base broadeners raised some $227 billion. The increase in the capital—gains tax ultimately lost money, though, because the windfall expected from the static analysis of the numbers never materialized and revenues actually dropped by more than 50% from 1986 to 1987.

In any event, as the tax liabilities of lower income quintiles fell, and the rich became more willing to expose their money to the lower tax rates, the share of income taxes paid by the rich substantially increased. When Reagan took office in 1981, the top 5% of earners accounted for 35% of federal tax revenue. By the time of TRA86, the share of the top 5% had risen to 42%. After TRA86, this share continued to rise until 1990, when the top 5% of wage earners accounted for 49% of federal income tax revenues. Notice that the upward trend started after ERTA's enactment, which did not close loopholes. Thus, it appears lower marginal rates probably had at least as much to do with the rising share of taxes paid by the rich, after TRA86, as did the loophole closing.

The claim that the rich paid more only because they had a larger share of income is incorrect for several reasons. The lower rates, after all, do not merely affect the number of hours that high—income taxpayers work. Lower rates play a role in financial decisions about where to put one's money, how much income to shelter, and how much to declare as taxable income. As tax rates come down, investors are likely to hold more taxable securities and fewer tax exempt securities. Florida State University economics professor James Gwartney notes:
The lower rates drew funds out of the tax shelters and reduced the attractiveness of pleasurable, tax-deductible, business-related expenses. . . . Reported income after deductions—from partnerships and Sub-S Corporations of the top 5 percent of taxpayers—rose from $12 billion in 1980 to $56 billion in 1988, a whopping 360% increase. Similarly, the reported income from business and professional practice of the top earners skyrocketed during the 1980’s.49

The removal of the incentive to hide income, then, by lowering the tax rates, had the desired effect of pulling money out of unproductive tax shelters and into taxable growth-orientated investments.50 The rich paid more, largely because they were reporting more. This benefited the entire economy because money-pursuing investment, not shelters, is money that encourages growth, increases output, and increases aggregate supply.

In any event, from 1984 to 1989, a period roughly coinciding with TRA86, the Bureau of Labor Statistics found that real, per-capita, before-tax income rose substantially for every quintile of income distribution. The lowest and second lowest quintiles saw real rises in income of 68% and 18.7% respectively. The highest quintile had gains of 19.2%.51 The lower quintiles, then, when measured against past performance, were not being outperformed by the rich in terms of real gains.

Now, if measured as a percentage of the increase of total income gains across the economy, the top 20% earned 42.8% of total income gains.52 Though 42.8% may seem high for 20% of the population, this somewhat misleading figure is easily explained. Total income gains are bound to be larger for the highest group studied because the fastest gainers from lower groups will rise to a higher quintile. Their income gains, then, cannot push the average of their original group’s quintile up. Since there is no higher group for the fastest income gainers in the top percentage to climb to, all income gains for the top group will be counted in the top group’s income.53 Since figures exclude taxes—Census Bureau figures show average income taxes for the top group equalling $24,322 in 199054—and do not adjust capital gains for inflation, they tend to overstate the income of the upper-level earners. Moreover, since the quintiles are based on percentages, as incomes rise, the cut-off necessary to qualify for the top group will rise. Thus, the average income and income gains of the upper quintile rise. In any event, the 42.8% figure is actually the lowest of any post-war period; during the 1976–80 period, for instance, 100% of the income gains went to the top 20% of earners.55

Employment boomed following the enactment of TRA86. The unemployment rate
fell from 7.0% in 1986 to 5.3% in 1989.\textsuperscript{56} This represented some 10.1 million new jobs, even as the labor force participation rate reached a record level of 66.5%.\textsuperscript{57} These were good jobs, too. Data from the Bureau of Labor statistics (in constant 1984 dollars) shows that in Reagan’s second term, 46.1% of the jobs created paid more than $28,048. Only 6% paid under $7,012.\textsuperscript{58} 82% of the jobs during the Reagan era were in the higher paying, higher skilled occupations (defined as technical, precision production, and managerial and professional).\textsuperscript{59} Black labor force participation also hit record levels by 1989 (64.2%), while the female labor force participation reached an all-time record of 57.5% one year later.\textsuperscript{60} The numbers for women affirmed that one of the goals of the 1986 Act—reducing marginal tax burdens on secondary family earners—had the desired effect of bringing more women into the marketplace.\textsuperscript{61}

Combined with the tax cuts, this increased employment helped to raise real median family income by 11.3% between 1983 and 1989. This turnaround reversed a decline that began in the late 1970’s, when family incomes declined by 10% in real terms from 1978 to 1982.\textsuperscript{62} The real average income of U.S. households rose almost 12% from 1986 to 1989, after declining nearly 1% from 1970 to 1980.\textsuperscript{63}

