Why Tax Policy Matters: Understanding Our Past and Future Economies

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Thank you so much. It's great to see you all. And I felt like this was an amazing excuse to back up from my day-to-day work and think a little bit about what I would say to the next generation of leaders about why policy matters, why tax policy matters, and to talk about the current fights around taxes that are going on in state capitals all over the country and at the federal level. So those are three of the themes I'll talk about. I also want to spend a little time thinking and talking about ways that I think you can get involved in public policy work if that interests you. I hope you'll have lots of questions about everything I've said.

So if you think these topics, about tax policy, sound boring: you're wrong. Part of my goal here is to convince you of that over the course of the next half hour! Whatever it is that you care about, whatever it is that affects your life, public policy has an impact on that. The cost of your student loans, how well cared for your parents are going to be in retirement, what kind of help you'll get if you decide to have a family and raise a kid, or what kind of planet we're going to have for the next generation: all of these things are very, very dependent on policy. Regardless of whether you agree with my political beliefs or not, you can be certain that the policy decisions that lawmakers and policy makers make, influenced by citizens and interest groups and people with power, have a huge impact. When I met Dr. Bowen, I was living in Cleveland, Ohio, and as she said, I had started an organization called Policy Matters. I named it that, though I will confess my husband came up with the name, when we'd moved to Ohio because he was going to be teaching at Kent State University.

I started looking for a job. I was having a little trouble finding one, which has happened to me a couple times in my life. It was 1998 that we moved there, and I was looking for work and decided, let me take a look at what's been happening to working people in Ohio. I had worked for a think tank in Wisconsin prior to that and had been thinking a lot about working people and regular people and how the economy was working for them. And I found that, when I looked at data comparing 1979 to 1999, which was the most recent year of data available to me at the time, that over the course of that time period, despite the fact that the American economy had grown, despite the fact that we were much wealthier than we had been at the beginning of that time period, and despite the fact that in 1999 we were coming out of a very long, strong economic expansion, I found that working people in Ohio were actually doing significantly worse on a variety of different measures. The median wage had gone down, that's the wage of the typical worker. The black-white wage gap had grown over that period. The job quality had also declined in ways other than wages. Workers were less likely to be in a union. They were less likely to have health insurance. They were less likely to have any kind of retirement plan through their workplace, or a guaranteed pension, which had been typical in an earlier period. And I just found that in a variety of ways, workers weren't benefiting from the growth in our economy.

I wanted to understand why that was. So I did this analysis of working people, and I used it to spearhead the formation of this think tank, which then worked on issues of work, of taxation, of public benefits of education, and a variety of other issues. One of the things that I found was that that the periods that I was particularly looking at, from the late seventies to the late nineties, constituted a time period when President Reagan had come to power nationally. And it constituted this major shift in our economic paradigm, in the way that we were trying to manage the economy and manage the relationship between public decision making and capitalism and private power and corporations. Not only was it true that the quality of jobs had gone down over that period, but that was in stark contrast to an earlier period in our history.

That was the period that I think of as the New Deal period. After Franklin Roosevelt ushered in the New Deal, he was motivated, I should say, not by necessarily his own altruistic beliefs, but by a set of activist pressures that were brought to bear on his administration. During the Depression, the welfare activists and people who were unemployed, labor activists and a variety of other forces pushed to change the way American public policy was being implemented. So the period between, broadly speaking, 1940 and 1980 was characterized by an emphasis on encouraging unionization and regulating the economy in a variety of ways. That included having relatively higher minimum wages, which were pushing wages upward from the bottom, beginning to regulate all kinds of corporate behavior and the way they treated workers. It constituted this really sharp contrast to the period after 1980. And when I began to look at this there wasn't much scholarship, and some of those are views that I think I've come to since then, there's a lot more scholarship devoted to sort of thinking about the New Deal era versus the Reagan era. One of the things that I would say characterizes those two presidential administrations, and again it's not that I think that it was them as individuals, but I think was that each of those administrations ushered in new paradigms that held sway in each case for a long time afterwards.

