

# Tyler Morning Telegraph

## A broader tax base would benefit us all

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It's called "skin in the game." Tax reform must include broader participation. While a selling point for many tax plans, Republican and Democrat alike, is that the poor won't pay any, that's bad policy. The poor shouldn't pay much - but everyone should have a real stake in our government.

That's a point the Cato Institute's Doug Bandow makes in a recent blog post. Bandow is no fan of taxation - he's a Libertarian thought-leader - but some degree of taxation is necessary, he acknowledges, and it should be borne by all.

"Even failed candidates sometimes had good ideas," he wrote. "So it was with Louisiana Gov. Bobby Jindal. He sharply challenged conventional wisdom when he proposed a tax reform plan that ensured everyone paid at least some income tax. His bottom rate was just two percent. But he would have killed most of the deductions and credits that allow those with low incomes to pay nothing."

That's better than the current situation. The Tax Policy Center estimates that 45.3 percent of American households - 77.5 million out of 171.3 million - won't pay any income taxes for 2015.

"The idea of reducing taxes to nothing, especially on those who don't earn much, is superficially attractive," Bandow acknowledges. "But it's actually dangerous for a democratic republic, especially one based on limited government and individual rights."

Jindal explained how.

"If we have generations of Americans who never pay any taxes, it will be very easy for them to turn a blind eye to absurd government spending," he pointed out.

What we're really talking about is our progressive tax system. The basis for it is the notion that the wealthy can afford to pay more and the poor shouldn't have to pay as much. But that's led to another kind of inequality - a lack of shared participation in our national government.

As Scott Hodge of the Tax Foundation notes, "We often hear that one of the primary goals of fundamental tax reform is to 'broaden the base and lower tax rates.' But as many of the presidential candidates have found in crafting their tax reform plans, the extreme progressivity of the individual tax code makes broadening the base and lowering the rate an exercise in raising taxes on the poor and cutting taxes on the rich - hardly a winning political message."

We talk about the 1 Percenters, but the fact is they already pay 38.1 percent of the federal income taxes in America. The top 5 percent pay 58.9 percent, according to the most recent figures.

“Thus, proposals to massively expand the welfare state by shaking a bit of change loose from the pockets of the rich are a delusion,” Bandow contends. “Expanding the number of nonpayers inevitably increases the burden on fewer and fewer payers.”

That’s why real tax reform should do more than raise taxes on the rich or expand the rolls of the untaxed. Broader participation, as in a flat tax, would be a better alternative. That’s because we all enjoy the benefits of being an American. Everyone is a stakeholder here.