Inflation is a serious problem afflicting many of us right now. But the current inflation is a worldwide phenomenon. And it is greater in many countries than in the United States. Blaming President Biden and the Democrats for it is thus absurd. The inflation was created by the shifts in the economy from services to goods production after the pandemic and the resultant shortages and supply chain issues and by the spike in food and gas prices created by Russia’s war against Ukraine. (See figure 1.) And, it is exacerbated by corporations that are raising their profit margins to historic highs.

Democrats have a plan to reduce inflation: the Inflation Reduction Act and CHIP Act. Their plan calls for: (1) investments in infrastructure to reduce transportation costs; (2) investments in bringing advanced technology manufacturing back to the US to reduce shipping costs; (3) holding down health care costs by allowing Medicare to negotiate with pharmaceutical companies and capping the cost of prescription drugs for seniors and increasing subsidies to reduce health insurance costs on the exchanges; and (4) investment in clean energy to reduce energy costs (by about $1,000 a year per family.) Have you heard about the Republican plan to reduce inflation? No, you haven’t because they don’t have a plan, just complaints. https://americansfortaxfairness.org/issue/inflation-reduction-act-key-facts/

While Republicans have controlled the General Assembly in Pennsylvania for most of the last 30 years, productivity has skyrocketed—but wages have stagnated except for the very richest of us.
The result of wage stagnation is that inequality has grown, and the middle class has been hollowed out in Pennsylvania and the entire United States. What it hasn’t done is foster an economic growth that benefits everyone!

With two important exception, everyone pays taxes in the United States, roughly in proportion to their income. (See figure 2.) While not everyone pays federal income taxes, there are many other federal taxes (such as Social Security and Medicare payroll taxes), and state and local sales and property taxes. Republican claims that only the rich pay taxes are false.

![The Share of All Income Held by Top 1 Percent](image)

<table>
<thead>
<tr>
<th>Shares of Total Taxes Paid Compared to Shares of Total Income</th>
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<td>2020, by income group</td>
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Source: Institute on Taxation and Economic Policy (ITEP) Tax Model, July 2020 • Created with Datawrapper
There are two important exceptions to the rule about everyone paying taxes. First, billionaires pay at far lower rates than average Americans because they live on money borrowed on their wealth, not on their income. When they die their families can pay those borrowed funds back while inheriting wealth almost tax-free. Over a recent nine-year period (2010-2018), the 400 wealthiest Americans paid an average effective federal income tax rate of only 8.2% when the growth in the value of their stock holdings was included in their income. The average federal income tax rate for all taxpayers was 13.3% in 2019. In multiple years, according to IRS data uncovered by ProPublica, billionaires such as Jeff Bezos, Elon Musk, Warren Buffett, and Michael Bloomberg paid zero federal income taxes, even as their wealth grew by billions of dollars. ProPublica also found that from 2014 to 2018, the 25 wealthiest Americans paid an average effective federal income tax rate of just 3.4% when the growth in their wealth was counted as income.

Second, many of the wealthiest corporations in the United States pay nothing, or next to nothing, in corporate taxes. An ITEP report identified 55 large and profitable corporations that avoided all federal income taxes in 2020. ITEP has also demonstrated that widespread tax avoidance is a long-term challenge: 39 profitable companies paid zero federal income tax over the first three years of the Trump tax law (2018 through 2020), and 18 profitable companies paid zero over the entire 8-year period between 2008 and 2015.

State and local taxes in Pennsylvania are even more unequal than federal taxes with an average tax rate for the top 1% of Pennsylvanians that’s about half of the rate for middle-income Pennsylvanians.

If US and Pennsylvania billionaires and corporations were made to pay taxes at much higher rates, and the funds were used to reduce taxes for working people and improve economic well-being, economic growth would increase, not decrease, for two reasons. First, consumption is the driver of our economy, with more than 70% of GDP driven by consumption. Average American...
s spend almost all they earn, while the very rich save much of what they earn, which slows economic growth.

Second, new research shows that billionaires, millionaires, and others who hold corporate wealth don’t change locations to avoid high taxes—and they certainly don’t leave the United States. They make their money through economic activity that is based in the United States as well as in particular states and cities. (Manufacturers might leave to avoid paying high wages—although effective workforce training programs like those found in Europe create highly skilled workers who can compete even while being paid high wages.) And in an economy that’s increasingly based on our growing service-based economy, major corporations simply can’t move without losing access to one of the largest and wealthiest markets in the world.

Contrary to what right-wing extremists say, research shows that people living in poverty work extremely hard. But mostly because of bad luck in their lives, they are trapped in low-wage jobs.

The American economy is rigged against working people. In many areas of the economy, there is no competitive market for wages, but there are few employers who use their market power to hold down wages. The idea that wages are determined purely by the free market is a myth or that they reflect the value of workers to a business. In much of our economy there is no free market and workers are systematically underpaid.

That’s why we need to raise the minimum wage to $15. More than 1.5 million Pennsylvanians—mostly adults—would have higher wages as a result. And the best research shows that raising the minimum wage would not cost us jobs or lead to inflation. In fact, it might even add jobs because people who have higher incomes can buy more which benefits small business owners.