So after FDR until Reagan, over the course of Democrats or Republicans being ascendent in Washington DC we had kind of one paradigm. And, and after the changes that Ronald Reagan ushered in, pressured, I think by the corporate community and by moneyed interests that set policies and ideas, another paradigm held sway. I would argue that it held until the Biden administration over the course of Democratic and Republican administrations and Democratic and Republican control of Congress. So I felt like there was this really stark story to be told, and I saw it manifest itself not just in the decline in wages in Ohio and the decline in job quality in Ohio between 1979 and 1999, but in looking at the growth that took place in the middle of the 20th century.

It was such a stark contrast because over the course of the forties to the eighties, broadly speaking, you saw economic growth for the country as a whole. But you saw that growth very widely distributed. There was growth in the income levels of lower-class, middle-class, upper middle-class and wealthy people. And the growth was actually slightly higher for the bottom, so you had growth that was leading to greater equity. In contrast in the second period you had growth, but it was leading to greater inequity. And over the course of the 20th century, it's not just that you saw workers' wages going up, but incomes across the board went up, incomes and wages went up for black workers and white workers. And you saw education levels rising dramatically over the course of the 20th century, just dramatic change in education levels and changes like higher life expectancy. People just began to live much longer over the course of that period. And some of that is in very sharp contrast to recent history where life expectancy has actually declined slightly for Americans. I felt like this was as stark an example as you could possibly find that shows how much public policy matters. And I guess I should say I'm painting a broad picture now. I've got half an hour and I'm only spending about 10 minutes on this piece of it. I don't want to imply that everything from the forties to the eighties was perfect; certainly from the perspective of racial equity, it was not. And from the perspective of LGBTQ inclusion, it was not, and some of those things have gotten better in the time since then. I would love to get into any of that in the q and a, but I do think that the story I'm telling is an accurate one in sort of a broad swath of what is our economic growth was going to bring about and why.

I ended up running Policy Matters for about 20 years. Our goal was to create a more vibrant, equitable, inclusive and sustainable Ohio. And I failed at all four of those things. I felt like at the end of that period, Ohio workers were not doing any better. Inequality was worse in the state, and by a number of outcomes people were struggling more. So in 2020, I decided to hand over the reins of Policy Matters, to the next generation of activists and allies and researchers and to take what I was doing down to a more narrow set of topics, but at a national level. I moved to the Institute on Taxation and Economic Policy. You can find us online at itep.org.

At the same time, I began to chair the board of the American Prospect Magazine, which is a great, great magazine that you should all subscribe to. You can get it for free online. And, I just began immersing myself in a more national debate. And by national, I mean federal public policy, but also national policy, by which I mean what was going on in every state in the country. ITEP is known for three main things. One is that we have a tax microsimulation model that enables us to tell you for any tax change anywhere in the country who will pay more and who will pay less by income, race, and ethnicity. This is an incredibly powerful tool that allows us to tell you what's going on in state tax systems all over the country. It makes us a crucial source of technical assistance to think tanks, journalists and policy makers all over the country who are having fights about the legislation that's moving through their state houses. We have a partner here in Pennsylvania called the Keystone Research Center. We have partners in almost every state in the country. And whenever any tax change is proposed at the state level, our team is consulted about what that is going to mean for economic distribution. Every couple of years we put out a report called Who Pays that is this colossal undertaking to understand the economic distribution of every tax code as it currently exists. And then we use the data in that to steer our modeling of any changes that are being made.

