



An unappetizing proposition

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Golfer Phil Mickelson made national headlines this year when he dared to grouse about his ever-growing tax burden. Faced with yet another tax increase in California, he threatened to relocate rather than lose 63 percent of his earnings to greedy governments. Naturally, he was set upon by the news-media horde, who without the benefit of even a peek at his books, declared his tax rate was only 50 percent. To journalists and other lefties, 50 percent doesn't rise to the level of "fair share" for a man of Mr. Mickelson's means. And though they didn't say so, down deep, you know damn well they think 63 percent falls short, too.

But keep 50 percent in mind as we discuss John H. "The Grumpy Economist" Cochrane's proposal for a federal alternative maximum tax. A finance professor at University of Chicago's Booth School of Business, a senior fellow of the Hoover Institution at Stanford University and an adjunct scholar of the Cato Institute, Mr. Cochrane compares taxmen at all levels to "the villains of a good zombie movie" who chant "more taxes, more taxes." His "AMaxT," as you probably guessed, would cap government flesh-eating.

In Monday's Wall Street Journal, Mr. Cochrane wrote Americans would "add up everything we pay to government at every level," from income and property taxes to fees to Social Security and Medicare dues to "your vehicle stickers and those annoying extra taxes on your airline tickets." Once the total hits the alternative maximum, "you've done your bit" and the federal zombies can take no more.

He admits he still has details to work out. But Mr. Cochrane pointed out tax systems without limits cause great financial and cultural damage, and employment and economic disincentives. Further, he regrets his plan doesn't address the myriad hidden taxes governments impose via mandates and regulations, "forcing people and businesses to spend on their behalf." But his objective is to begin a national conversation aimed at establishing a "backstop promise" to Americans, guaranteeing "no matter what happens, no matter how loud the zombies chant, no matter what clever 'revenue enhancers' they come up with, you will get to keep some reasonable fraction of what you earn."

And what's a reasonable fraction? "I like half," he wrote. As in only 50 percent, just without the only. He might as well have waved the surrender flag in President Obama's war on success. A renowned capitalist

associated with a think tank that champions the "principles of individual liberty, limited government, free markets and peace" extolling the virtues of codifying a 50-50 proposition for some Americans' wages and taxes? Really?

As it is, the average American tax burden is 27.3 percent, or about three times what the founders considered unconscionable, and that figure is misleading because it's skewed by a tiny minority paying much higher rates and sums, so the government can zero out income taxes for almost 50 percent of Americans.

We share his goal of reining in government revenue, and on some levels, the AMaxT seems appealing. But once enacted, what's to stop the feds from one day (soon) raising the rate to 60 percent or 70 percent, or incrementally exempting some taxes and fees from the calculation to increase people's tax bills without raising their rates, or otherwise manipulating with the formula when they need "revenue enhancers"?

Any discussion on an AMaxT concedes the liberal revenue-shortfall argument when America's fiscal crises are rooted in hyperactive spending. Governments are spending too much on people who demand too much and then expect others to pay for everything. Before anyone can answer Mr. Cochrane's central question — "How much is the most anyone should have to pay?" — how about first getting expenditures under control and asking everyone to expose at least a few flesh cells to the tax zombies?