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Taxation by the Federal Government

by Joe Escobar - Thursday, April 18, 2013, 11:04 PM

This forum thread is for Taxation by the Federal Government posts and replies.

After studying the required materials, address the individual questions in SEPARATE posts.

To make your POSTS, click the reply link in this, MY post.

To reply to another student's post, be sure to click the reply link within in THEIR post.

IMPORTANT - SUBJECT LINES

Since there are multiple questions, BE SURE to use an informative subject line for your post. Don't simply leave it RE: Taxation by the Federal Government

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Confused by the charts?

by Chazz Milner - Tuesday, April 23, 2013, 12:22 AM

It is interesting, and a little confusing, that the "Bush tax cuts" of 2001 do show a slight drop in the Federal Marginal Income Tax Rate, yet the top chart of U.S. Tax Revenues shows a spike in the 2001 and following few years when there were supposedly tax cuts. And this was obviously not due to less governmental spending in those years since Bush was readying for war. Bush was definitely not preaching cut backs on public expense such as Coolidge was.

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Taxes and you-the pain of being a citizen

by Barry Sommer - Tuesday, April 23, 2013, 3:47 PM

What price freedom? Oh, around 16.7%

It's 1785 and Jefferson says to Madison "Another means of silently lessening the inequality of property is to exempt all from taxation below a certain point, and to tax the higher portions of property in geometrical progression as they rise." Coolidge did not pull his speech out of his backside, the historical precedent had already been set 135 years previous. If I had been living either in 1785 or the 1920s I would have approved of both plans on taxation. The basic concept is simple, easy to understand and places the tax burden heaviest on those who can afford it. Our politicians today don't want to address the glaring issue of the inequity inherent in today's tax code, instead preferring to blame the other for the problem. I think a memo should be sent to all sides, quoting Jefferson and Coolidge with the admonishment that it is unwise to buck our forefathers (and not so forefathers).

A quick look through the 'net under "is taxation legal?" will provide many hours of fun and exciting reading. Many people believe the feds have no legal authority to levy taxes, and cite all kinds of constitutional rational to try and prove their case. Unfortunately, the requirement to pay taxes is another part of living in America and one cannot avoid the IRS forever. It is also required of us to question the fairness and equitability of those laws, and demand an accounting (pun intended) from our government on what the tax code means to all. Obviously we need to pay something, the question is, what amount is fair for all?

Looking at the tax rates between 1910 and 2010, and comparing them to specific periods in our history, one can easily see that high taxes on the wealthy were for the most part beneficial to the entire country. From 1932 to 1945 the tax rate jumped from 32% to 94%. There is no way the depression or WWII could have been paid for on the backs of the average wage-earner, it had to be the wealthy that shouldered the majority of the cost...and why not? If, in 1938 you were making one million dollars salary, and the cost of living (on average) was less than 1/1000 of that million, does it make sense to deprive the country, and your fellow humans of your bounty? Granted, taking that much would make some squirm and question the ethics of a government that is, from their perspective stealing, but if it can be reasoned that the needs of the many outweigh the needs of the few, or the one, then doing the right thing should come easy.

I see neither side today considering Coolidge and his points on taxes Democrats want more money for social programs, ostensibly to fix what ails us in the "feel good" department, and Republicans want more money for the "nuts and bolts" fixes; infrastructure, energy and transportation. There is some crossover but for the most part there is little across the aisle cooperation. No one wants to raise taxes on the wealthy; conservatives make me ill when they whine about paying more than they do now. Liberals need more cheese for their whine, they just can't

spend enough on trying to tell me why I should pay more in consumption taxes... you know, liquor, nicotine, sugar, caffeine, gasoline yet at the same time, those monies are to be used to stop me from using any more of those vices, and eventually quit them altogether. What a stupid way to tax a behavior. Where does the money come from after you have killed the program that was funding you? Maybe we will find another behavior to make you pay for...

Taxes are a needed evil, but we must not let our elected leaders forget that they are indeed elected, and that we can throw them out if they try to take too much from a shallow pocket. "Excessive taxation... will carry reason and reflection to every man's door, and particularly in the hour of election." Even in 1798 Jefferson knew that the fear of not being re-elected due to a particular stance on taxation was very real. We should never forget that we carry that legacy with us, and we should exercise that same standard.