One of the things that we find when we do that report is that almost every tax code in the country is upside down. And by that, I mean that lower-income families pay a higher share of their income in state and local taxes than higher-income families do in almost every state in the country. This is not true in every state, but in many states. That's one of the principle things that we're known for, and some of the things that make tax codes more likely to generate more of their resources from wealthier families are when we have a graduated income tax, that's something that really leads to those who are most able to pay paying a higher share of the taxes in the state and a higher share potentially of their own income in taxes. By contrast, when we rely more heavily on sales taxes and property taxes, those tend to fall more heavily on lower-income families. The reason for that is just that if you earn a million dollars a year, you don't have to spend all of it, but if you earn twenty or thirty or forty or $50,000 a year, you're probably spending most of it on housing, food, clothing, education, transportation and other basic necessities. If the tax code is based primarily on spending, it's going to tax almost all of your money at $50,000 or even $60,000 a year, and very little of someone earning a million dollars a year. If the tax code is based primarily on income, and if it has graduated rates, and I'll explain those in a moment, then you are going to have that wealthier family paying a higher share of their income and taxes. By graduated income tax rates, I just mean that everybody would pay the same amount on say, the first $50,000 of income, and then everybody would pay a slightly higher amount on the next 50,000 of earnings, and then a slightly higher amount on the next a hundred thousand earnings, or what have you. Those thresholds can differ but that’s what makes a graduated tax system.

These are structured very differently in different states. But we at ITEP find that a graduated income tax is one of the best ways to make the tax code fall more heavily on wealthier people. The other element of state tax codes that matters a lot for this is corporate taxation. And I can say a little bit more about that. And a third element is how we tax wealth or income from wealth. We don't tax wealth for the most part in this country, except that we tax the principal form of wealth that most working-class and middle-class families have, which is their home, because we have a property tax that's usually fairly heavily relied on for funding education in most communities. But we don't tax a stock portfolio, for example, which is a form of wealth that is disproportionately held by wealthier people. So we believe that doing a better job of taxing either wealth or at least income from wealth is another key to having a fairer state tax code or federal tax code. So, examining state tax codes using our micro-simulation model is one of the main things that we do at ITEP.

A second big asset that we have is we analyze the degree to which corporations are avoiding taxes. And we have the top experts in the country understanding that. And we do a report--the most recent one just came out about two weeks ago--that analyzes the share of corporations that are not paying the corporate income tax rate and then tries to understand why they're not paying the corporate income tax rate. Our findings on this are frequently cited by President Biden as well as many other policy makers and many journalists. The statistic that President Biden most likes to cite is that in 2020, fifty-five profitable Fortune 500 corporations paid zero taxes despite the fact that they were profitable. So that's my colleague's number. He cited it in all four State of the Union speeches that he's given, and it's fun when he cites our numbers. But much more important than that is when it is useful to generating change in public policy. I'll tell you that the researchers on my staff actually much prefer other, much more complicated numbers. I, as a less wonky person, like the 55 number because you all get it, right?

I can tell you some of the more complicated numbers, but there’s a reason that's what President Biden cites: because it's something that most American people can hear and understand and perhaps find objectionable. He used that to generate support for the corporate minimum tax that actually passed in August 2022 as part of the Inflation Reduction Act. That was one of President Biden's biggest legislative accomplishments and certainly his biggest accomplishment in terms of tax policy. So we believe at the federal level that we would like to see a more robust corporate income tax. We would like to see fewer loopholes and giveaways to corporations in that corporate tax code. And again, we would like to see better taxation of capital gains income, the income that comes from wealth. Some states have a capital gains income tax that is higher than their tax on work. But at the federal level, we have a lower tax rate on income from capital gains than we do on income from earnings, for the same amount of earnings. So the point is, if you get up and work every day, should you really pay a higher tax rate on what you've earned from working than someone who earned the exact same money from sitting and watching their stock portfolio grow? We at ITEP think not. There are others who, for a variety of reasons, disagree with us and they win. Because that has remained the policy. And President Biden proposed to fix that and to fix some other features of capital gains taxation. And again, I'd love to talk about this in the q and a, but I can see when eyes are glazing over. So I'll just, just stop there to say that at, at ITEP we believe that a federal corporate tax code should include more robust taxation of corporations, fewer tax breaks for corporations, and better taxation of the forms of income that are primarily held by people with more wealth, simply because from our perspective, those are the people who are most able to pay. But secondly, they are also the people who benefit most from our economy because they are using our American infrastructure to get their products out to market. They are hiring workers who are educated by American schools. In a variety of ways, the people who have the greatest wealth have benefited the most from our economy, I would argue. And again, there are certainly people that can happily disagree with me on that.

