[EMBARGOED UNTIL PUBLICATION 3AM ET MONDAY JUNE 24]

A CALL TO ACTION:
A LETTER IN SUPPORT OF A WEALTH TAX

JUNE 24, 2019

Note: The following nonpartisan letter is written in support of a policy solution, and cosigning this letter does not represent an endorsement of any presidential candidate.

TO: 2020 Presidential Candidates

We are writing to call on all candidates for President, whether they are Republicans or Democrats, to support a moderate wealth tax on the fortunes of the richest 1/10 of the richest 1% of Americans—on us. The next dollar of new tax revenue should come from the most financially fortunate, not from middle-income and lower-income Americans.

America has a moral, ethical and economic responsibility to tax our wealth more. A wealth tax could help address the climate crisis, improve the economy, improve health outcomes, fairly create opportunity, and strengthen our democratic freedoms. Instituting a wealth tax is in the interest of our republic.

Polls show that a moderate tax on the wealthiest Americans enjoys the support of a majority of Americans—Republicans, Independents, and Democrats.[i] We hope that candidates for President will also recognize the force of the idea and join with most Americans in supporting it. Some ideas are too important for America to be part of only a few candidates' platforms.

The concept of a wealth tax isn't new: Millions of middle-income Americans already pay a wealth tax each year in the form of property taxes on their primary form of wealth—their home. The kind of moderate tax on the richest 1/10 of 1% that we support just asks us to pay a small wealth tax on the primary source of our wealth as well.

Several candidates for President, including Senator Elizabeth Warren, Mayor Pete Buttigieg, and Representative Beto O'Rourke, are already supportive of the idea. The first specific candidate proposal, introduced by Senator Warren, would provide millions of families with a better shot at the American dream by taxing only 75,000 of the wealthiest families in the country.[ii] The proposal is straightforward: It puts in place a tax of 2 cents on the dollar on assets after a $50 million exemption and an additional tax of 1 cent on the dollar on assets over $1 billion. If you have $49.9 million or less you are not paying the tax. It is estimated to generate nearly $3 trillion in tax revenue over ten years.[iii][iv]

This revenue could substantially fund the cost of smart investments in our future, like clean energy innovation to mitigate climate change, universal child care, student loan debt relief, infrastructure modernization, tax credits for low-income families, public health solutions, and other vital needs.

That a moderate tax on a minuscule number of Americans could raise so much revenue simply reflects historic levels of wealth among America's richest.[v] The top 1/10 of 1% of households now have almost as much wealth as all Americans in the bottom 90%. Those of us signing this letter enjoy uncommon fortunes, but each of us wants to live in an America that solves the biggest challenges of our common future.

We are in favor of a wealth tax for at least six key reasons:

A Wealth Tax Is a Powerful Tool for Solving Our Climate Crisis. In addition to better rules on carbon pollution, more American investment is needed now to tackle climate change.[vi][vii] This could both accelerate innovation and speed implementation of solutions that create a clean energy economy and a low-carbon future. A wealth tax asks those of us who have benefitted most from our economic system to help fix one of its most devastating and fatal flaws.

A Wealth Tax Is an Economic Winner for America. It would be a powerful instrument for greater economic growth and success. Reinvested both across America and among those less wealthy than ourselves, a wealth tax would extend prosperity. Along with resources for climate crisis investments, America needs a revenue source for other public investments in addition to private investment and philanthropy. Greater public investment in America's aging infrastructure, child care, and education will not only solve important problems but will also increase productivity in the long run and promote sustained and broad-based economic growth.[viii] Easing student debt would boost entrepreneurship and homeownership rates, which have significantly declined as the costs of higher education have skyrocketed.[ix] A wealth tax could help with innovation and job creation—America's entrepreneurial economy, despite its many successes, needs strengthening.[x] Put simply, a wealth tax would strengthen the American economy in ways that benefit all Americans.

A Wealth Tax Will Make Americans Healthier. America's most experienced public health experts point out that more resources are needed for major public health challenges like cardiovascular disease, the nation's top killer, and high levels of opioid addiction.[xi] High rates of inequality have been linked to lower life expectancies.[xii] The wealthiest Americans are now estimated to live up to 15 years longer than the poorest Americans, and individuals living in disadvantaged communities are more likely to die before the age of 75, regardless of their income level.[xiii] With a modest tax on the most wealthy families to fund investments creating opportunities for lower-income and middle-income families, we can improve public health outcomes and extend life expectancies.

