



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

Is Tax Freedom Now an Act of War?

by Scott McPherson

In a speech before the National Press Club last January, former New York governor Mario Cuomo charged that President Bush's tax cut proposals were a form of "class warfare." Challenging Bush's claims that liberals and Democrats were fomenting class warfare with their charges that his tax plan favors the rich, Cuomo retorted, "The president [is] right. It is class warfare, but he declared it."

What?

That's right. Apparently, by using the bully pulpit of the presidency to promote the heretical idea that people -- even rich people -- should be allowed to keep more of what they earn, Bush should be viewed as the "commander in chief of the richest corporations," in Cuomo's words. In standing up against the president's "attacks,"

Democrats who oppose the tax cuts are merely "defending ourselves against" the president, he said.

Cuomo's claims deserve closer examination, for they provide an excellent, if scary, insight into the mindset of the nation's leading leftist thinkers on issues of economic freedom. And his accurate statement that leftists "are the majority" in this country -- based on the popular vote of the last three presidential elections -- only makes it that much more important to counter their politics of envy, hatred, and open contempt for the most productive members of our society.

America is a nation founded on the key principles of limited government and very few laws. Rebellion against British rule was inspired largely by high taxation: The Founders knew quite well that large and abusive government requires a steady stream of revenues. They also knew that economic advancement requires the accumulation of wealth rather than its dissipation through public spending. Thus, they hated taxes and sought to keep them low.

Sadly, the mostly free first century of our Republic soon gave way to the "progressive" era of interventionist government, both domestically and overseas. It became increasingly popular to view government not so much as the means for protecting people's rights, but as a tool for the egalitarian ends of the social planners.

The era of big government began long before the income tax amendment passed in 1916, but that event clearly signaled the end of individual economic freedom and the beginning of socialism in the United States. Prior to that time, Americans could earn as much as they pleased without fear of confiscation by hungry politicians. The result of that policy was an obvious success. The 19th century witnessed the quickest and largest increase in general living standards in the history of the world, as entrepreneurs and businessmen established industries, built factories, and opened new markets, creating jobs and prosperity where none had before existed; for the first time, cultural pleasures such as the arts were in reach of the average man, in museums and opera houses built and funded by private wealth.

It was also a time of massive philanthropic undertakings, as people who achieved personal enrichment sought more and more to help the less fortunate in their communities. Schools, scholarship programs, charities, colleges, and orphanages began to appear and became a mainstay of American life. None of this would have been possible absent the freedom of every man to amass as much personal wealth as he possibly could.

But that time quickly passed after the introduction of income taxation and the subsequent advent of the socialistic welfare state. Spurred on by the ramblings of Karl Marx and his followers, self-styled advocates for the poor began to see the state's new powers as a tool for punishing the rich for being rich, for their "exploitation" of the "toiling masses." Never mind that before the age of capitalism and free markets, those same masses were living short and brutish lives of filth and privation. It was rich people, the neo-socialists claimed, who were the inventors of poverty, rather than the constant battlers against it. The rich had to be "equalized," they cried.

In our own day, the norm is a large and powerful government taking more and more of peoples' earnings. Moreover, welfare payments, food stamps, public housing, public education, business subsidies, WIC, Social Security, Medicare, and Medicaid all represent a sea change in the way Americans think about government and its rightful place in our lives. Socialism in America was never about nationalizing the means of production. It was about nationalizing and controlling the *results* of production. And so it is that someone can claim, with a straight face, that asking to keep more of what you earn is an "attack" against which others must "defend" themselves.

On one point, Cuomo and his leftist colleagues are right: Tax cuts should not be for "the rich." In fact, Americans should stop thinking in such class-conscious terms altogether. Everyone who earns money deserves to keep all of what he has made. What could be more class-neutral than that?

Scott McPherson is policy advisor at The Future of Freedom Foundation