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Taxation

by Joe Escobar – Saturday, April 16, 2016, 4:35 PM

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Coolidge And Taxation

by Connor Miller – Monday, April 18, 2016, 9:11 PM

"I want the people of America to be able to work less for the government -- and more for themselves." – Calvin Coolidge

In reading different articles about Calvin Coolidge and his stance on taxes, it becomes very evident that he was very much on the side of cutting taxes for the betterment of the US economy. He knew taxes were important, but also seemed to understand how heavy taxation could affect the people of America.

During the 1910s, tax rates rose sharply, especially after the federal income tax was brought into play in 1913. During Coolidge's time in the White House, even as Vice President to Harding, he and the treasury secretary (Andrew Mellon) made it one of their goals to put acts into place that would cut the high percentages. His belief was that the government shouldn't focus on taxing the daylights out of their citizens, but actually using their tax dollars effectively, such as repaying the national debt. As shown by the quote above, he wanted the American people to be able to spend their money and boost the capitalist economy, not sending high percentages of their paychecks to the government. In short, Coolidge was all about how to make the economy of the 1920's a better place for the consumer.

When it comes to taxation, I think Coolidge had some good ideas that helped the United States in the short term. Lowering taxation obviously helped the economy and brought the roaring 20s to fruition. He also helped lower the ridiculously high income tax percentages, which only helped his stance on making government. He also threw a lot of the income taxes on the richer in America, something people might see as a negative or a positive. (according to a chart (1), those making over 100,000 had a 61% income tax) Coolidge made spending and taxation a big part of his administration. He pushed changes and got results, such as several Revenue acts that kept cutting taxes. Whether or not you agree with the way he ran the country, you can't deny the impact he made on taxes in the early 1900s.

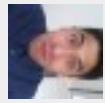
Sources:

(1): <http://www.cato.org/publications/commentary/1920s-income-tax-cuts-sparked-economic-growth-raised-federal-revenues>

<https://coolidgefoundation.org/blog/budget-and-tax-lessons-from-president-calvin-coolidge/>

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Re: Coolidge And Taxation

by [Miguel Perez](#) – Saturday, April 23, 2016, 10:37 PM

I really agree that Coolidge made growing the economy during the 1920's a priority, and I believe he succeeded. According to our text, Liberty, Equality, Power 7th. "In the 1920's however, growth rested more on consumer goods." (pg 778) The 1920's was the beginning of our American Consumerism. Whether or not the was as a direct result of Coolidge and his policies can be up for debate. But low taxes usually equals more spending.

Miguel

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Re: Progressive video & fair tax payments

by [Ethan Borsak](#) – Monday, April 18, 2016, 11:34 PM

Watching the progressive tax video definitely helped my understanding in a general way of our tax structure. Our system of taxation in this country is such a commonly misunderstood and yet highly argued about topic, and I feel it grows more complicated year after year. The fact that there are so many state-to-state changes, loopholes, exemptions, and penalties does little to assuage this. The video was a nice, brief overview of how it works, but I fear it doesn't address the numerous alterations and changes that occur in our tax system.

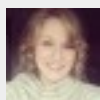
The same people that produced that video also posted a video in which they interviewed a Professor of Economics from UCLA, who dispelled some myths regarded fairness in relation to the wealthy and tax payment. The notion of top earners not paying enough/or the system not being fair to the lower brackets certainly seems a wrong one after watching this video.

Fair tax video

https://www.youtube.com/watch?v=DnEe4oaSC88&index=5&list=PLIBtb_NuIJ1w_5qAEs5cSUJ5Bk0R8QLaY

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Split Decisions

by [Rebekah Galick](#) – Monday, April 18, 2016, 11:40 PM

The 5 minute video that explained the progressive tax code most definitely influenced my understanding of the current tax code in the United States. When looking for a current article on the tax code in the United States, I came across an article labeled "Consensus on Need to Revise Tax Code, but Partisan Split on Specifics" (http://www.nytimes.com/2016/02/21/business/yourtaxes/consensus-on-need-to-revise-tax-code-but-partisan-split-on-specifics.html?_r=0).

I believe that the article clearly shows the sides of the Democrats and the sides of the Republicans. In the article it states that "Many Democrats fiercely disagree with any plan that would reduce taxes for the wealthiest" which shows the democratic side, and Paul Ryan who represent the Republican party "has often said that individuals and corporations should pay no higher than 25 percent, compared with the current 39.6 percent".

When the article states "Everyone wants a simple tax code, but few people want to eliminate provisions that benefit them. That helps explain why it is so difficult to make big changes.", I believe it helps explain why in the

video, Dick wanted to go with the method of payment Tom came up with because in the end it saved Dick \$2,450, even though Harry’s method of payment was the most simple and fair.

