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## The Massive Wealth Redistribution that Doesn't Bother John McCain

November 1, 2008 · By [Sarah Anderson](#) and [Sam Pizzigati](#)

### Upward wealth redistribution has taken billions of dollars out of the pockets of average Americans.

Thank you, John McCain, for shoving the issue of "redistributing wealth" back into political primetime. Just two problems. You're only a quarter-century or so late — and you have everything backwards.

Senator McCain, you're attacking Senator Obama for trying to "redistribute" our nation's wealth with his plan to raise taxes on America's rich. But America's wealth is already being redistributed. Over recent decades, in fact, we've seen here in the United States the most massive redistribution of wealth in world history — and you haven't said a word to complain.

This redistribution has been taking dollars out of the pockets of average Americans and stuffing them into the pockets of the power-suits and wheeler-dealers who sit in America's corporate executive suites and play money games on Wall Street.

Just how massive has this redistribution — up the income ladder — actually been?

In 2006, the most recent year with IRS figures available, 90 percent of American families took home less than \$104,000. Families in this bottom 90 percent made, on average, \$30,659. That's 2 percent less than the bottom 90 percent of American families averaged, after adjusting for inflation, back in 1973.

Meanwhile, since 1973, the wallets of Americans at the top of the income ladder have been swelling monumentally. The top 1 percent in our country, analyses of IRS data by University of California economist Emmanuel Saez indicate, have seen their incomes more than triple. The incomes of the top tenth of 1 percent — taxpayers who averaged \$6.3 million in income in 2006 — have more than quintupled.

Let's look at this whopping redistribution from another angle. Let's assume that none of this redistribution had ever taken place. Let's assume that we had the same exact distribution of income in the United States today as we had back in 1973.

If that were the case, where would average Americans be? The simple answer: Much better off than they currently are.

If the redistribution upwards since 1973 had not taken place, if the average American family in the bottom 90 percent were today getting the same share of the nation's income as the average bottom 90 percent family received in 1973, this average family would now be taking home in income over \$10,000 more per year.

John McCain, so far as we know, has never criticized this colossal redistribution of wealth we have as a nation been experiencing. That may be because this redistribution — to the rich — really started revving up when his hero, Ronald Reagan, became President in 1981.

The rich were paying taxes on their income over \$400,000 at a 70 percent rate when Reagan entered the White House. Right now, on that income, they pay taxes at no more than 35 percent.

And that's before loopholes. After exploiting loopholes, our richest pay taxes at about half that rate. In 2005, for instance, the top 400 income-earners in the United States took home an average \$214 million. They paid only 18.5 percent of that in federal income tax.

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Barack Obama wants to hike the top tax rate on income in the highest tax bracket up to 39.6 percent. For proposing this modest increase, he's now getting blasted by the McCain campaign as someone will be "taking your money and giving it to someone else." Obama, McCain charges, wants to "penalize success."

Penalize success? Don't America's workers contribute to the success of the American economy? Just since 2000 alone, the productivity of workers in the United States has increased a hefty 18 percent, notes the Economic Policy Institute. Yet incomes for working Americans aren't now even keeping up with inflation.

That's the real penalty for success in the U.S. economy today. But if you're sitting way at the top of America's economic ladder looking down, this penalty can be awfully hard to see. John McCain, sad to say, just doesn't see it.

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