A Wealth Tax Is Fair. A wealth tax would help close the large gap in effective tax rates between very rich families and everyone else. Warren Buffett has pointed out that he is taxed at a lower rate than his secretary. The top 1/10 of 1% are projected to pay 3.2% of their wealth in taxes this year, while the bottom 99% of households are projected to pay 7.2%.[xiv] This imbalance creates resentment and makes it harder for working-class Americans to achieve social mobility. Taxing extraordinary wealth should be a greater priority than taxing hard work. The most fortunate should contribute more.

A Wealth Tax Strengthens American Freedom and Democracy. It would slow the growing concentration of wealth that undermines the stability and integrity of our republic. Countries with high levels of economic inequality are more likely to concentrate political power and become plutocratic.[xv] The founders of America knew this, and feared that an economic elite might become ensconced as leaders and erode the effectiveness of the republic.[xvi] Today, major policies seldom come to pass without the prior support of wealthy elites or other wealthy interests.[xvii] Division and dissatisfaction are exacerbated by inequality, leading to higher levels of distrust in democratic institutions—and worse.[xviii]

That's one reason we don't view a wealth tax as a sacrifice on our part: We believe instituting a wealth tax would lead to political, social, and economic stability, strengthening and safeguarding America's democratic freedoms.

A Wealth Tax Is Patriotic. In our republic, it is the patriotic duty of all Americans to contribute what they can to the success of the country, and the wealthiest are no exception. Others have put far more on the line for America. Those of us in the richest 1/10 of the richest 1% should be proud to pay a bit more of our fortune forward to America's future. We'll be fine—taking on this tax is the least we can do to strengthen the country we love.

What about the arguments against a wealth tax? They are mostly technical and often overstated.

Some raise important questions about implementation and enforcement. But as the Warren proposal shows, we can limit potential evasion and reduce tax cheating by building on lessons learned in the United States and other countries. Others question whether assets owned by many ultra-millionaires and billionaires, including private equity and art collections, can be accurately assessed for tax purposes. But such assets are frequently valued—upon resale, donation, bankruptcy, divorce, or death.

Some have argued that a federal wealth tax is unconstitutional. But here again, some of the country's most prominent constitutional scholars—including two former heads of the Office of Legal Counsel at the Department of Justice—have argued convincingly that a wealth tax is constitutional.[xix]

Far-reaching policy proposals nearly always require considerable effort to iron out complexities —and that effort has always been made when the cause is important enough. The process of instituting a wealth tax would in itself likely improve the measurement tools to facilitate implementation.

Those of us who have signed this letter believe it is our duty to step up and support a wealth tax that taxes us. It is a key to both addressing our climate crisis, and a more competitive, stronger economy that would better serve millions of Americans. It would make America healthier. It is a fair way of creating opportunity. And it strengthens American freedom and democracy. It is not in our interest to advocate for this tax, if our interests are quite narrowly understood. But the wealth tax is in our interest as Americans.

That's why we're joining the majority of Americans already supporting a moderate wealth tax. We ask that you recognize its strong merit and popular support, and advance the idea to tax us a little more.

Thank you,

Louise J. Bowditch, Robert S. Bowditch, Abigail Disney, Sean Eldridge, Stephen R. English,
Agnes Gund, Catherine Gund, Nick Hanauer, Arnold Hiatt, Chris Hughes, Molly Munger,
Regan Pritzker, Justin Rosenstein, Stephen M. Silberstein, Ian T. Simmons, Liesel Pritzker Simmons,
Alexander Soros, George Soros, and Anonymous

[i] Morning Consult and Politico. "National Tracking Poll #190202." February 2019. Per Morning Consult, "61% of the 1,993 voters surveyed in the Feb. 1-2 poll favored Warren's 'ultra-millionaire' plan, which is an annual tax of 2% on household wealth more than $50 million and a 3% levy on wealth in excess of $1 billion."; Ben Casselman and Jim Tankersley, "Democrats Want to Tax the Wealthy. Many Voters Agree." *The New York Times*. February 19, 2019. A poll conducted in February for The New York Times by the online research platform SurveyMonkey found that 61% of respondents (75% of Democrats, 57% of Independents and 51% of Republicans) approve of a 2% tax on wealth above $50 million.; Quinnipiac University National Poll. April 30, 2019. 60% of voters support an annual 2% tax on any individual wealth over $50 million

[ii] Elizabeth Warren, Ultra-Millionaire Tax.

