



PERSPECTIVES

by Rinaldo S. Brutoco



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Death and Taxes!

Benjamin Franklin observed that “In this world, nothing can be said to be certain, except death and taxes.” Right now, we are up to our eyeballs in Coronavirus deaths (over 140,000 as of today) and equally consumed by taxes.

The Coronavirus death numbers conclusively prove the necessity for the US to have a better public health system. Every other modern western democracy has contained the virus, are now re-opening their respective economies, and are getting back to “normal” life. Not so here in the good ole USA. There is no end of new infections (occurring at over 61,000/day), no end in sight for dramatically rising hospitalizations, and a public health system on the verge of total collapse in more than a dozen states. So, what’s the solution?

Knowing that taxes are as certain as “death,” it’s time to take a closer look at the role taxes play in the advanced societies. We’re asking how taxes can be a solution for the current pandemic as well as a host of other social challenges we face. Think of that: seeing taxes as a benefit rather than a burden.

Perhaps nothing is as peculiarly American as our shared angst over paying taxes. After all, “No taxation without representation” became our Revolutionary mantra.

No one seriously complained about taxes during Roosevelt’s New Deal, which had a far higher tax burden. Nor did anyone seriously complain about taxes during the Eisenhower years (tax rate 70 percent)! Unfortunately, by 1970 everyone had forgotten the role taxes had played: 1) ending the Great Depression; 2) winning World War II; 3) rebuilding Europe under the Marshall Plan; 4) construction of the entire interstate highway system; and, 5) construction of most of the crumbling infrastructure that now must be replaced after decades of neglect. Yes, taxes worked all those miracles and many more in creating modern-day America.

Reagan ran primarily supported by individuals who wanted to share less of their personal and corporate wealth with the rest of society in a headlong pursuit toward plutocracy. In fact, many of the leaders of the anti-tax movement actually argued that they would like to shrink the government down to something like the Wild West, with everyone “fending” for themselves. That was never a good idea...and it created the mess we’re currently in.

The strange thing is that the US actually has lower tax burdens than other modern western democracies. Simply stated, our total taxation rate doesn’t include what other countries pay for with their taxes. Things like education (e.g. I can go to Germany as an American, study, obtain a 4-year degree, and return to the US without paying a cent). Like all other modern states, higher education in Germany is free, just as education through high school is free here. Americans also have to pay separately for their health care and are listed as having the 29th from the top system although we pay multiples of what other countries do. Americans pay separately for prescription drugs at a rate 40-50 percent higher than any other nation even for

drugs made here. We individually subsidize our transportation costs because we have such poor public transit, so we inefficiently spend our money for cars, gas, tires, and airplane rides when all of Europe travels less expensively on intra and inter-city rail.

Unfortunately, most Americans don’t see what our tax dollars actually buy us, and we’re far too lazy to really demand that the government spend the money it collects in ways that would benefit us more. With better politics we could actually end up with: 1) a dramatically smaller military budget; 2) universal health care; 3) free higher education; and 4) free universal childcare from age two through kindergarten. Where to begin?

The government isn’t good at letting folks know what their taxes pay for. We’re prejudiced because we know how the tax system is riddled by a lobbying industry that has written one “loophole” after another for each “special interest.”

I personally do not like to pay taxes to the Federal government. I don’t like how they spend the money and I want to see fewer loopholes, fewer benefits for large companies and large lobbies, and fewer dollars spent on military hardware we’ll never productively use.

California, on the other hand, is a very high tax state where many people complain bitterly. Quite a few folks choose to live next door in Nevada where there are no income taxes. Many more people would if they could figure out how to pull it off! For me, I like how California spends its tax money. Thanks to taxes, I received a law degree from UCLA for almost nothing. I’m grateful I can breathe the air now our taxes cleaned up because I remember riding my bicycle and feeling my chest hurt from the pain of the smog in my lungs. I like the fact we have good sewer systems, good water systems, superb health and safety systems, and many other amenities which are not being maintained as they once were.

So, let’s look at what Federal taxes should bring us, and we’ll have a whole different attitude about paying them. We get to that happy outcome by demanding that our taxes be immediately put to use ending the death march of Covid-19. We need a Federally funded and managed program to end the pandemic—let’s demand it happen now. Let’s use our taxes to keep folks paid and able to maintain a roof over their heads as we did in the 30s because we will require incredible efforts to fix our economy. In the meantime, let’s keep pushing out those CARES Act payments to individuals; let’s keep sending trillions of dollars out to keep people employed by the PPP and SBA programs. Using our tax dollars that way, we’ll be able to transition the present pandemic death spiral back to a healthy America where we can again live in the lap of luxury we used to enjoy. Let’s get back to the boom years from 1946 to 1970 when taxes were higher, and society functioned so much better. Let’s make taxes work for us and we’ll all be glad to pay them!