The inevitable winners in this economic expansion were the American people. The standard of living increased by nearly a fifth as real disposable income per capita climbed 18%.\textsuperscript{64} The poverty rate, which had started to increase rapidly in the years before Reagan came to office, rising by one third from 1978 to 1983, was stopped and then reduced. After TRA86, poverty fell almost 7% between 1986 and 1989.\textsuperscript{65} Interest rates, using the prime rate as a guide, declined slightly the first year after TRA86—from 8.33% to 8.21%—before rising to 10.01% in 1990 and then dropping to 6.25% in 1992.\textsuperscript{66} Inflation fears about the tax cuts proved unfounded as inflation remained in check. It hovered between 1.9% and 4.8% between 1986 and 1989.\textsuperscript{67} The prime rate never approached the 18.87% it was when Reagan took office in 1981. Low interest rates in the years after TRA86 helped to devalue the U.S. dollar. As a result, from 1986 to 1989, the trade deficit fell from $138.7 billion to $89.9 billion.\textsuperscript{68}

The federal deficit, too, fell every year in real terms after TRA86’s passage. A deficit that was $227 billion\textsuperscript{69} in 1986 was reduced by $86 billion in 1989, to $141 billion. As a percentage of gross domestic product, the total federal deficit declined from 5.2% to 2.9%.\textsuperscript{70} Total individual income tax revenues, even at the dramatically lower marginal rates, increased 15.2% in real terms, from $349 billion dollars in 1986 to $402 billion in 1989 (FY86 dollars). Total federal revenues meanwhile increased in real terms 16%
during that same time. In FY87 dollars, $790 billion was collected in 1986 and $916.2 in 1989.\textsuperscript{71} Total federal revenue during this time even outpaced the rapidly growing GDP, increasing from 18.2% to 19.2% of GDP, thereby returning pretty close to the postwar average of 19.5%.\textsuperscript{72} GDP, after being adjusted for inflation, increased 13%, from $4.3 trillion in 1986 (FY87 dollars) to $4.86 trillion in 1989.\textsuperscript{73}

The economic legacy of the 1986 Tax Reform Act, then, was economic growth that propelled the United States into a period of unprecedented economic growth. The Act was a historic break from previous legislation in that, in large part, it abandoned the use of the tax code for “income redistribution and aggregate demand management of the economy.”\textsuperscript{74} In lowering rates and eliminating the need for numerous and unproductive tax shelters, a policy climate was created which would maximize individual incentives to pursue economic well-being with minimal government interference.

The results were immediate, overwhelming, and beneficial to the country as a whole. Virtually every major economic indicator—from inflation to unemployment, to interest rates, to real family income, to per capita income, the poverty rate, the living standard, and gross domestic product—improved while the Act was in effect. Its virtual repeal by the 1990 tax increase coincided with the end of a ninety-two month recovery, halting the economic growth and reversing many of the positive trends of the preceding years.

In 1986, President Reagan remarked on his vision for the economic future of the country and what the tax cuts could spur: “In formulating our program for healthy and continued economic expansion, we recognized the limited role that government properly plays. The Federal Government cannot provide prosperity or generate economic growth; it can only encourage private initiative, innovation, and entrepreneurial activity that produce economic opportunities.”\textsuperscript{75}

Reagan was right. The legacy of TRA86 and the economic boom it fueled provide lessons in the direction that future tax reforms should be directed. The tax reform succeeded not because it punished the rich by imposing high marginal rates but because it created an economic environment conducive to growth. The living standards of all Americans were lifted on the rising tide of American economic might.\textsuperscript{76} The true route to fairness in the tax code, then, seems to lie in flattening marginal rates and treating Americans more fairly, not less. When the number of tax brackets was dropped from sixteen to two, the result was that all income groups received real income gains. The upper quintile of earners even paid proportionately more in federal revenue after TRA86 than before. And, oh yes, there was the matter of the longest peacetime expansion in
U.S. history. If tax reform is aimed at generating economic growth and not at punishing achievers, it seems that virtually everyone can benefit. TRA86 proves it.

