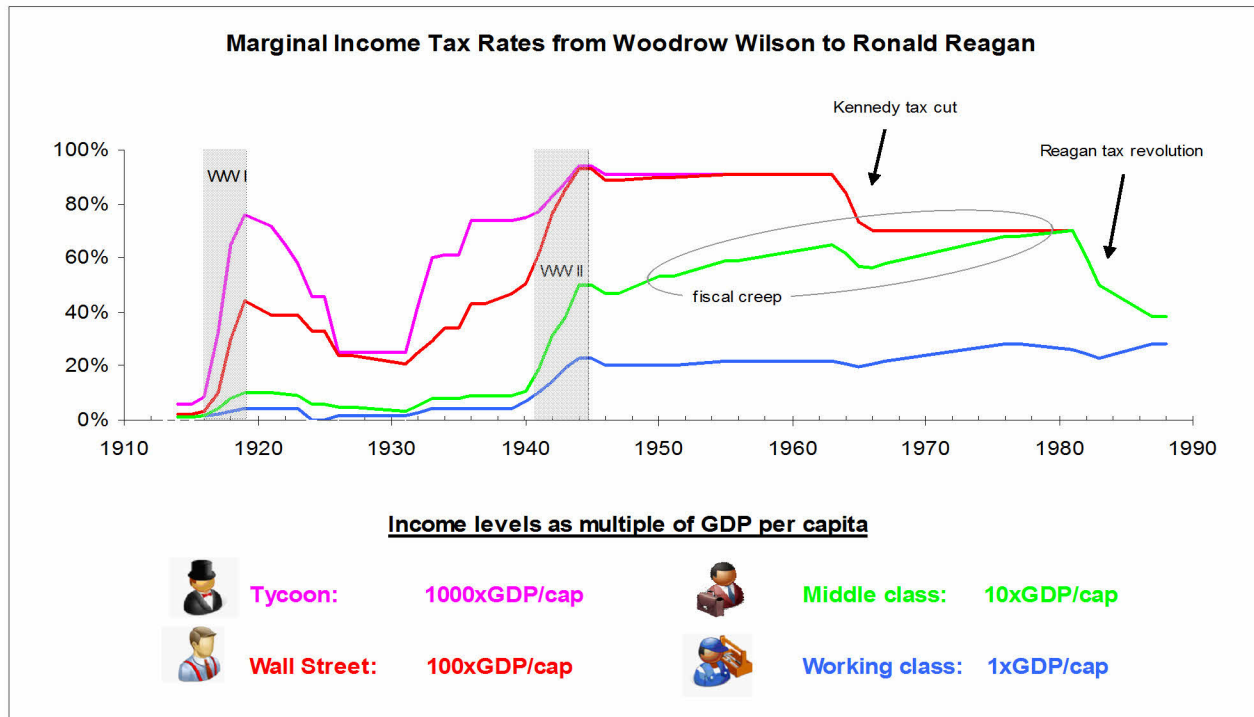


US Income Tax Rates – A Quick History

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Since the banking collapse of 2008 there has been much discussion of the likelihood of increased income tax rates, especially on the “underserving rich” such as bankers. Higher tax rates were certainly one of the legacies of the 1930s. In order to get a better picture of the political history of US income tax rates, I have constructed this chart which tracks marginal tax rates at four income levels which represent in a simplified and schematic way the four main social classes. These I have taken to be as follows:

- Plutocrats/tycoons – income in the tens of millions (in present day terms)
- Very wealthy/bankers – income in the millions
- Middle class – income in the hundreds of thousands
- Working class – income in the tens of thousands



The introduction of the income tax in 1913 was accompanied by a strong belief that the burden should be placed firmly on the mega-rich. This was a natural outgrowth of the intense public focus on the wealth of the tycoons of the gilded age – those “malefactors of great wealth” as they were called by Theodore Roosevelt. Highly progressive income tax rates were an intrinsic part of the attempt to undo their hold on the economy through anti-trust laws and other measures. The result was tax bands that rose to