So I've talked a little bit about why policy matters and why I think tax policy in particular matters. And I'll just say, so I think tax policy, I've talked a little bit about like what are the elements of it, but why I think it matters so much is it is what enables us to do any of the things that we do as a public sector. So it steers how large class sizes are in public schools. It steers whether we can have public schools, it steers how public sector workers are compensated how teachers are compensated. It influences the price that you pay for higher education, particularly if you're going to a public institution. And it influences how much money we have to invest in infrastructure and in green infrastructure. And when President Biden and Congress passed the Inflation Reduction Act and put in place that corporate minimum tax, that and a few other provisions in that bill are going to collectively lead to hundreds of billions of dollars that will be available. And that funding is largely directed toward green infrastructure, which has been phenomenally job-creating as well as beginning to take on the climate change crisis that we face. So I just think it matters a lot for equity, for inclusion for the future of the planet and for how our lives look now, what we face currently on tax policy is a pretty stark difference in a variety of ways.

One big difference is just at the federal level, I think we can say the two candidates for President at this point have very, very different views on taxation. So former President Trump's only real legislative win was to cut taxes for wealthy people and corporations. And that's not me speaking, I mean that, that's just fact. He would say the same thing. And that bill, which Republicans call the Tax Cuts and Jobs Act, is not actually called that because I think Bernie Sanders insisted that that name be stripped out from it in the final hours of debate. But in any event, what people call TCJA, you know, reduced taxes in particular on corporations and on very wealthy people, and was extremely costly and many of its provisions were permanent, though some of its provisions were temporary. The biggest thing that Trump and Republicans and those who are informing the Trump campaign have vowed to do is to make the temporary parts of the Trump tax cuts permanent and further extend corporate tax breaks and tax reductions for wealthy individuals. President Biden has made it pretty clear that he would like to raise taxes on those earning over $400,000 a year. He would like to raise taxes on corporations, he'd like to close corporate loopholes and he'd like to better tax income from wealth. It's a really stark difference at the federal level, and we're seeing also a really stark difference in different states. In 2023, in more than two-thirds of states, there was a proposal to reduce or eliminate their state income tax. Almost every state does still have an income tax, but there were proposals to cut them and many of them have been flattened in recent years.

At the same time in other states, we are seeing an emphasis on finding new ways to tax corporations and in adding new brackets on the top to better tax income or better tax capital gains income. Massachusetts added a millionaires' income tax that was through the ballot, and Washington state started taxing capital gains income. My organization was cited in the Supreme Court finding that said that was okay to do. Minnesota put in place a much better corporate tax. So, there are stark differences that are emerging among states in terms of how they're going to raise revenue, how much revenue they're going to raise, and then in terms of what they can spend it on. The states that have done things to raise revenue have directed that to transportation and toward education, toward childcare and pre-K, and toward support for low-income families in the form of low-income tax credits or working people's tax credits.

The last thing I'll say is that across states of a variety of political perspectives, we're seeing an increased emphasis on putting in place tax credits for low-income families. That's partly because during the pandemic we expanded the federal child tax credit and the federal earned income tax credit. And the effect was so dramatic that even though unemployment was as high as it's ever been, many times what it normally is, during the pandemic incomes actually did not decline and went up slightly for the typical family in the United States. And child poverty declined dramatically. We cut child poverty in half pretty much. We've stopped that federal expansion, but a lot of states learned from that and are trying to put in place state child tax credits.