Sum of ratings:3 (1)

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To tax, or not to tax? That is the question

by Thomas Comings - Wednesday, April 24, 2013, 1:32 PM

I'd like to start off by stating that I watched and read the transcript of President Coolidge's speech on taxion and limiting government spending and it was still hard to make out what he was getting at. He spoke a lot on how much the government spent and that we needed to limit that so people could more spend for themselves and indirectly influence the economy positively. Conversely, his speech had pro-government tones that relayed the sentiment that government works for everyone and so that everyone should work for the government -- taxes being a nessesary burden to promote the overall welfare of the people through government.

While I believe if fiscal responsibility in government, I don't think that nessesarily means less taxes; but I rather advocate for more inteligent allocation of funds recieved by the government. We do live in the national community where there is long-standing inequality and certain disadvantages felt by millions of our citizens. A republican government has somewhat of an obligation to help those in need and the largest way a government can generate the nessesary capital to provide that help in through taxation of its citizens. Not to say that money from taxes only helps disadvantaged citizens -- it protects our economic interests around the world, ensures that our basic infrustructure stays intact, and keeps the lights on in our schools (for now).

A common oposition to that way of thinking is the argument that people deserve to keep the money they make, that the government has no right to take their money and give it to someone else. This is often a right-wing ideal and a large part of the reason the GOP has been dubbed "the party of the rich". To that I say that everyone does indeed deserve a chance to enjoy the fruits of their labor, but many people start

in a hole so deep that they need the government's help to even begin to pursue life, liberty, and happiness. This country has a history of oppressing certain classes, races, genders and nationalities and whatever we can do to right those wrongs in an effort for a brighter future for ALL people -- even taxation -- is far and away justified within the ideals of our nation.

Sum of ratings:2 (1)

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Follow the Money . .

by Andrew Schubert - Wednesday, April 24, 2013, 7:56 PM

. . . 'Cause it follows you.

I'm having a hard time saying whether, overall, I agree with Coolidge's position regarding taxation. There are certainly some aspects of what he said that I find to be irrefutable. After all, "nothing is certain but death and taxes", and I think Coolidge knew that. I would also concur that taxes are a necessary cost of living in America; that "the expenses of government reach everybody".

The portion of President Coolidge's speech that I have a hard time with is the part stating "citizens will be doomed to suffer curtailment of liberties until we can reestablish a condition under which the earnings of the people can be kept by the people". I get that taxation can be a dampener on one's personal finances, but I wouldn't say they prevent liberties. If we consider that the founding fathers put a strong emphasis on the pursuit of life, liberty, and the pursuit of happiness, taxation doesn't prevent any of these things; in fact, they provide the country with means to secure these aspects for more of its citizens.

Although many of the statements made by Coolidge in this speech sound really good, I find myself remembering how so many presidential speeches are wrapped up in ideals that appeal to the masses. "I want them to have the rewards of their own industry", well so do I. But if their industry is in disrepair, they're quite possibly going to rely on the government and the revenue brought in by industries that are doing well. It all starts to sound slightly socialistic but this is the world in which we live at the moment.

I should mention here that I was particularly interested in Coolidge's method of putting the amount of taxes required by the government -- 7 Billion, 500 million -- into more relative terms for the listener. Granted it's a very large sum and putting it into perspective is nice of him, but I find myself curious as to whether he did it possibly as a scare tactic, or simply to illuminate the "difficult to comprehend" number. He goes on to state "These are the some of the reasons why I want to cut down public expense", as if each one of the 500 million workers he cited were by themselves an individual reason why he feels the way he does.

After scouring newspapers for a statement that represents either support for or against government taxation I stumbled across an article in the New York Times by reporter Victoria Fleischer. In the article she expresses her happiness with Congress

after they released a discussion draft concerning a proposed legislation that would tax derivatives on a “Mark-to-Market” basis. Now, I’m no tax expert, and not even really an avid reader of the New York Times, but what I was able to glean from the article was that Congress was looking into closing tax loopholes for wealthy individuals and companies. Loopholes like the “Variable prepaid forward contract” that was used by Ronald S. Lauder, the heir to the Estée Lauder fortune, worth more than \$3 Billion. With regards to who or what groups are on which side of this debate, it would seem to be a rather unique example; there doesn’t seem to be any opposition. Seeing as how it was simply a discussion amongst members of congress, I suppose you could say that it was congress versus itself, as is often the case in an open debate/forum. But the article itself didn’t directly cite any people or groups in opposition to it. At the end of the article it claims that such a movement by congress would simplify the tax code, increase fairness and better align tax law with underlying economics, all of which are hard to argue against. At no point do they mention Coolidge, and I can’t even say that they present ideals that seem akin to his. But they share some of mine. After listening to Coolidge’s speech I couldn’t help but feel that although he speaks a lot of truth, his argument was thin if at all present. In today’s modern, and massively complicated word of taxation, I feel that we’ve gone far past the simpler times in which Coolidge was an expert. We no longer have the option of saying “I want less taxes because it’s good for us”, and entered into a world so complicated that we can no longer make drastic changes. This can be reflected in the chart showing the top US Federal marginal income tax rate, where the “Bush tax cuts” were so small considered to tax cuts in years past.

