#1: Follow the Money~ Then Use Some ☑

Taxes, Ideally are how money is siphoned from the economy to support the government in its mission to serve the needs of the nations people, right? After all, who could scoff at supporting the needs of people? A bit of a trick question- The nearly universal resentment of taxation could be based on the fact that the priorities of Government readily absorb wealth down a dark hole of waste, abuse, fraud, and violent destruction- squandering the potential of what increasingly appears to be the final generation of any general prosperity.

The vaunted middle class, pandered to by all ranks of politician is especially important and celebrated for their stalwart support of consumerism and obedience. In this scheme of things- everybody has their role; The middle class, they foot the bill. The wealthy shelter their wealth, and 'trickle' a bit upon the middle class, and the lower classes, the "working poor" and below are well, ***'stricken with poverty.'*** and out of luck.

But who gets taxed in the United States — and by how much — can change both drastically and fast.

Back in early 1916, America's richest faced income tax rates that posed, at worst, no more than a minor inconvenience. On income over $500,000, about $11.5 million in today's dollars, deep pockets faced a mere 7 percent federal income tax levy.

In September 1916, with a costly war already raging in Europe, lawmakers in Congress moved to upend that tax calculus. They more than doubled the top tax rate, to 15 percent on income over $2 million. By the end of 1918, income over $1 million faced a *77 percent* federal tax. In the century since then, the top tax rate on America's rich has at times bounced even higher than that 77 percent — and quite a bit lower as well. We're now living in a low phase. No dollar of a billionaire's income today ever faces a federal income tax rate over 37 percent.

But could we soon be in for another big bounce up? America's biggest fans of grand private fortune certainly think so — and that prospect has them terrified.

A January 6 appearance on America's iconic TV news show, *60 Minutes*, by the most charismatic new lawmaker on Capitol Hill, **Alexandria Ocasio-Cortez**. She told Anderson Cooper in the interview, that raising marginal income tax rates as high as 70 percent on the highest earning Americans could be a feasible funding source for the **Green New Deal**. This statement has received a lot of criticism. The GOP whip in Congress, Steve Scalise, claimed Ocasio-Cortez wants to yank away 70 percent of the income Americans make ***"and give it to leftist fantasy programs."***

As of December 2018, models for structuring a **Green New Deal**- a general concept discussed for over a decade, is now quickly gaining traction with active progressives, even as polling indicates 82% ***"Know nothing at all about it."*** The details remain in the initial stages of discussion, but it Draws its inspiration from the **New Deal** that the Roosevelt Administration launched 84 years ago in an effort to end the Great Depression, the Green New Deal would emulate its predecessor's use of public investment and hiring, improvement of wages, and socioeconomic safety nets to accelerate economic growth and reduce unemployment.

That massive public investment in the civilian economy began in 1933 carried on through that decade, and morphed into the war production and recruitment boom of the 1940s, which has to be seen as an extension of the New Deal, in part because that turned out to be the spending that finally ended the Depression.

The diversion of money and physical resources into military production necessitated the creation of a **War Production Board** that allocated resources between the military and civilian sectors and limited production of specified civilian goods. With supplies of consumer goods shrinking and demand steady or rising (because thanks to the war, people finally had more money to spend), the government had to resort to price controls and fair-shares rationing. Then, once the war was over, both pent-up demand and civilian production were unleashed. Before long, the economy was growing rapidly.

Under the Green New Deal vision, investment in renewable energy and infrastructure production would be the mechanism for revving up the economy. But whatever shape it takes, this new New Deal would be born into a very different world from that of its predecessor—a world that can't handle a big economic stimulus. If we are to avoid climate catastrophe, we have to simultaneously bring an end to fossil-fuel burning and develop vast renewable energy capacity, both starting right now and both on a crash schedule. That means the everyday economy must find a way to run on much less available energy.

The Green New Dealers nevertheless are holding out the promise of prosperity and sustainability through growth. Without asking where the energy to fuel that growth will come from, they predict that with heavy investment in renewable infrastructure, the U.S. economy will expand rapidly so that lower-income households can look forward to more, better jobs and rising incomes.

Unlike the World War II stimulus, this new green stimulus will not be accompanied by any planned allocation of resources or limits on production and consumption in the private sector. But that is what's needed. Given the necessity for an immediate, steep decline in greenhouse emissions and material throughput, such planning and limits are needed even more now than they were during World War II.

In the 1930s, the U.S. and world economies were vastly smaller than they are today, and greenhouse emissions were far lower. Earthlings were blissfully unaware that continued fossil-fueled growth would become a mortal threat to civilization. The original New Deal could concern itself only with economic prosperity and justice, then fascism emerged, and the productive forces of the economy had to be temporarily transformed. The New Deal stimulus with its war-spending extension brought back prosperity, even if material abundance had to be put on pause until the war was over.

