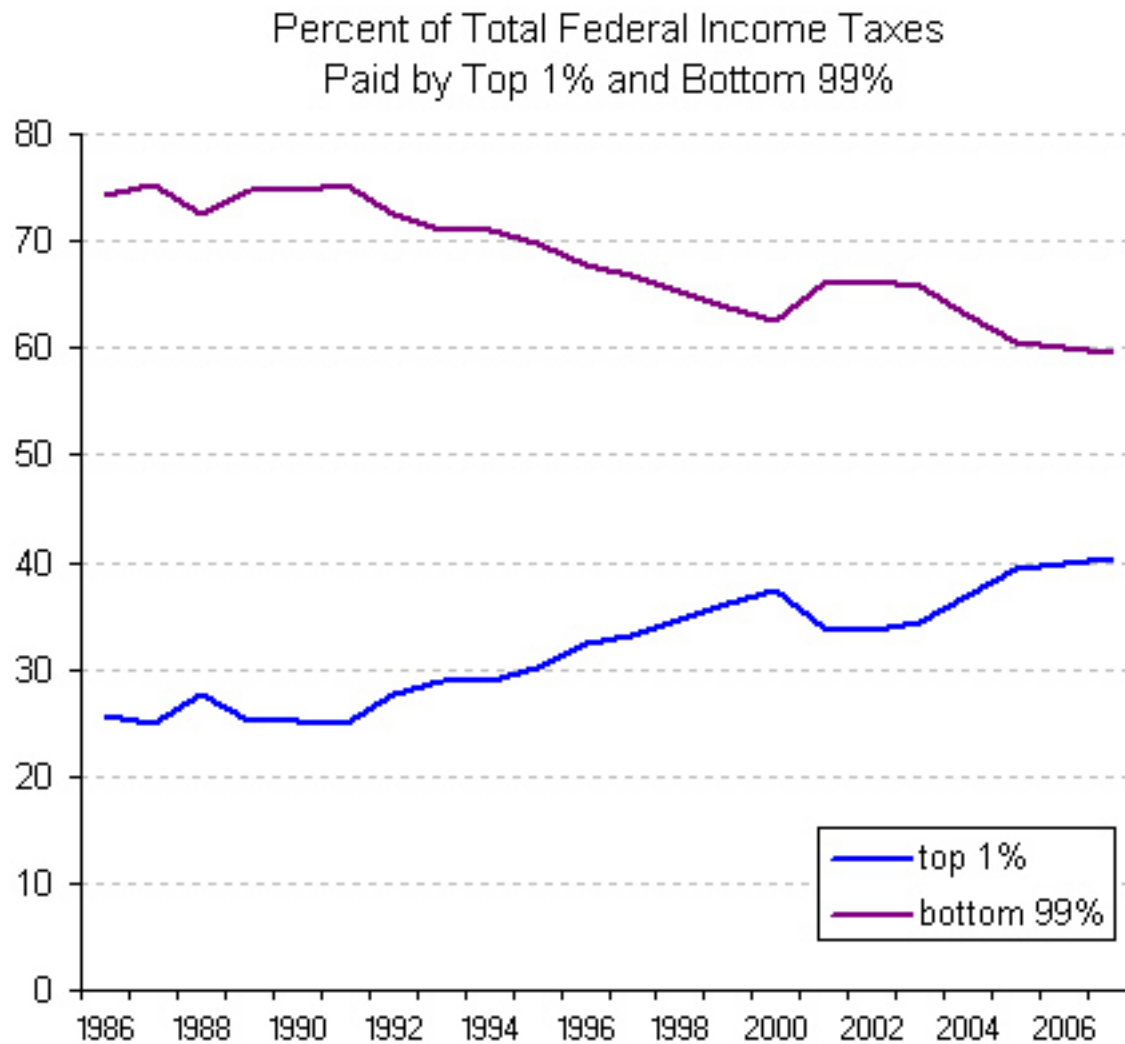


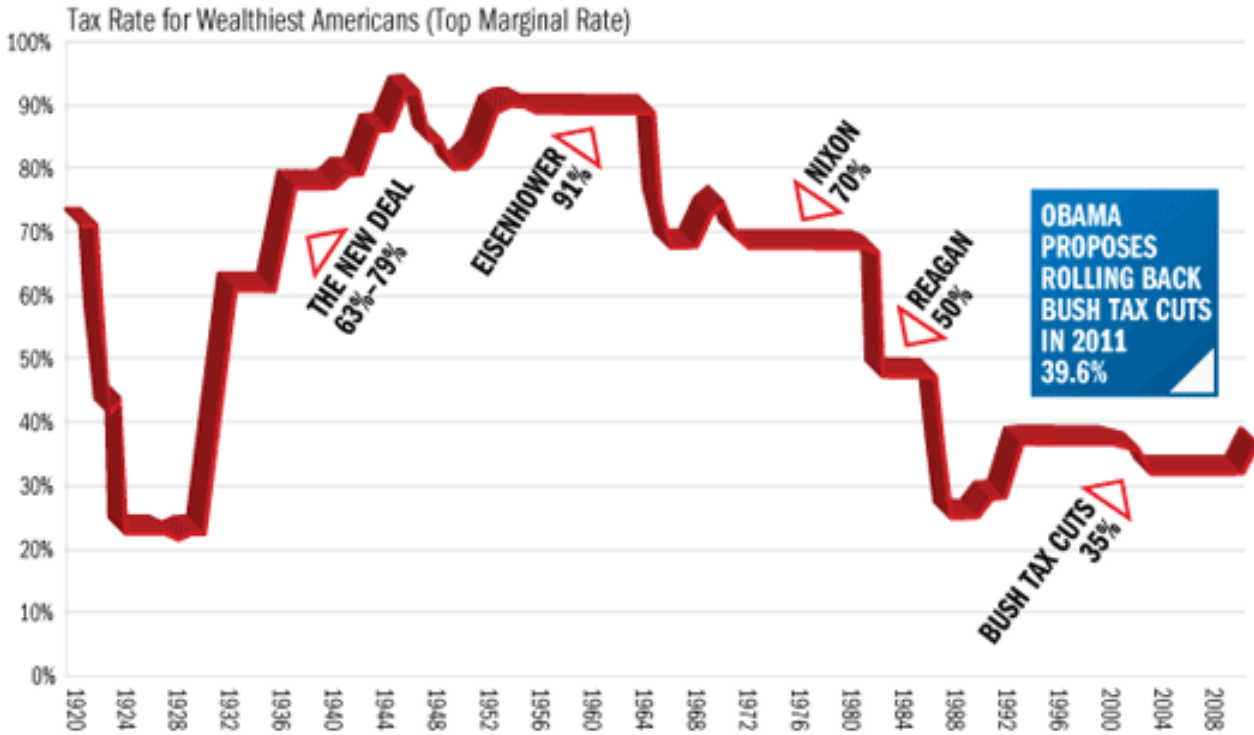
STUDENT HANDOUT 1

There are different ways of measuring the tax burden. If you look at the total percentage of the federal budget paid for by taxes on the rich, it looks as if the rich are shouldering a big burden.



(from New York Times)

However, the federal tax rate on people with high incomes has dropped dramatically in the past few decades. (This is the tax rate on income, not on what is regarded as “capital gains,” described above.)