4 In a few areas, though, it failed. The capital gains tax increase, for instance, wound up losing revenue.
5 Infamous because it marked a reneging of Bush’s “No new taxes” pledge and the beginning of the end of the Bush Presidency.
7 Ibid, Table B–28, 380.
9 Ibid.
Ferrara cites statistics, on both revenues and deficits, from the Budget of the United States Government, Historical Tables, Fiscal Year 1993, Table 1.3, 17.
12 Bartley, Robert L. The Seven Fat Years: And How To Do It Again. (New York: The Free Press, 1992), 5.
14 Bartley, 4.
15 Wall Street Journal editor Robert Bartley notes in his book The Seven Fat Years that “in the 1970’s the Phillips Curve fell. It took along its graduate school cousin the IS–LM model,” xii. Bartley refers to Harvard Professor N. Gregory Mankiw’s article in the Dec. 1990 Journal of Economic Literature entitled “A Quick Refresher Course in Macroeconomics.” Mankiw writes that “The IS–LM model rarely finds its way into scholarly journals; some economists view the model as a relic of a bygone age and no longer bother to teach it. The large–scale macroeconomic models are mentioned only occasionally at academic conferences, often with derision,” 1645.
16 Ture, Norman. “To Cut and to Please.” National Review. August 31, 1992: 38. Because the tax brackets were very narrow at the lower end of the income scale, bracket creep had a disproportionate effect on low and middle–income earners.
18 Bartley, ix.
19 Anderson, 151.
20 Birnbaum and Murray, 50.
21 The Kemp–Roth in ERTA was a 20 percent cut over three years (5–5–10), with the first 5 percent cut being delayed until Oct. 1, 1981. This meant the real cut in 1981 only amounted to a 1 1/4 percent reduction. The first substantive cut, then, came in 1983 and coincided with the ending of the 1981–82 recession.
25 Anderson, 141. In The Wealth of Nations, Smith wrote that “High taxes... frequently afford a smaller revenue to government than what might be drawn from more moderate taxes. When the diminution of revenues is the effect of the diminution of consumption, there can be but one remedy, and that is the lowering of the tax rate,” 544–45
28 Lindsey, Lawrence B. “Lessons of the 1981 Tax Cut.” Wall Street Journal, May 6, 1986: 26. Incidentally, though subsequent Democratic rhetoric has belittled ERTA as a “tax cut for the rich,” the share of taxes paid by the top-bracket taxpayers actually increased in the years after ERTA, by some $600 million more than they would have paid under the old rates. This was because reported income increased $23.4 billion more than expected. Moreover, in Norman Ture’s article cited at note 25, it is noted that two-thirds of the individual tax cuts went to those with incomes under $50,000, and percentage reductions in the tax rates were actually greatest for the individuals with incomes under $10,000: “People in the over-$200,000 class enjoyed tax reductions of 20.9 per cent, while the income taxes of those in the $5,000 to $10,000 range were reduced by 27.1%.”
31 Static analysis, of course, is dubious precisely because tax rates do affect behavior. TRA86, after all, was based on the premise that rate cuts would alter behavior in economically productive ways and thereby broaden the tax base through growth. The near doubling of revenues from 1980 to 1990—a period when the top marginal rate fell from 70 percent to 28 percent—bears out some of the problems encountered when assuming that a cut or rise in taxes will yield increases or decreases in revenue equal to the percent cut. Nevertheless, static analysis is still used today and is the theory behind the current talk about having to “pay” for future tax cuts.
32 Birnbaum, Jeffrey. “House Approves Historic Overhaul of Tax System That Would Slash Rates for Individuals and Business.” Wall Street Journal, Sept. 26, 1986: 3. It was hoped that the rate cuts would also be beneficial to second-income earners in families by reducing the rates at which the combined income
would be taxed.

33 Birnbaum and Murray. xii.
34 Birnbaum, "House Approves...," 3.
35 Birnbaum and Murray, 284.
36 Ibid.
37 This breakdown of the Act comes largely from Henry Aaron’s “The Impossible Dream Comes True” in Joseph Pechman’s Tax Reform and the U.S. Economy, 10–11. Alan Murray’s Wall Street Journal 08/18/86 article “Most Businesses Face Higher Taxes...,” 8, and Norman Ture’s “To Cut and to Please,” in the 08/31/92 National Review, 38.
40 Birnbaum and Murray, 10.
41 Rutledge, 14.
43 Niskanen, 23.
44 Pechman, 3.
45 Gutfield, Rose. “Bill’s Business Levies Pose Gamble for Future Industry Growth Rate.” Wall Street Journal. Aug. 18, 1986: 8. The numbers come from a graph in the article, the source of which was the Joint Taxation Committee.
46 Ture, 39.
47 Ferrara, 14. Incidentally, after the 1990 tax increase, the rich again found it more profitable to look for ways to avoid paying taxes, and the share of revenue paid dropped to 43%.
49 Ibid.
51 Ferrara, 11.
52 Bartley, “Resuming the...,” A10. These numbers come from a 1993 Census Bureau study.
53 Ferrara, 14.
54 Reynolds, 26.
55 Ferrara, 13.
57 Ibid, Table B–34, 387.
58 During the Carter era, jobs paying over $28,012 (constant 1984 dollars) actually declined by 9.9 percent. During that same time, a full 41.77 percent of the jobs created paid under $7,0112 a year.
59 Reynolds, 31.
64 Bartley, 4.
66 Economic Report of the President, Jan, 1993, Table 13.69, 428.
67 Ibid, Table 13–59, 462.
68 Ibid, Table 13–100, 462.
69 In constant 1987 dollars.
70 Ferrara, 5.
71 Ibid, 4.
73 Ferrara, 4.
74 Ture, 37.