



## Worksheet 16.1

### Tax Progressivity in the US - do the Rich Pay More than Their Fair Share?

According to a blog post in the New York Times from April 2009, America's 'progressive' tax system is not as progressive as many may believe it to be: read the article [here](#).

The research discussed poses several interesting questions about the make-up of a nation's tax revenues. Despite popular belief, it appears that the rich in America do not pay 'more than their fair share', as many argue is the case. Study the graphs in the article carefully, and answer the questions that follow:

#### Questions:

1. Based on the data in the graphs, do the rich in America pay an unfair proportion of the total taxes the US government collects? Why or why not?
2. Why do the richest 5% in America actually pay a lower level of tax on average than the 5% below them?
3. How much of America's total income is earned by the richest 1% compared to the poorest 20%? Does America's progressive tax system destroy the incentive for Americans to work hard and become rich? Why or why not?
4. Use the data to construct a Lorenz Curve for the United States. Does the gap between the richest and the poorest Americans surprise you? What kinds of changes could be made to the tax system to narrow the gap between the top income earners and the middle and low income earners in America? Should this be done, why or why not?