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More on Surtaxes to Fund Health Care

by [Joseph Henchman](#)

Echoing [Gerald's post earlier today](#) on why surtaxes are a poor way to fund additional government health care spending, [Chris Edwards at Cato compares](#) how we will stack up internationally if the proposed surtaxes become law:

The chart shows that the current top U.S. personal income tax rate (including the average state rate) is 42 percent, which is the same as the average in the 30 nations of the Organization for Economic Cooperation and Development (OECD).

President Obama already plans to increase the top federal rate from 35 percent to 40 percent at the end of 2010. That would push the combined federal-state rate to 47 percent, substantially above the average of other major industrial nations. Imposing a 4-percent surtax on top would push the top rate to 51 percent, which would be higher than many nations that were traditionally more socialist than America, including France (46%), Germany (48%), and Italy (45%).

We're about to head into a national debate over whether a "public option" or Massachusetts-style mandate-and-subsidies program (estimates ranging from \$1 trillion to \$1.6 trillion) are appropriate fixes for the U.S. health care system, versus other options. If (notice the *if* there) we're going to spend that much money, or any part of it, surtaxes are a bad way to pay for it (again, [as Gerald mentioned earlier](#)). If a government program will benefit everyone in society, the cost should be borne by everyone in society, not just a few people targeted for a punitive and distortive tax hike.