Coming back to what I think that difference means, what I think it means and what we are finding is that the states are really starting to diverge in ways that are pretty dramatic and feel problematic for a democratic country because they are undermining of democracy. Not only are the states that are taxing wealthy people and corporations and investing that in education and other aspects of well-being doing better in terms of school achievement, high school graduation, in terms of incomes that are available to people after they graduate and quality of jobs. We're actually seeing a divergence in life expectancy among the states that stems pretty directly from some of the public policies that different states are putting in place. So there's just a lot at stake in this fight and at every level of government.

I want to close with saying that I think that one of the challenges to me is a challenge to our democracy because it's not just that the corporate tax rate has been driven down by this change in policy, it's not just that the tax rate for the wealthiest has been driven down. And it's not just that it reduces our ability to invest in things that I think make our communities and economy strong, it just means that corporations are calling more of the shots. You know, that because they have more wealth and power, they are able to demand more of the kinds of regulatory regimes that they think are going to enhance their bottom line. From my perspective, there's just really a lot at stake in the debate, not just in terms of our economy, but in terms of our democracy.

I think it's a really great and fun area of policy to be involved in. It enables me to fight with people a lot, which is kind of fun. And it enables me to go up against a set of powers that is not trying to create the kind of economy and community that I think we need going into the next century. So I guess I just want to close with that. I think there are a lot of different ways that people can get involved and have a career where you spend most of your waking hours at work and there are just lots of ways that you can do work that you find meaningful that enables you to go up against a power structure that that is problematic.

And, you know, you could be a tax researcher like I am, but there are lots and lots of other ways to take on those challenges. I think journalists are an incredibly important tool for understanding what's going on in our economy and in our society and sort of holding power to account. You could become a union organizer. You could become just a public sector employee and I think that's a really important way to elevate a less destructive form of capitalism by becoming a school teacher or becoming a climate scientist in the public sector. There are a lot of careers available to people that are fulfilling and that enable you to kind of take on some of these challenges. So I want to stop there and give you all time to ask questions, but it's been fun to back up and think about these things a little bit. So thank you for having me!

Q & A

Q: So you talked a bunch about the comparison between the 1940 and 1980 period and like 1982, about now, how does now compare to the pre-1940 period?

A: That? Yeah, I think it was a lot more like the post-1980 policy. I mean, there was just a much less regulated form of capitalism. I think there was a feeling that what corporations wanted they should get, and that that we didn't need to regulate corporations. We didn't need to heavily tax corporations or high income people, and we didn't need to invest in our people to the same degree. It's more complicated obviously than kind of a brief a two second answer can give credit. But that's part of the reason why I think we saw in the middle of the 20th century such a tremendous growth in education levels, in health, in longevity in children, the opposite of child mortality, but children surviving to their first birthday was because of that change that took place. And it was, you know, the deregulation and ability of banks to sort of run the economy were the antecedents to the Great Depression, which is what sparked this change in policy that was a more regulated form of capitalism.

Q: So we as a country kind of have this aversion to pay, like when we hear the word “tax,” a lot of people immediately get hostile about it. You talk about raising taxes, you're in for a fight almost immediately, right? What do you think the best way to go about showing people or explaining to people how they benefit from paying higher taxes is?

A. It's a great question and I definitely think you're right, and I've experienced a lot of those fights myself. But I will say that I frequently find that I'm in a place where I, I may not be certain that everyone agrees with me about everything. And I will say, you know, I work to tax wealthy people and corporations and often as not, I'll get a sort of high five or a fist bump. So I do think that a lot of people really, either it's shifting or it's always been popular to tax corporations and wealthy people. There are tax policies that I think are less popular that I still think are great ideas. Like, for example, I think we should have a much more robust estate tax, but I think that anti-tax activists made a lot of headway on that, on that fight. And I'm happy to, I just published an op-ed about the estate tax, those arguments are fresh in my head, so I'm happy to talk about that. But I think one thing is to, to be clear about who you're trying to tax because the fact is, as I said, the states that have a more robust income tax are able to have a lower sales tax or property tax and still fund the same share of services. And the states that like to call themselves low tax really are only low tax for the rich and they're really higher tax for everyone else. I recently did an interview about Florida, and Florida is the most regressive tax code in our booklet that we do.

