

THE TEA PARTY IS “HISSING” ABOUT NOTHING: THE TRUTH ABOUT DEATH AND TAXES

By Nick Gier

Our new Constitution is now established and [it] promises permanency;
but in this world nothing can be said to be certain, except death and taxes.

~Benjamin Franklin, Letter to Jean-Baptiste Leroy (November 13, 1789)

The subjects of every state ought to contribute toward the support of the government . . . in
proportion to the revenue that they respectively enjoy under the protection of the state.

~Adam Smith, Father of Free Market Capitalism

The art of taxation consists in so plucking the goose
as to get the most feathers with the least hissing.

~Jean Baptist Colbert, Louis XIV’s Finance Minister

Taxes are dues that we pay for the privileges of membership in an organized society.

~Franklin D. Roosevelt

I like to pay taxes. With them I buy civilization.

~Oliver Wendell Holmes, Jr.

As a professor of philosophy with a focus on religion, I’ve learned a lot more about death
than taxes, but a gift subscription to *The Economist* eight years ago has helped me catch up that
area as well.

Everlasting vs. Eternal Life; Natural vs. Bestowed Immortality

I always have fun with my students sorting out the difference between everlasting life and
eternal life. It is quite possible that some day medical science will make it possible for humans
to live forever. One of my brighter students, however, chimed in and quipped: “You could still
get run over by a truck!”

Eternal life assumes immortality, but even there is an important difference. The ancient
Greeks and the Hindus believe in “natural” immortality: the soul is uncreated and eternal. For
the Hindus our souls are reincarnated thousands and thousands of times until we are finally
liberated.

The Bible and the Qu’ran teach what I call “bestowed” immortality. In the beginning we
are all created mortal—from the dust of the ground. But there is a promise that, just as we return

to the earth, our souls will be made immortal. According to the Apostle Paul, some of us become new beings in Christ.

Ben Franklin was that death and taxes are inevitable, but dying 8 years before the publication of Thomas Malthus' book on population growth, he may not have realized that both are necessary for the survival of human civilization. Gruesome exceptions of course being catastrophes such as the Black Death.

Without mortality we would grow to such great numbers that the earth could not support us unless it becomes possible to emigrate to other planets. Sarah Palin would course accuse the Democrats of wanting to send the weak and disabled away to some Muslim planet around Alpha Centauri.

The Roman Tax System: "Elaborate and Relatively Efficient"

Reviewing Chris Wickham's widely acclaimed book *Framing the Early Middle Ages: Europe and the Mediterranean, 400-800*, John Mack states that the Roman Empire's "elaborate and relatively efficient tax system" was the key to its longevity and was one of the reasons why successive medieval governments always failed.

Roman tax assessors went from city to city and farm to farm. An Egyptian papyrus of a Roman census in 104 C.E. states that "since registration by household is imminent, it is necessary to notify all who for any reason are absent from their districts to return to their own homes." It is clear that neither Joseph nor Mary owned any property in Bethlehem, so they would have stayed home (especially the pregnant Mary) to be taxed on their meager property in Nazareth.

Since most tax evasion is perpetuated by those who cheating on their income taxes, this may make the property tax the most reliable and the easiest to enforce. As "Buttenwood" at *The Economist* says: "You can't take it off shore." It is also the tax that can be most reasonably justified. (Exemptions for seniors in expensive homes would of course be necessary.) Districts that collect property taxes are responsible for protecting our property and educating our children.

An obscure American economist Henry George (1839-97) argued that a tax on land was the only fair and equitable tax, and Denmark's Retsforbundet is the only political party to have run on this idea. Even though it was once part of a coalition government with the Social Democrats from 1957-60, the Henry George Party has now disappeared into history. The Danes actually have relatively low property taxes but very high progressive income taxes. In contrast the U.S. has the fourth highest property taxes in the industrialized world.