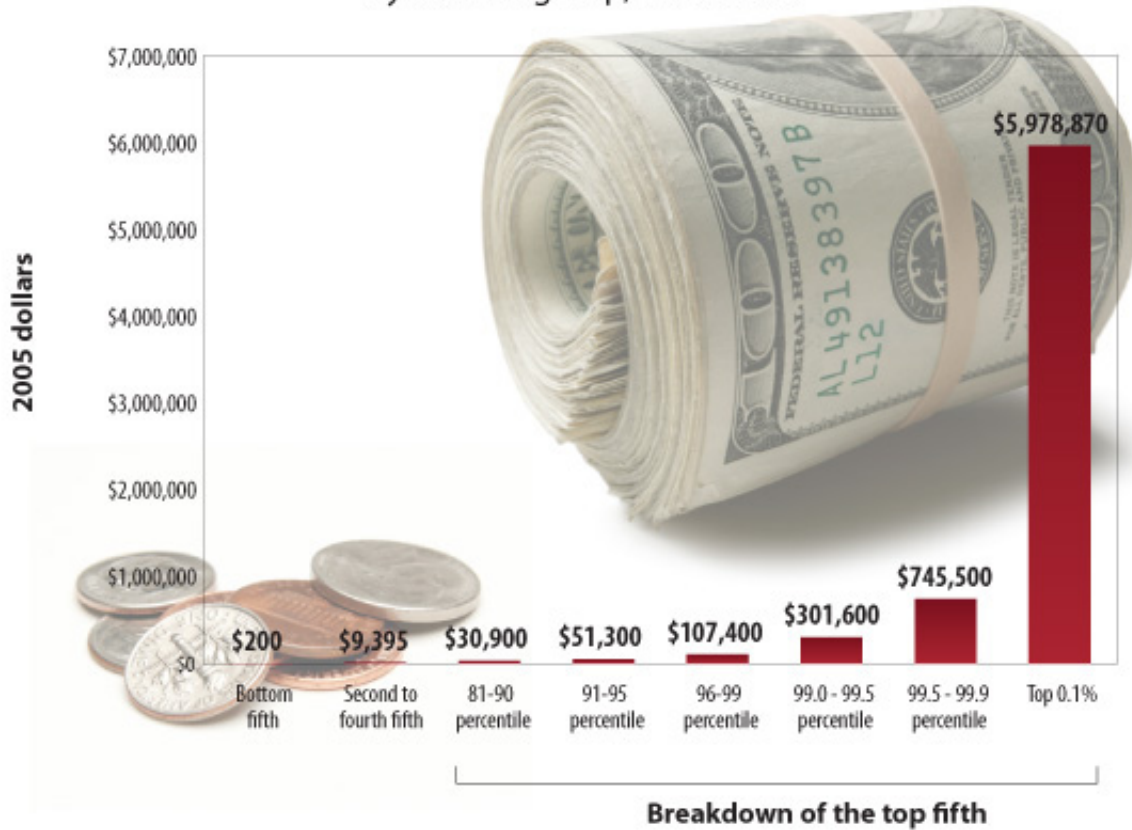


(from Visualizing Economics)

People who support higher taxes on the rich often point to the fact that the rich have gotten much, much richer over the past several decades, while everyone else's income has stagnated, on average.

Small groups get the biggest gains

Change in average, pre-tax household income (2005 dollars)
by income group, 1979-2005



Source: EPI analysis of Congressional Budget Office data.

(from Economic Policy Institute)