

Please, Please Raise My Taxes

Wealthy people like me should commit to reducing the ravages of economic inequality.

By Eli Broad

Mr. Broad is a philanthropist and former entrepreneur.

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There's a story we like to tell about American capitalism. Ours is a country that prizes merit, rewards risk and stands apart in its commitment to the collective success of open markets and the free flow of capital. We are a nation of strivers who can pull ourselves up by our bootstraps with the right combination of grit and determination.

That's the tale we love to tell and hear. But take it from a person who has found himself on the fortunate side of that narrative: This story is incomplete. For most people, our system isn't working.

I say this as the child of Jewish immigrants from Lithuania who came here with little more than an oversize belief in what America could offer. Their faith was well placed: My parents watched me build two Fortune 500 companies and become one of the wealthiest people in the country.

Two decades ago I turned full-time to philanthropy and threw myself into supporting public education, scientific and medical research, and visual and performing arts, believing it was my responsibility to give back some of what had so generously been given to me. But I've come to realize that no amount of philanthropic commitment will compensate for the deep inequities

preventing most Americans — the factory workers and farmers, entrepreneurs and electricians, teachers, nurses and small-business owners — from the basic prosperity we call the American dream.

Some of us have supported closing the gulf between rich and poor by raising the minimum wage to \$15 an hour, reforming our education system, expanding access to medical care, building more affordable housing.

But even in cities like my adopted hometown, Los Angeles, where many of these policies have been enacted, they have not adequately addressed the crisis. Our country must do something bigger and more radical, starting with the most unfair area of federal policy: our tax code.

It's time to start talking seriously about a wealth tax.

Some will say I'm calling for the populist masses to take out the pitchforks and take down the titans of Wall Street. Some will say it's just too difficult to execute. Others will call it a flight of fancy.

Don't get me wrong: I am not advocating an end to the capitalist system that's yielded some of the greatest gains in prosperity and innovation in human history. I simply believe it's time for those of us with great wealth to commit to reducing income inequality, starting with the demand to be taxed at a higher rate than everyone else.

This does not mean I support paying higher taxes without requiring government to be transparent, accountable and equitable about how it spends the revenue, particularly for health care, public education and other programs critical to social and economic mobility. But let's end this tired argument that we must delay fixing structural inequities until our government is running as efficiently as the most profitable companies. That's a convenient tactic employed to distract us from the real problems.

The enormous challenges we face as a nation — the climate crisis, the shrinking middle class, skyrocketing housing and health care costs, and many more — are a stark call to action. The old ways aren't working, and we can't waste any more time tinkering around the edges.

Democrats have offered an array of plans. Senator Elizabeth Warren would levy a 2 percent tax on every dollar of net worth above \$50 million. There's an overdue proposal from Senator Bernie Sanders to increase taxes on estates and inheritances. And then there's the mark-to-market approach proposed by Senator Ron Wyden, which would treat capital gains income as what it is — actual income for the wealthiest people in America. Currently people who have stocks and other investments that appreciate in value — usually people of means — are taxed at lower rates and are allowed to defer taxes.

I'm not an economist but I have watched my wealth grow exponentially thanks to federal policies that have cut my tax rates while wages for regular people have stagnated and poverty rates have increased.

So when the Democratic candidates take the stage this week for their first debate, I invite fellow members of the 1 percent to join me in demanding that they engage in a robust discussion of how we can strengthen a post-Trump America by reforming our tax code.

Let's admit out loud what we all know to be true: A wealth tax can start to address the economic inequality eroding the soul of our country's strength. I can afford to pay more, and I know others can too. What we can't afford are more shortsighted policies that skirt big ideas, avoid tough issues and do little to alleviate the poverty faced by millions of Americans. There's no time to waste.

Eli Broad is a philanthropist and former entrepreneur who started two Fortune 500 companies, KB Homes and SunAmerica.

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