The Tea Party is "Hissing" about Nothing; Adam Smith to the Rescue

Some on the right are fond of accusing those of us who progressive income taxes of being Communists, because they are part of the Communist Manifesto. But Adam Smith, the father of free market capitalism, also supported the concept: "The subjects of every state ought to contribute toward the support of the government . . . in proportion to the revenue which they respectively enjoy under the protection of the state."

Jean Baptist Colbert once said that “the art of taxation consists in so plucking the goose as to get the most feathers with the least hissing.” A delicious irony is that the TEA Partiers (Taxed Enough Already) are complaining about people who are the least plucked among all those in industrialized world.

Since President Obama took office, he has reduced middle class taxes even more than the last record low in 2006. Then those households averaging \$60,700 in salary paid, according to the Congressional Budget Office, 3 percent in federal income tax way down from 8.3 percent in 1981.

Even though the Republicans say that reducing taxes is what the American people want, this is not what the polls say at all. There was never a majority that was in favor of George W. Bush’s tax cuts. A 2009 Gallup poll actually showed that a majority indicated that their taxes were either “too low” or “about right.”

Europe has High Taxes, but Low Budget Deficits and High Quality of Life

If you travel to Europe you will hear many geese hissing about their plucked plumage, and many left-center governments have been replaced by right-center governments. In fact, only eight of the 27 countries of the European Union are now governed by Labor, Socialist, or Social Democratic parties. The tax rates, however, remain very high and relatively few Europeans become tax emigrants by voting with their feet.

At 48.2 percent of Gross Domestic Product, the Danes pay the highest taxes in the world, but in 2006 less than 1 percent (46,786) left their country. (New immigrants added 56,750 people.) A study done by New Global Initiatives estimated that a little higher percentage (3 million) of Americans moved abroad in the years 2005-2007. The most surprising finding was that there were a great number of people in the age range of 25-34.

In 2007 the Confederation of Danish Industry did a survey of 991 ex-pats and their reasons for leaving, and the results were that 58 percent ranked avoiding taxes fourth behind “I felt like living in another country”(88%), “I wanted to strengthen my career opportunities” (67%), and “culture and/or physical possibilities (e.g. climate) are better abroad” (59%). Respondents could rank 11 different reasons for leaving.

For the past five years conservatives have governed Sweden, but the top income tax rate still remains at 60 percent. In 2009 taxes took 46.4 percent of the Swedish GDP, while the U.S. figure is 24 percent. Free marketeers would declare such a country should be an economic basket case. But, according to the World Economic Forum rankings for 2010-11, Sweden is topped only by Switzerland and the U.S. stands in fourth place. High tax countries Germany (39.3 % GDP), Finland (43.1%), the Netherlands (39.1%), and Denmark (48.2%) stand in 5th, 7th, 8th, and 9th place. *The Economist* reports that Finland is the most innovative country in the world and Denmark is the most business friendly.

Riding high at 7.3 percent, Sweden currently has the largest increase in GDP growth in Europe and the second lowest budget deficit of .8 percent. (Another significant figure is that 81

percent of the Swedish workforce is unionized, and unemployment benefits are 80 percent of earnings up to 200 days.) Comparable U.S. figures are 2.8 percent growth and an 8.8 percent budget deficit. Contrary to common perceptions, the average budget deficit for the 16 countries on the Euro is only 4.5 percent. This figure includes high deficits in Greece and Ireland.

Significantly enough, the countries that are in financial trouble are those with lower taxes per GDP and higher budget deficits (except for Spain and Iceland): the U.S. (24%; 8.8%), Ireland (29.3%; 13%), Spain (30.7%; 6.6%), Greece (32.6%; 8.1%), Portugal (36.7%; 8+%), and Iceland (36.7%; 6%). (These are 2009 and 2010 figures.) One obvious lesson to learn: sufficient tax revenue reduces deficits (duh!).