[iii] Emmanuel Saez and Gabriel Zucman, Letter to Senator Warren. January 18, 2019.

[iv] Emmanuel Saez and Gabriel Zucman, How Would a Progressive Wealth Tax Work? Evidence from the Economics Literature. February 5, 2019.

[v] The Washington Center for Equitable Growth. "The Return of the Roaring Twenties."

[vi] Fourth National Climate Assessment, Volume II: Impacts, Risks, and Adaptation in the United States. 2018.

[vii] United States Mid-Century Strategy for Deep Decarbonization. November 2016.

[viii] On infrastructure effects, see: Ward Romp and Jakob de Haan. "Public Capital and Economic Growth: A Critical Survey." *Perspektiven der Wirtschartspolitik* (Volume 8): 6-52. 2007; James Heintz, "The Impact of Public Capital on the U.S. Private Economy: New Evidence and Analysis." *International Review of Applied Economics* (Volume 24, Issue 5): 619-632. 2010. On child care effects, see: Judy A. Temple and Arthur J. Reynolds. "Benefits and Costs of Investments in Preschool Education: Evidence from the Child-Parent Centers and Related Programs." *Economics of Education Review* (Volume 26, Issue 1): 126-144. February 2007; W.S. Barnett and Leonard N. Masse. "Comparative Benefit-Cost Analysis of the Abecedarian Program and Its Policy Implications." *Economics of Education Review*. (Volume 26): 113-125. 2007. Mark Zandi and Sophia Koropeckyj, "Universal Child Care and Early Learning Act: Helping Families and the Economy." Moody's Analytics. February 2019.

[ix] Jung Choi et al. "Millennial Homeownership: Why Is It So Low, and How Can We Increase It?" Urban Institute. Updated January 2019; Laura Checovich and Tom Allison, "At the Extremes: Student Debt and Entrepreneurship." Young Invincibles. June 2017.

[x] Dan Kopf, "The US Startup is Disappearing," Quartz. June 2018.

[xi] Thomas R. Frieden, "U.S. Life Expectancy Is Dropping. Here's How to Fix It." *The Washington Post.* January 11, 2018.

[xii] Eric Neumayer and Thomas Plümper. "Inequalities of Income and Inequalities of Longevity: A Cross-Country Study." *American Journal of Public Health* (Volume 106, Issue 1): 160-165. January 2016. Lenny Bernstein, "U.S. Life Expectancy Declines Again, a Dismal Trend Not Seen Since World War I." *The Washington Post.* November 29, 2018.

[xiii] Samuel L. Dickman, David U. Himmelstein, and Steffie Woolhandler, "Inequality and the Health-Care System in the USA." *The Lancet* (Volume 389, Issue 10077): 1431-1441. April 8, 2017; Margot Sanger-Katz, "Income Inequality: It's Also Bad for Your Health." *The New York Times.* March 30, 2015.

[xiv] Thomas Piketty, Emmanuel Saez, and Gabriel Zucman, "Distributional National Accounts: Methods and Estimates for the United States," Quarterly Journal of Economics 133(2), 2018, 553-609. Data online at http://gabriel-zucman.eu/usdina/

[xv] Branko Milanovic, "The Higher the Inequality, the More Likely We Are to Move Away from Democracy." *The Guardian.* May 2, 2017.

[xvi] Joseph J. Ellis, *American Dialogue: The Founders and Us* (New York, 2018), 71-115.

[xvii] Martin Gilens and Benjamin I. Page, "Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens." *Perspectives on Politics* (Volume 12, Issue 3): 564-581. September 2014.

[xviii] Sung Min Han and Eric C. C. Chang. "Economic Inequality, Winner-Loser Gap, and Satisfaction With Democracy." *Electoral Studies* (Volume 44): 85-97. December 2016.

[xix] See Bruce Ackerman et al, Letter to Sen. Elizabeth Warren, Jan. 24, 2019; Dawn Johnsen et al, Letter to Sen. Elizabeth Warren, Jan. 24, 2019; Dawn Johnsen and Walter Dellinger, "The Constitutionality of a National Wealth Tax," Indiana Law Journal, vol. 93 (2018).