And you know, Governor DeSantis loves to brag about their lack of an income tax, but for low-income people, Florida's the most expensive place to live from a tax perspective, and they pay five times the taxes that the wealthiest people in Florida pay in all state and local taxes. So I think one is just saying like, taxes for who? And then I think the other thing is just pointing to the services that we get for taxation or the services that we don't get, but that we would like to get, that we are able to deliver in other places around the globe. You know there are much higher rates of taxation in a lot of parts of Western Europe, but there's also just no need to worry about cost of college, very little need to worry about cost of childcare or pre-K, much less personal spending on transportation. And certainly much less of the economy is devoted to healthcare because healthcare is just free and provided through the government for the most part. I mean, there's are variations, obviously. So yeah, I think pointing to the services that you think we should have that we either do or don't have or have in some places and not in others, and making clear that you're talking about taxing rich people and corporations are two of the ways that sort of get more people on your side, I think.

Q: I've got two related questions. And the first would be whether you think we should tax investment income at the same rate as earned income. And then the other would be whether you think we should get rid of the, the cap on the amount of your earned income that you have to pay social security taxes on.

A. Yeah. Thank you. Two great questions. And my amazing team at the Institute of Taxation Economic Policy has done analysis of both of those questions, so I have answers for you. Yes, I do think that investment income should be taxed at the same rate as income from earnings. So the capital gains tax break that I talked about earlier, there's just a lower rate of taxation of earnings for capital gains. I think that's kind of backwards. So I certainly think that should be the case. The other thing about capital gains taxation is that there's a tax break at the point of inheritance where if your asset has appreciated in value, so you've experienced capital gains, but you don't sell that asset before you pass it on to an heir, the heir inherits that asset at the new value and nobody ever pays any taxes on the earnings that took place between the original purchase price and the price at which it was passed on.

So that's another loophole that we would really like to see close. And all of those would raise tens of billions in some cases. I don't want to be quoted on the exact number, but, but, you know, raise tens of billions of dollars certainly that could be invested in giving every kid a fair start but people would still be able to inherit lots and lots and lots of money. So it's not something that eradicates wealth for people who've grown it over the course of their lifetimes and wanted to pass it onto their kids. There would still be lots of ability to do that if we got rid of that break for capital gains income.

The cap on social security earnings is actually a little bit complicated because we don't want to have all taxation of the wealthy go to Social Security. There are a lot of things that we want to do with that money. And so I don't necessarily want it all to go to Social Security, but I do believe that right now the cap on Social Security earnings, I forget the exact number but I testified on this last summer in a Senate committee. And so what that means is that you pay a payroll tax and any of you who've ever worked have seen FICA on your paychecks--you pay a payroll tax on your earnings even if you make the minimum wage--and your employer does too. But at about $140,000, there's a cap and your earnings above that rate are not subjected to the FICA tax. And the reason for that, well, it's complicated, but I do believe that that should be raised. I don't think it should be eliminated entirely because I don't want to see all of the tax revenue that would ensue go only to supporting Social Security, but raising that tax substantially would solve a lot of the fiscal problems with Social Security that are currently being talked about in Washington. You're such a good audience.

Q: I have two questions not really related. First one is, why do you think a graduated income tax is better? I've kind of heard people make the argument that if there's, if it's a cutoff like that it is, instead of being continuous, it's like since it's a lot at once, it sort of discourages people from increasing their income. Yeah, that was just one of my questions. The other question is a lot of think tanks get a lot of their funding from money interests as you put it. Yes. Things like that. Yes. So do you think it's more difficult to run and found a think tank that promotes progressive policies and if so, what can people do about that?

