

**QUESTION: What percentage of Americans will pay Federal Income Taxes in 2011?**

**ANSWER: The following is an estimate of the answer for the above question based on the most recent data available. I do not endorse this to be an exact answer but it should be close.**

The U.S. Population on 12/31/2010 (SOURCE: <http://www.usnews.com>) = 310 Million

The following portions of the US Population are not expected to pay significant Federal Taxes:

Children in the U.S. in 2009 (<http://www.childstats.gov>) = 74.5 Million

Total U.S. Social Security Beneficiaries (<http://www.ssa.gov>) = 54.359 Million (\*)

U6 Unemployment Rate in Feb 2011 (<http://www.bloomberg.com>) = 49.3 Million (\*\*)

State Welfare Recipients in Feb 2011 (<http://www.statemaster.com>) = 5 Million (\*\*\*)

U.S. Prison Population in 2011 (<http://usgovinfo.about.com>) = 2 Million

Subtracting the above five groups from the total U.S. population gives the estimated working U.S. population:

$(310 - 74.5 - 54.359 - 49.3 - 5 - 2)$  Million = 124.84 Million or **40.3 % of the U.S. Population**

Not all federal taxpayers have a net federal tax burden. A portion of the population gets a so called “negative tax” because their salaries are considered insufficient by the U.S. Congress to pay Federal income taxes. According to the Tax Foundation (<http://www.taxfoundation.org>) 32% of U.S. Federal tax filers get this so called “negative tax.” This leaves 68% of Federal tax filers with a positive Federal tax burden.

An estimate of the U.S. Population actually paying net Federal income taxes can be made by taking 68% of the 40.3% of the total population. 68% of 40.3% is:

**27.4% of the U.S. Population has a net Federal tax burden. (\*\*\*\*)**

NOTES:

(\*), includes retirement, disability, and survivor benefits

(\*\*), the U6 rate is 15.9% and includes those whose unemployment benefits have expired; the U3 rate is 8.9% and the rate mentioned by most news reports

(\*\*\*), California has the highest rate at 1 million recipients

(\*\*\*\*), this is approximate because there are no data available to determine the number of social security beneficiaries who have to file Federal taxes. However, polls do indicate that the majority of social security beneficiaries do rely on social security as their primary source of income. The current social security rate is too little for many of these people to owe any Federal taxes.

Again I cannot prove this is an exact figure but it should be close. This low percentage is likely going to prove unsustainable. *For every American with a positive net U.S. Federal income tax burden they are pulling a wagon with 3 more Americans behind them collecting more benefits than they pay into the system.* In the next ten years, there will be a substantial increase in the number of retirees, “AKA Baby Boomers,” entering the social security beneficiaries’ rate above further reducing the percentage of Americans paying net Federal income taxes assuming more of the U6 unemployed cannot find gainful employment.

**QUESTION: For comparison, what percentage of Americans paid Federal Income Taxes in 1960?**

**ANSWER: Again the following is an estimate for the above question based on the data available. I do not endorse this to be an exact answer because two approximations were required; however, I suspect the actual percentage of workers to be higher than my calculation because of these two approximations.**

The US Population in 1960 (<http://www.census.gov>) = 179.323 Million

The following portions of the US Population in 1960 did not pay significant Federal Taxes:

Children in the U.S. in 1960 (<http://www.childstats.gov>) = 59.86 Million

Total Female Social Security Beneficiaries in 1960 (<http://www.ssa.gov>) = 6.619 Million

Total Male Social Security Beneficiaries in 1960 (*Unpublished Info*) = I'll assume 6.619 Million

*NOTE: Since women outlived men in 1960, this assumption will be high.*

*U3 Unemployment Rate in 1960 was 5.5%. The U6 rate is generally 1.8 times higher than the U3 rate.*

U6 Unemployment Rate in 1960 is therefore estimated at 9.8% or about 17.62 Million

State Welfare Recipients in 1960 (<http://www.statemaster.com>) <<1 Million

*NOTE: I'll assume 1 Million which will again be on the high side.*

U.S. Prison Population in 1960 (<http://bostonreview.net>) = 0.200 Million

Subtracting the above six groups from the total U.S. population gives the estimated working population: (179.323 – 59.86 – 6.619 – 6.619 – 17.62 – 1 – 0.200) Million = 87.405 Million

This is 49% of the population which is a lower limit because of the two italicized assumptions pointed out above.

Therefore, in 1960, a minimum of 49% of the U.S. Population worked.

Finally, in 1960 there were no "negative taxes" in the IRS tax codes. This means that all of these workers paid net Federal taxes.

**In 1960, 49+% of the U.S. paid net federal income taxes.**

Again, this should be close to the actual number. What is concerning is the marked decrease in the net percentage of Americans making a net Federal income tax contribution from **49+% to 27.4%!**

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The following statistics from <http://socialsecurity.procon.org> should also prove interesting:

In 1960, there were 5.1 workers per social security beneficiary.

In 2009, there were 3.1 workers per social security beneficiary.

By 2035, it is estimated that there will only be 2.1 workers per social security beneficiary if the current trends continue.

Again, this will likely prove unsustainable possibly placing the country at serious risk of internal conflicts.

### **Predicted Outlook if Current Trends Continue**

Karl Marx once commented that the problem with democracy is that people can vote themselves someone else's money. For every American paying a net Federal income tax in 2011 there are 3 more collecting more benefits than they pay into the system. This ratio is predicted to increase as the Baby Boomers continue to retire. Unfortunately, House Democrats in May 2011 have proposed increasing the Federal tax burden on the ¼ who currently work and support the system. Their proposed maximum income tax bracket is a stunning 62%!

<http://online.wsj.com/article/SB10001424052702304066504576343611464445594.html>

If current trends continue the nation will likely collapse leading to a Civil War and/or a totalitarian dictatorship. When this happens what will happen to the three people in the wagon?