Should We Tax the Rich More?

Segment Length: 4:18 minutes; 6:03 minutes

Videos:

“Economists Say We Should Tax the Rich at 90%”
https://www.youtube.com/watch?v=RA57vOXXgh0

“Why The Rich Like High Taxes”
https://www.youtube.com/watch?v=tK_d9s2pqrk

Guide:

The questions below will help students achieve a better understanding of the arguments made on either side of a contentious topic. Because these questions often touch upon statements made briefly in the videos, we recommend reading the questions before watching each video.

Students are encouraged to take notes during the videos, and it may be helpful for students to break into groups, each taking responsibility for only a few questions, before coming together for discussion.

Analysis Questions:

1. In the first video David Pakman claims that tax rates like those experienced under President Eisenhower would make all Americans better off. What is the basis for this claim?
2. David Pakman says higher taxes on the rich will leave even those Americans better off. Based on the effects of a high marginal tax rate that Pakman lists, how might the wealthiest Americans gain from paying higher taxes?
3. Why, according to David Pakman, would a high top marginal tax rate not stop future innovators?
4. Brian Domitrovic claims that high taxes will bring with them exceptions for the rich. If the wealthiest Americans have the influence to create loopholes in the tax code for themselves, wouldn’t they do it even if taxes were low?
5. How does the study David Pakman cites compare to the historical record of the 1950s as Brian Domitrovic reports it?
6. The rich hid their money from the government during the 1950s, says Brian Domitrovic, which was bad for the economy. Why would this hidden money be bad for the U.S. economy?
7. David Pakman says tax rates are actually low by historical standards when one considers the Eisenhower era. What evidence does Brian Domitrovic offer that could be used to
argue that taxes paid by the rich during the Eisenhower were not as high as Pakman makes us believe?

8. The two videos make opposing claims about the effects of high tax rates on economic inequality. How might higher taxes reduce inequality? How might they actually lead to more inequality?