A: Yeah, those are awesome questions. Okay. The graduated income tax is complicated, and I haven't found a way, you know, I pride myself on taking the really complicated things that my brilliant researchers say and then trying to say them in a way that, that, you know, that any audience can understand. But I, I don't always hit it. The way a graduated income tax works is that you, everyone pays the same amount on let's say their first $50,000 of earnings. And then, so everyone pays the same amount. Let's just say everybody pays 3% on their first $50,000 in earnings, and then on the next $50,000 in earnings, everyone pays, let's say, 4% on the next $50,000 in earnings, and then on the next a hundred thousand, everyone would pay 5%. So you always have an incentive to work more or to earn more because you will always earn more by earning more. It's not applied to the income below that graduated rate. And I think it's something that is just very hard for people to wrap their brains around. So if you make $50,000 and I make $50,001, we pay the same amount on the 50,000 and I just pay the higher rate on that one additional dollar of earnings. It's a really, it's a really smart way of doing it because it makes sure that there's always an incentive to work more. If you want to work more, there's always an incentive to earn more, get a promotion and you will never be punished for that promotion. If I said I'll pay 5% on 50,001 on the whole thing, that would, would fall into the track that you're describing.

But if you graduate it and just make it apply on the additional earnings, it doesn't create a disincentive to earn more. Does that make a little more sense? And so like Massachusetts just added a surcharge on earnings over a million dollars, so it doesn't affect the first million. Nobody pays more on their first million, it only affects the earnings over a million dollars. That's an example of, of a change in policy that I think went in the right direction.

Your second question was about moneyed interest and their funding. And there, there's actually some great information being gathered right now. And you know, I'm funded also, so I, in order for me to run my think tank and keep my people in paychecks, I have to go out and raise money every day. My funding comes primarily from foundations. This includes the Annie E. Casey Foundation, the Rockefeller Foundation. Let's see, I'm going to forget someone. The Stoneman Family Foundations, the WK Kellogg Foundation, the Mary Reynolds Babcock Foundation. So those are some of my bigger funders. And we disclose all of that. But it is certainly true that the right -- those who oppose taxation -- have a lot more ability to advocate in a variety of ways. And it's, you know, I don't think think tanks are the main source of power, but we kind of help to generate some of the ideas that others use to bring about power. But it's more just the Chamber of Commerce and its huge influence in state capitals and at the federal level that I think really leads to the imbalance that makes conservative economic orthodoxy often holds sway.

What can we do about it? You know, the Rockefeller Foundation is working really hard to help bring more money into the tax justice space. I happen to think that economic policy is really important and that there are lots of forms of, there are lots of cultural fights that we have that are very important as well, but they're a little less affected by public policy. And I think they sometimes get an outsized share of attention in comparison to economic policy. That's, you know, that's what I've staked my career on. So I think just emphasizing and understanding and thinking about: why is the right spending so much to try to lower taxes for wealthy people and corporations, and should we maybe take that as a cue as to why we might want to devote a little bit more of our collective resources in that direction?

Q: This is kind of a practical question. You've mentioned testifying in front of a Senate committee Yes. And president Biden using some of your data. How do you make that happen? How do you get in front of the Senate? How do you get data in front of the president so that it's quoted in a State of the Union?

A: Yeah, thank you. That's a great question. So a big part of that is just the fact that reporters really rely on our research. So if we get a lot of exposure that way, if your findings are on the front page of the paper and they help to justify a policy change that the president wants and his aides see that on, it's likely that there will be either, there may be a connection, but in fact many, many of our peer organizations work very hard to get mentioned in the State of the Union. And we get mentioned every year, and we are much smaller than they are. It is partly, I think the simplicity of the story, the fact that nobody else does this research. Some of the research that we do is very, very hard.