The Green New Deal would not achieve an economic transformation; rather, it would hitch its sustainable-infrastructure investment and taxation reforms to the existing economy. It would leave the private sector untethered, free to produce for profit rather than for quality of life. Inevitably, pressure would build to crank the dirty energy back up.

The conversion to green energy capacity and infrastructure, the costs of which have been optimistically estimated at $15 trillion for the United States alone, will be for decades to come a rapidly growing sector of a shrinking overall economy. That money will have to come from slashing military appropriations and other wasteful spending, as well as wealth, financial-transaction, and inheritance taxes. And the green buildout will have to be regulated so that it provides plenty of employment but no profiteering.

A growing segment of the climate movement rightly recognizes the link between capitalism and greenhouse warming. And it's safe to say that the necessary policies would be pure poison to a capitalist economy. **A socialist transformation is necessary, but that in itself won't be sufficient to reverse Earth's ecological degradation *unless* it is also dedicated to drawing the human economy back within necessary ecological limits while ensuring sufficiency for all and excess for none.**

Economist Stephanie Kelton and others argue that **natural resources, including a stable, livable climate, are limited resources, whereas money -following the abandonment of the gold standard- *is really just a legal and social tool* that should be marshaled to provide for sustainable public policies.**

Considering the alternatives AOC's proposal could even be bolder. No amount of fiddling with income tax rates is going to adequately address the alarming wealth inequality in this country or fund the radically transformative programs our country needs. Peter Diamond, Nobel laureate in economics and arguably the world's leading expert on public finance in work with Emmanuel Saez — one of our leading experts on inequality — estimated the optimal top tax rate to be 73 percent. Some put it higher: Christina Romer, top macroeconomist and former head of President Obama's Council of Economic Advisers, estimates it at more than 80 percent.

This is because of a concept known as ***diminishing marginal utility***- the common-sense notion that an extra dollar is worth a lot less in satisfaction to people with very high incomes than to those with low incomes. Give a family with an annual income of $20,000 an extra $1,000 and it will make a big difference to their lives. Give a guy who makes $1 million an extra thousand and he'll barely notice it.

What this implies for economic policy is that we shouldn't care what a policy does to the incomes of the very rich. A policy that makes the rich a bit poorer will affect only a handful of people, and will barely affect their life satisfaction, since they will still be able to buy whatever they want.

New tax policy needs to also push to increase the capital gains tax rate. The vast majority of the ultra rich in the United States earn their money not through income, but through capital gains from their investments, which are still taxed at just 20 percent. Most millionaires in this country, could sit on a beach all year and make nearly the exact same amount of money and would still pay a lower tax rate on all of those earnings than people who must work for a living.

When taxing the rich, all we should care about is how much revenue we raise. The optimal tax rate on people with very high incomes is the rate that raises the maximum possible revenue.

America used to have very high tax rates on the rich — higher even than those AOC is proposing — and did just fine. Since then tax rates have come way down, and if anything the economy has done less well.

Why do Republicans adhere to a tax theory that has no support from nonpartisan economists and is refuted by all available data? Well, ask who benefits from low taxes on the rich, and it's obvious. And because the party's coffers demand adherence to nonsense economics, the party prefers "economists" who are obvious frauds and can't even fake their numbers effectively.

Despite the constant effort to portray AOC as flaky and ignorant, she's just saying what good economists say- and she definitely knows more economics than almost everyone in the G.O.P. caucus, not least because she doesn't "***know***" things that aren't true.

The American public has been criminally undereducated on how tax rates practically work, leading to a great deal of confusion about this issue, which conservatives have used to their advantage to make outrageous arguments, like **comparing taxation of the wealthy to modern slavery.**

The top income tax rate in the country was as high as 94 percent in the 1940s. Even as recently as 1980, the highest income tax rate was actually 70 percent. Taxing the top levels of income at 70 percent does not mean taxing the entire income of one person at that level. The top income tax rate is the amount someone pays on whatever income falls in the highest bracket, in this case income above $10 million. Income below $10 million would be taxed at the lower levels of those lower brackets.

The concept of progressive taxation, in which you pay more as you make more, has always been at the core of our tax system. It is the Republican Party that has taken us astray, with an untenable system of taxing working people at higher rates than wealthy investors, making the rich richer and the poor poorer.

The proposal of Ocasio-Cortez is not controversial. She is bringing our country back toward common sense tax policy that will ensure prosperity for every American, not just the wealthy few.

- A Greenfuse Radical Remix

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