

[Hey, Congress — Don't Forget There's Another Way to Pare the Deficit](#)

By Alain Sherter | April 8, 2011

Meet the anti-Paul Ryan. Instead of cutting taxes on the wealthiest Americans, as the Wisconsin Republican is proposing in his federal budget plan, Rep. Jan Schakowsky, D-Ill., wants to raise them. Her bill, the Fairness in Taxation Act, would create five new tax brackets for people earning between \$1 million and \$1 billion a year, as follows:

\$1-10 million: 45 percent
\$10-20 million: 46 percent
\$20-100 million: 47 percent
\$100 million to \$1 billion: 48 percent
\$1 billion and over: 49 percent

The bill would tax capital gains and dividends as regular income for households making at least \$1 million. The Institute for Taxation and Economic Policy, a nonpartisan think-tank in Washington, estimated that imposing a "millionaire's" tax in 2011 would raise \$78 billion. Or more than the \$61 billion in spending cuts Republican congressional leaders have called for. It's also far more than would be saved by lowering the boom on government programs such as Pell Grants and the Corporation for Public Broadcasting.

In introducing the bill, Schakowsky noted that income inequality in the U.S. is the worst it's been since 1928, with wages for middle- and lower-income Americans stagnant despite large gains in economic productivity. She said in a statement:

It's time for millionaires and billionaires to pay their fair share.... It's about fairness. It's about avoiding budget cuts that harm middle-class families and those who aspire to it. We can choose to cut education, job creation and health care, or we can choose to ask those who can contribute more to do so.

If millionaires in the U.S. in 2011 paid taxes at the same rates as they did in 1961, the government would collect an additional \$488 billion, according to a new report from the Institute for Policy Studies in Washington. That's roughly \$231 billion more than is likely to be collected this year in federal income tax.

Turn the page

Schakowsky's bill not only represents a plausible alternative to unpopular spending cuts, but might also allow Democrats to change the political narrative. Since the November midterm elections, discussion in Washington and in the media has focused squarely on budget cuts, rather than on raising revenue, as the best way to tame the deficit. That's like boxing one-handed. And it has forced the White House and Democratic leaders to assume a defensive crouch.

As one progressive political strategist told investigative news outfit Remapping Debate:

"Democrats haven't had much of a strategy on the deficit," he said. "It's just been reacting to things the Republicans are proposing and opposing the cuts. [The Fairness in Taxation Act] is the single strongest example of Democrats going on the offense when we're talking about the deficit."

It's also an idea that Americans would likely embrace. Polls show that most people are just fine with asking the richest 1 or 2 percent, whose taxes have plunged over the last 40 years, to pay more. Does Schakowsky's bill stand a chance in hell of passage? Clearly not with pols already in campaign mode for 2012. But with the government on the verge of an embarrassing shutdown, and both political parties seemingly unable to reach a compromise over cuts, it's time to re-open the discussion about other ways to close the deficit.