



Corporate Tax in Japan, Benefits for American Veterans, and Overweight British Kids

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The title of this post sounds like the beginning of a strange joke, but it's actually because we're covering three issues today.

Our first topic is corporate taxation. More specifically, we're looking at a nation that seems to be learning that it's foolish to have a punitive corporate tax system.

By way of background, the United States used to have the second-highest corporate tax rate in the developed world.

But then the Japanese came to their senses and reduced their tax rate on companies, leaving America with the dubious honor of having the world's highest rate.

So did the United States respond with a tax cut in order to improve competitiveness? Nope, our rate is still high and the United States arguably now has the world's worst tax system for businesses.

But the Japanese learned if a step in the right direction is good, then another step in the right direction must be even better.

The *Wall Street Journal* reports that Japan will be lowering its corporate tax rate again.

Japan's ruling party on Tuesday cleared the way for a corporate tax cut to take effect next year... Reducing the corporate tax rate, currently about 35%, is a long-standing

demand of large corporations. They say they bear an unfair share of the burden and have an incentive to move plants overseas to where taxes are lower. ...Business leaders want the rate to fall below 30% within the next few years and eventually to 25%... The Japan Business Federation, known as Keidanren, says tax cuts could partly pay for themselves by spurring investment. Japan's current corporate tax rate is higher than most European and Asian countries, although it is lower than the U.S. level of roughly 40%.

If only American politicians could be equally sensible.

The Japanese (at least some of them) even understand that a lower corporate rate will generate revenue feedback because of the Laffer Curve.

I've tried to make the same point to American policymakers, but that's like teaching budget calculus to kids from the fiscal policy short bus.

Let's switch gears to our second topic and look at what one veteran wrote about handouts from Uncle Sam.

Here are excerpts from his column in the *Washington Post*.

Though I spent more than five years on active duty during the 1970s as an Army infantry officer and an additional 23 years in the Reserves, I never fired a weapon other than in training, and I spent no time in a combat zone. ...nearly half of the 4.5 million active-duty service members and reservists over the past decade were never deployed overseas. Among those who were, many never experienced combat. ...support jobs aren't particularly hazardous. Police officers, firefighters and construction workers face more danger than Army public affairs specialists, Air Force mechanics, Marine Corps legal assistants, Navy finance clerks or headquarters staff officers.

So what's the point? Well, this former soldier thinks that benefits are too generous.

And yet, the benefits flow lavishly. ...Even though I spent 80 percent of my time in uniform as a reservist, I received an annual pension in 2013 of \$24,990, to which I contributed no money while serving. ...My family and I have access to U.S. military bases worldwide, where we can use the fitness facilities at no charge and take advantage of the tax-free prices at the commissaries and post exchanges. The most generous benefit of all is Tricare. This year I paid just \$550 for family medical insurance. In the civilian sector, the average family contribution for health care in 2013 was \$4,565... Simply put, I'm getting more than I gave. Tricare for military retirees and their families is so underpriced that it's more of a gift than a benefit. ...budget deficits are tilting America toward financial malaise. Our elected representatives will have to summon the courage to confront the costs of benefits and entitlements and make hard choices. Some "no" votes when it comes to our service members and, in particular, military retirees will be necessary.

The entire column is informative and thoughtful. My only quibble is that it would be more accurate to say “an expanding burden of government is tilting America toward financial malaise.”

But I shouldn't nitpick, even though I think it's important to focus on the underlying problem of spending rather than the symptom of red ink.

Simply stated, it's refreshing to read someone who writes that his group should get fewer taxpayer-financed goodies. And I like the idea of reserving generous benefits for those who put their lives at risk, or actually got injured.

Last but not least, I periodically share stories that highlight challenging public policy issues, even for principled libertarians.

You can check out some of my prior examples of “you be the judge” by clicking [here](#).

Today, we have another installment.

The *New York Times* has reported that a mom and dad in the United Kingdom were arrested because their kid was too fat.

The parents of an 11-year-old boy were arrested in Britain on suspicion of neglect and child cruelty after authorities grew alarmed about the child's weight. The boy, who like his parents was not identified, weighed 210 pounds. ...In a statement, the police said that “obesity and neglect of children” were sensitive issues, but that its child abuse investigation unit worked with health care and social service agencies to ensure a “proportionate and necessary” response. The police said in the statement that “intervention at this level is very rare and will only occur where other attempts to protect the child have been unsuccessful.”

So was this a proper example of state intervention?

My instinct is to say no. After all, even bad parents presumably care about their kids. And they'll almost certainly do a better job of taking care of them than a government bureaucracy.

But there are limits. Even strict libertarians, for instance, will accept government intervention if parents are sadistically beating a child.

And if bad parents were giving multiple shots of whiskey to 7-year olds every single night, that also would justify intervention in the minds of almost everybody.

On the other hand, would any of us want the state to intervene simply because parents don't do a good job overseeing homework? Or because they let their kids play outside without supervision (a real issue in the United States, I'm embarrassed to admit)?

The answer hopefully is no.

But how do we decide when we have parents who are over-feeding a kid?

My take, for what it's worth, is that the size of kids is not a legitimate function of government. My heart might want there to be intervention, but my head tells me that bureaucrats can't be trusted to exercise this power prudently.

P.S. I guess "bye bye burger boy" in the United Kingdom didn't work very well.

P.P.S. But the U.K. government does fund foreign sex travel, and that has to burn some calories.

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