Like other Europeans the Swedes appear to be satisfied with what their high taxes give them: universal medical care at half the cost of the U.S., unemployment benefits for 200 days at 80 percent of earnings, and the longest paid maternity/paternity leaves in the world. The Swedes have also welcomed over 70,000 Iraqis, who have been fed, clothed, housed, schooled, job trained, and taught Swedish. As a portion of population that would mean that equally compassionate Americans should have taken 1.6 million refugees from the war that George Bush started.

The Left-Wing British Tea Party is Hissing about Something Substantial

While the American Tea Party is hissing about nothing, its left-wing counterpart in the UK is complaining about something substantial: corporations that pay little no taxes. These activists have been very successful in shaming companies by staging sit-ins at their outlets all over the country. In 2010 General Electric, America's largest corporation, paid no taxes on profits of \$15 billion; instead, it received a \$3 billion refund. Exxon-Mobil, Chevron, Bank of America, Goldman Sachs, Boeing, Wells Fargo (\$4 billion refund), and Carnival Cruise Line also paid no taxes.

In 2009 corporate taxes amounted to only 6.6 percent of total revenue as opposed to 30 percent in the 1950s. At that time Americans also paid very high income taxes and the economy was booming, and unionized workers, unlike today, actually received a good return on their productivity. With stagnant real wages since Reagan took office, all the profits from lower productivity have gone to the rich instead. Significantly enough, productivity increases were higher (3.2%) between 1950-1963 with marginal tax rates of 91% and the highest union membership than the 1.9% during the Regan/Bush I years between 1981-1992.

Hans Morgenthau once said that "Although Mr. Justice Holmes said: 'Taxes are what we pay for civilized society,' too many citizens want the civilization at a discount." This truth applies especially to tax-hating Americans, who in their refusal to be taxed for investment in human capital and physical infrastructure will assure their country's decline in the 21st Century.

European countries invest in sex education programs that dramatically reduce teen pregnancy rates and fetal deaths due to abortion. (U. S. ranks with Third World in these areas.) The most uncivilized places in the U.S. are our prisons where we incarcerate more people per capita than any other country. (Some European countries imprison ten times fewer people than

the U.S. does.) American health care is so poor that it ranks last among 19 advanced countries for preventable deaths. A statistic like this gives new meaning to Patrick Henry's famous demand "Give me liberty or give me death." Is maximum liberty—regardless of the consequences—really what people want?

European governments also invest heavily in the arts. Danish ballet has enjoyed an international reputation since the late 18th Century, and today several hundred dance and theater students enjoy tuition-free training at the Royal Theatre. Most public radio stations in Europe have their own orchestras so that listeners hear their own musicians performing live rather than recordings.

We can always cheat on our taxes, but death will eventually come to even those who are promised eternal life beyond the grave. As someone unknown quipped: "Of life's two certainties, there is only one for which you can get an automatic extension." But, while the wages of sin are death, the wages of tax delay are hefty interest payments and for tax evasion substantial jail time.

Cigars, Booze, the Danes, Shooting Tax Collectors, and a Disciple of Christ

There is yet another interesting correlation between death and taxes. If you want lead the high life and in some cases court death, then you should pay steep taxes on the booze, cigars, luxury yachts, and fast cars that you buy. In my experience, however, incredibly high taxes on tobacco and alcohol products have not cut the Danes' desire to light up or to drink large quantities of aquavit, great beer, and now wine.

Speaking of booze, I offer the following warning from Robert Heinlein, especially for gun-toting Idahoans, who, despite efforts of some legislators, will not be allowed to carry weapons on our campus. Tax protester and science fiction writer, Heinlein said: "Be wary of strong drink. It can make you shoot at tax collectors. . . and miss."

But there was one ancient prophet who never carried a weapon and counted a tax collector as one of his trusted companions. His name was Jesus of Nazareth.

Proud taxpayer Nick Gier taught philosophy at the University of Idaho for 31 years. Read his columns on the Third Way between unfettered capitalism and communism at www.NickGier.com/ThirdWay.htm.