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Wealth tax is essential to economic recovery. Be bold, Albany

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The threat of the Covid-19 pandemic is unprecedented. It is rapidly eroding both global public health and the underpinnings of the economy. If we are to avert disaster, especially in the United States, we believe we need to look to the past to employ the basic, tested investments and increased taxation akin to those made during the Great Depression.

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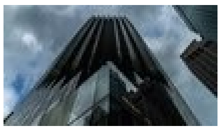

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The leadership of state governors has been welcomed. Gov. Andrew Cuomo has been particularly strong in calming a vulnerable citizenry while implementing concrete programs that will help protect the health of those exposed to the virus.

But public health is only one face of the pandemic. The other is less immediately visible but no less consequential: the havoc wreaked on the economy. The 3.3 million new unemployment claims announced Thursday bode ill for the larger economy. Across all sectors of the economy, large and small, jobs will be lost and marketplace demand severely depressed unless there is a bold new plan for taxation, public spending and robust public works programs.

In response to this economic threat, the federal government's recently approved a $2 trillion rescue plan will provide limited relief for strapped localities. At best, though, it is a short-term intervention in an economy that produces a $23 trillion GDP annually. The value of the federal bailout represents less than 10% of annual GDP and is likely to prove insufficient to meet escalating human needs. At best it will have a temporary impact on job creation and preservation across the country.

The differences in state policymaking across the two faces—medical and economic—of the pandemic is especially stark in the state. Despite Cuomo's aggressive actions in confronting the state's health crisis, the government is poised to complete a 2020–2021 state budget in a matter of days without raising a single new dollar through increased taxes on the rich, or the ultra-wealthy, to protect or create jobs.

The budget plan that is now being crafted in Albany has a structural deficit that will only grow during the next few months. These short-sighted fiscal policies will destroy jobs in the public sector as well as fail to create new jobs essential to resuscitating the state's damaged economy.

The country faced a similar economic crisis in the first years of the Great Depression. At that time, New York Gov. Franklin Delano Roosevelt invested in jobless relief and job-creation programs to reverse economic decline and hopelessness. He later applied the same approach as president to New Deal federal programs. They included the development of poor relief, innovative job programs such as the CCC and the WPA, and the creation of Social Security. These vital social programs were made possible, in part, by several rounds of increased taxation of the incomes and fortunes of the rich in order to promote greater equity and to generate much-needed revenue for New Deal programs.

Taxation of wealth and the wealthy helped lift the burden of the Depression and helped sustain the three-decade-long postwar expansion of the U.S. economy. The same opportunity exists in New York state today, especially because New York City is home to much of the wealth in the nation.

The federal government's role in saving the economy is inarguable, given its tremendous resources. But states such as New York can play a vital role as well.

For that to occur however, the governor and legislators need to be as bold in their budget decision-making as they have been in fashioning health care policies to slow the spread of the virus.

New York should be the epicenter not only of bold, new health planning to contain the virus but of efforts to blunt the impending economic collapse. We need Cuomo and the Legislature to take bold steps of taxing the ultra-wealthy to finance the job creation and protection programs that will ultimately benefit every sector of the economy.

If we wait, it may be too late. There is a special urgency to act now while the 2020–2021 state budget is nearing completion.

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