Again, I agree with the sentiments of the New York Times article, I think the improvements we make regarding taxes in the future, is going to have to rely more on spending our money wisely, and making sure people – both wealthy and lower-income – and businesses, pay what they are meant to.

References

New York Times article: <http://dealbook.nytimes.com/2013/02/07/a-sensible-change-in-taxing-derivatives/>

Calvin Coolidge Speech:

<http://www.americanrhetoric.com/speeches/calvincoolidgeeconomyandfreedom.htm>

Sum of ratings:3 (1)

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Re: Follow the Money . .

by Chazz Milner - Wednesday, April 24, 2013, 10:10 PM

It seems to me that the argument made by groups/people who support tax cuts are vague and thin in general. They seem to make the same general argument that tax cuts will stimulate the economy and benefit the people. Yet the "people" who will be benefitting the most from these cuts would be the big businesses, and there is never a proposal for what they would do with the millions and billions of dollars they would be pocketing after tax cuts. That information seems

to be the biggest point in the argument, and the point that is completely missing.

Sum of ratings:1 (1)

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Big Businesses and Tax Reform.

by Chazz Milner - Wednesday, April 24, 2013, 10:04 PM

Coolidge made the point that the money earned by the people should stay in the people's hand if possible and that even though the people must pay their share of taxes to support the government we all benefit from, with a tighter spending policy everyone could enjoy lower tax rates. This sounds good in a perfect world where humans are inherently good. The article I read was very much pro-tax reform. It was stated in this article that the United States has the highest corporate tax rates in the world, and that we have for a year now. Happy one year anniversary! The groups behind this article did not find means to celebrate this. The argument made was that if big corporations were able to benefit from their profits they could help boost the economy more than their insanely high tax rates are. It refers to Coolidge, Jack Kennedy and Ronald Reagan saying that "America needs another dose of medicine given under" the leadership of these past, Republican leaders. The article stated the collective argument of 21 CEOs from major companies who were "practically begging Congress to take up the job of tax reform so that they can get back to what they do best: Growing their companies and growing the economy." This is where I can't decipher what exactly that means. The article talks about the fact that US money and jobs stay tied up overseas due to the high tax rates imposed on big businesses, but it doesn't say that if the companies were able to pay less taxes that they would then transfer their manufacturing firms to US soil and thus create millions of jobs for Americans. It doesn't directly state how these giant firms, if given significant tax cuts would contribute their fair share to the country they live and benefit from. Would they? Throughout the article it does not refer to Democrats or Republicans, however on the last sentence it states that "with so many Blue senators, from Red states up for reelection in 2014, there is a real chance for a pro-tax reform assembly." Tax reform for the big businesses, for the better of the people. Because that's what Reform means...Right?

<http://www.usnews.com/opinion/blogs/peter-roff/2013/04/02/its-time-for-congress-to-take-up-tax-reform>

Sum of ratings:3 (1)

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Re: Big Businesses and Tax Reform.

by Chazz Milner - Wednesday, April 24, 2013, 10:13 PM



My point about people being inherently good, and if allowed to keep their money would contribute to welfare programs and schools was that: "Corporations are not People" and when you get 20 CEOs in a room who are looking at all this new found profit, honestly, what are they going to do?...

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Re: Taxation by the Federal Government

by Zhongheng Wang - Saturday, April 27, 2013, 11:11 PM

I'm not very familia with the U.S.A economy. I know that the Bush did something in 2001 so the Fedal Tax going down a little bit and the Subprime mortgage crisis cause the Tax going down in 2009. And starting from 1980, these are the only cuts i saw. Since I'm not a citizen, I don't know a lot about the tax here. I don't pay tax.

Sum of ratings:1 (1)

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