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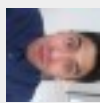


Re: Modern views of Coolidge
by *Ethan Borsak* – Tuesday, April 19, 2016, 8:29 PM

Coolidge seems to be a highly popular/important figure in both the history of Republican tax policy, as well as his thoughts on smaller government. After watching the video of him speaking on taxation, I can understand why, and I do agree with some of his views on the matter. His philosophy of people working more for themselves–less for the government is hard to disagree with, and his idea of cutting down on public expense resonates to me in our own time, with so much wasteful spending at Federal levels. A Wall Street Journal article I read calls back to Coolidge with a Reagan reference, and praises the former’s budget discipline and foresight to combine tax cuts with budget cuts. This WSJ article, and a similar one I read in Forbes, extol the prowess of Coolidge & Secretary of Treasury Andrew Mellon to pay down national debt while lowering tax levels. Forbes & WSJ are considered on the more conservative spectrum, and they do speak about him in glowing terms without delving into more controversial aspects of his presidency, or debating his role in the oncoming Great Depression. However, in the specific context of taxes, I think Coolidge set some interesting and effective policy.

<http://www.wsj.com/articles/SB10001424127887323468604578248111350472602>
<http://www.forbes.com/sites/timreuter/2014/10/21/how-to-succeed-in-business-and-government-without-really-trying-calvin-coolidge-and-the-roaring-twenties/#2fa0c49e1de9>

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Where does my money go?
by *Miguel Perez* – Thursday, April 21, 2016, 10:44 PM

I can agree with Coolidge when he lists all the different types of people who the responsibility to pay taxes belongs to. But sometimes it seems as if my money is not being utilized very efficiently. I mean at a local level, every day I drive out of my neighborhood to go to school, I feel as if I were offroading. There are so many potholes on my street (potholes that have been there for YEARS). I am all for pay taxes as part of my American duties, but it would be nice to see them used in such away that I can appreciate. I think Americans today, have less a problem with pay taxes, than actually seeing our tax dollars at work.

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Re: Where does my money go?
by *Connor Miller* – Friday, April 22, 2016, 1:37 PM

I agree with you there. As someone who just started paying his taxes, I'd be extremely interested to see what the government will do with the check I sent them, but thats not my place...apparently.

That's why I think Coolidge had a good idea when it came to taxes. He lowered taxes and he had a more balanced budget than the previous presidents in place, that way he could funnel the tax dollars a lot easier. I'd be interested to see how his system would operate in todays world and our current economy.

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Re: Where does my money go?
by *Ethan Borsak* – Friday, April 22, 2016, 11:48 PM

So, just to touch on what Miguel and Connor were discussing regarding taxes, I think it’s important to distinguish which of our taxes go where. Generally, the Federal taxes we pay in April get split between Social Security, health care programs (Medicare, Medicaid, etc), and Defense spending. Our state taxes collected from income tax, property tax, sales tax, and a few others go to state education, state health

care, universities, public employees, with smaller percentages to transportation (roads + infrastructure) and a few other categories. So when you paid your federal taxes this month, it doesn't necessarily go to fix a pothole on Willamette (of which there are several). A large percent of the Federal gas tax pays for national roads & highways maintenance.

This is why Coolidge's policy of reduction of federal spending/lowering taxes to let people keep their earnings appeals to so many. I'd love to have my taxes be split more for local uses like infrastructure and education, but it's important to remember where the federal tax money goes, and realize there are meaningful uses there too. It's a tough balance, and why people get so upset when they see wasteful spending.

Useful chart of composition of state taxes

https://en.wikipedia.org/wiki/State_income_tax#Basic_principles

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Re: Where does my money go?

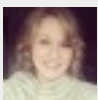
by [Connor Miller](#) – Saturday, April 23, 2016, 2:35 PM

Thanks for the link to that chart. I kinda figured my state taxes (which in Oregon can be a lot) went to state programs and such, like when you see a sign on the highway that says "YOUR TAX DOLLARS AT WORK." But I didn't really know where the gov puts those federal taxes, and I'm sure there are other programs beside the ones you mentioned.

One thing I did think of when reading about Coolidge's tax reform, and you kinda touched on it too, was the importance of federal spending. Almost 100 years ago when Silent Cal was president, the population was a lot smaller, and the government wasn't as large as it is today. During World War 1, didn't it cost about 1 billion to run the country? That number has certainly skyrocketed today. So to sum it up, while I like Coolidge's stance on taxes, I also get why it probably wouldn't work today.

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Re: Where does my money go?

by [Rebekah Galick](#) – Saturday, April 23, 2016, 11:15 PM

I agree that it is important to distinguish which of our taxes go where. I googled Miguel's question "Where does my money go?" and found this website labeled: "Federal Spending: Where Does the Money Go". I felt it was very enlightening. In the first paragraph it mentions the budget is \$3.8 trillion and that means "about \$12,000 for every women, man and child in the United States. I also found that it had some very informative charts regarding Federal Debt, Discretionary Spending, Total Mandatory Spending, Total Federal Spending. In regards to Social Security, it is a benefit program that people are eligible to collect from depending on age or disability. I believe it is taken directly from your paycheck and not in April, unless you did not have it properly withdrawn during the year.

