

OCPA FaxLine Report

a public policy information service for members of the Oklahoma Council of Public Affairs, Inc.

Dear OCPA Member:

Thursday, September 25, 2008

There's been a lot of discussion lately about patriotism after a candidate for national office claimed that raising taxes on the rich is the "patriotic" thing to do. I wonder why more citizens weren't outraged. I guess it's easy for many middle income citizens to embrace such pronouncements, after all, they figure, "yeah, let the rich guy pick up the tab." Well the reality is *they already do!* According to the Internal Revenue Service, the top 10% of wage earners pay about 70% of all federal income taxes. The top 5 percent pay 60 percent of all taxes. *The Wall Street Journal* recently noted that "the top 1% of taxpayers pay twice as large a share of income taxes (39%) at a 35% rate than they did in 1980, when they were taxed at a rate of 70% yet paid only 19% of income taxes. In that sense," the *WSJ* notes, "the tax code is more 'progressive' now."

The very idea that paying higher taxes is patriotic is problematic. Seems someone should have explained the patriotic nature of taxes to the participants of the Boston Tea Party. Remember these were the colonists who became outraged over what today would be a minuscule tax on imported tea. *But perhaps there are other patriotic ways to think about tax money . . .*

Senator Tom Coburn might say that cutting congressional pork is patriotic. The less it costs our government to operate the less tax monies are needed. That would coincide with the ideas of Calvin Coolidge, who once noted, "Collecting more taxes than is absolutely necessary is legalized robbery."

If Ronald Reagan was still alive he would no doubt say that cutting taxes to help the economy grow is patriotic. The more money entrepreneurs have to invest in their businesses, the more they have to increase their work force and expand their facilities.

Steve Forbes would probably say adopting "a flat tax" is a patriotic thing to do. It would certainly simplify the reporting process for taxpayers; omit loopholes and untold hours of preparation. Former Oklahoma Senator Don Nickles would certainly think tax simplification was patriotic. He once noted that the Internal Revenue Code is ". . . about ten times the size of the Bible - and unlike the Bible, contains no good news."

The late Nobel Prize-winning economist, Milton Friedman stated it this way in 2003, "I believe that government is too large and intrusive, that we do not get our money's worth for the roughly 40% of our income that is spent by government--federal, state and local--supposedly on our behalf, or the additional 10% or so of income that residents or businesses spend in response to government mandates and regulation. History suggests that Washington spends whatever it receives in taxes plus as much more as it can get away with."

It was Mark Twain who humorously noted that "Patriotism is supporting your country all the time, and your government when it deserves it." *Umm*, increasing taxes as a patriotic duty . . . that's sort of like saying to a blood donor who has just given the maximum recommended pint of blood, "come on now . . . another pint won't kill ya!"

Until next time. . . Brett A. Magbee, Vice President for Operations

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