And my federal policy director, Steve Wamhoff, who is brilliant and amazing some said he once saw a magician or something who ate a broken glass and, you know, and somebody said, well, how did he do that? Why is it that only you can do that and how do you do that? And he said, I'm just willing to eat a glass. Steve often compares our work to that, we're the ones that ate the glass, we're the ones that reporters quote, because nobody else is willing to go through these 10 Ks. And certainly with our microsimulation model, it requires an enormous amount of investment over time and intellectual investment and investment of resources.

Senator Sanders had invited us to testify during the pandemic. He's a big proponent of reducing corporate taxation or of increasing corporate taxation. I think that he felt that we were the best voice for that. And that same federal policy director who I described is not, does not want to testify, mysteriously enough. So even though he really knows much more than I do, I said, well, we're not going to not do this, so I guess you're going to have to now prep me, which is going to be a lot more work than to go say it yourself. So I got to do both of those appearances. And then after Senator Sanders invited us, I think we just were sort of on a list and Senator Whitehouse wanted to talk about his proposal to increase the cap on Social Security earnings for taxation and invited us to testify about that.

And that was really fun because the first testimony was, I hadn't been in the job that long. It was also during high COVID, so it was all kind of remote. And the second one was in person and I felt like I had my sea legs a little more. I mean, it turns out that federal tax policy is pretty complicated. And so I felt a little more comfortable after a couple years in this role to, to do that testimony. And then I'll just say the, the model itself, because the work we do at the federal level is powerful and important, but there are other think tanks who also do work at the federal level, but it's at the state level where there's just nobody else who has this resource. It’s not just that we get mentioned by the president. There are leaders in every governor's office probably or leaders in every state legislature who also really rely on our numbers. And then typically it's not us doing the testifying, although we sometimes do. But it's that we're empowering our partners in the states to do those testimonies. And so we had, you know, our numbers used in state legislatures all over the country last year. So yeah, it's doing hard work. It's doing it credibly and it's being willing to, to talk about it and talk about it in a clear, understandable, and very defensible way with very clear methodologies. I guess I'd say that. Any other questions?

Q: At one point in your talk, you were suggesting to the students in the audience that they could consider career paths along these lines, and you were just finishing on the importance of your communication skills. Besides a deep dive in economics, what other skills would they want to invest their time in?

A: A concentration on the social sciences really broadens your perspective in ways that I think pays dividends for the rest of your life. And so it can sometimes seem like those are less hard skills than an economics focus or a statistics focus. And I absolutely feel like I did not begin to pay attention to numbers until well into my career. My grounding was all in just sort of trying to understand the arc of things. So I definitely think that that a grounding in the social sciences is really important. I do think communication is really important. The most important thing I did as an undergrad was to work on the student paper. I was a sports reporter because I didn't think that sports mattered and I didn't want to work on something that mattered because I didn't think I knew enough about anything.

I was a sports reporter, but I learned how to complete stories on deadline, accurately work with other people, fight with other people to get the placement I wanted for my story, or fight to preserve the kind of narrative arc that I put in my story and listen to other people like, oh, you know, I better allow that editing. And then I was a sports editor during my junior or senior year, maybe both. I always feel like that was the best training I got as an undergraduate and it was a completely student-run paper. All of my training was from other students. So I think communication skills are incredibly important. And frankly, just talking to people, listening to people, reading the paper all of those things I think matter a lot to being able to participate in the policy conversation.

Well then, I end by saying that, you know, I actually think that there is a lot of potential for a really positive shift in this country in terms of how we're approaching these issues. President Biden I don't think was any kind of you know, FDR type going into this, going into his presidency, I don't think anybody anticipated that, but he has seen a moment and read the tea leaves of what I think your generation is putting forth, which is that we need to start reinvesting in our people. We need to do something about climate change. We need to make people's lives more secure and, and easier and better. And we need to harness the power of government to do it. And I think he has taken on that mandate to a really surprising degree. I think the future is really bright on all of these things and I hope you all are part of it, and please get in touch with me. Thanks.