Source: <https://www.nationalpriorities.org/budget-basics/federal-budget-101/spending/>

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Re: Where does my money go?

by [Meghan Jacinto](#) – Friday, April 22, 2016, 4:09 PM

I think Coolidge really touched in this subject in his speech because his one of his main policies was to limit government spending. At the time, He also wanted to know why the government was spending so much and what exactly on. Coolidge mentions, "When we come to realize that the yearly expenses of the governments of this country...the stupendous sum of about 7 billion, 500 million dollars -- we get...700 million dollars -- is needed by the national government, and the remainder by local governments." So many people are working and paying taxes, and you're exactly right when you say the government doesn't seem to be too efficient with it.

When you mentioned that it would be nice to see our taxes at work, it reminded me of this issue in Alaska where they tried to build a bridge from a small town to the local airport on an island. Building this bridge would cost federal taxpayers millions of dollars, even though there is a current 15 minute ferry (costing \$6) that runs in between both those places. The event is known as an "object of national ridicule and a symbol of the fiscal irresponsibility of many in Congress toward the money entrusted to them by the taxpayers."

Sources: <http://www.heritage.org/research/reports/2005/10/the-bridge-to-nowhere-a-national-embarrassment>

<http://www.washingtontimes.com/news/2015/nov/8/alaska-kills-bridge-to-nowhere-that-helped-put-end/?page=all>

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

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Re: Where does my money go?

by [Rebekah Galick](#) - Saturday, April 23, 2016, 11:04 PM

I don't totally agree with you. I don't believe Coolidge touched this subject in his speech of "where my money goes". Yes he does mention all the money the government takes when what is actually needed is significantly less. However, it doesn't tell us why the government is taking more of our hard earned money and what they are actually spending it on. The only other mention of money was when Coolidge stated "If the government should add 100 million dollars of expense, it would represent four days more work of these wage earners.", but that raises even more questions as to why would the government add on 100 million dollars of expense when they apparently only need 700 million dollars.

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Re: Where does my money go?

by [Rebekah Galick](#) - Saturday, April 23, 2016, 11:00 PM

I agree with you. I don't mind paying taxes but when "budget" is not part of the governments vocabulary but must be a part of ours it becomes an issue. If the expenses of the government was really "the stupendous sum of about 7 billion, 500 million dollars" (as stated by Coolidge in his speech) back in 1924 when they should be spending much less, I can only imagine what our government budget could look like if there was judicious spending instead of so much overspending on hand outs to lure future voters to support bigger government. With all the overspending, no wonder we are so deep in debt as a nation.

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Calvin Coolidge's View on Taxation

by [Meghan Jacinto](#) - Friday, April 22, 2016, 3:19 PM

I personally find myself agreeing with Coolidge's position on taxation. In his speech, he points out compelling points that would essentially provide a stable economy for the United States. For example, he believed in both reforming the budget by cutting government spending and lowering taxes, as he states, "I want the people of America to be able to work less for the government -- and more for themselves." He questions why the yearly expenses of the government are "the stupendous sum of about 7 billion, 500 million dollars" when only 700 million is needed "by the national government, and the remainder of the local government." Overall, cutting government spending and lowering taxes was a moral and constitutional responsibility to Coolidge. He sympathizes with the farmer, who is forced to provide a certain amount of money out the sale of his produce no

matter how low the price. I also liked how towards the end of his speech, Coolidge makes sure to point how that he knows how important taxation is in general, because even though the government is taking from people’s earnings for its own usage, the government has to get its money somehow. He understands the necessity of taxation, but until the American people are able to actually keep as much of their money as they possibly can, they “are bound to suffer a very severe and distinct curtailment of our liberty.”

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

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Re: Calvin Coolidge's View on Taxation

by [Miguel Perez](#) – Saturday, April 23, 2016, 10:27 PM

Interesting you said that Coolidge had a moral and constitutional reason for lowering taxes. I wonder what Coolidge would think of our taxation numbers today?

Miguel

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Re: Calvin Coolidge's View on Taxation

by [Rebekah Galick](#) – Saturday, April 23, 2016, 10:53 PM

I agree with you, Coolidge had some compelling points on taxation. It appears he incorporated both sides of the issue and their importance to the system. When he mentions “It represents all the pay of five million wage earners receiving five dollars a day, working 300 days in the year. If the government should add 100 million dollars of expense, it would represent four days more work of these wage earners.” in regards to government spending and the incomprehensible amount of money the government is taking from the people, I feel it is helpful as a tax payer to understand how much it would effect me if the taxes were raised due to excessive government spending. With that being said, he says he sympathizes with the tax payer, but I feel as though he should have explained more on how he planed to lower taxes so we aren’t “bound to suffer”, and what that meant for all parties involved. He also states that “If the government should add 100 million dollars of expense, it would represent four days more work of these wage earners.” which leads me to wonder if he might want to raise taxes; why else would he have said that? My question would be; if he is trying to tell the public that he would like to lower taxes, why would he give an example of what it would look like if they were to raise them?

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