

HST 203: History of the United States Sp17 (Escobar Meta 41054 41053)

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Taxation

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Taxation

by Joe Escobar - Friday, April 21, 2017, 11:28 PM

This thread is for discussions on the Taxation topic.

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IMPORTANT - SUBJECT LINES

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Helping Harry?

by Cameron Wray - Sunday, April 23, 2017, 7:53 PM

After watching the video of the three brothers I felt like I had a better understanding of taxation in the United States. It's a little embarrassing how little I knew about taxes to the point where this video completely opened my eyes. I thought Tom's proposal was absolutely ridiculous when he first brought up how the bill should be divided amongst the three brothers until he revealed it was straight from the IRS tax tables and "this is the Progressive Income Tax System all U.S. taxpayers live under" (4:00). Despite the fact that it was a cartoon I felt bad for Harry who ended having to pay more because he was smarter and made more money. It left a bad taste in my mouth that this is actually the way our tax system is set up. There has to be a

better alternative so the Tom's out there don't just take advantage of the Harry's of the world. The whole situation is very conflicting because it's like Harry is being penalized for working hard and being smart and at the same time not everyone in the lower tax bracket is like a Tom and just wants to have fun.

Sum of ratings:2 (1)

2

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Re: Helping Harry?

by Desmond Johnson - Wednesday, April 26, 2017, 6:01 PM

I agree with you that this video was very eye opening and informative on how our system of taxation works. I had no idea how in the dark I was about it, or how unfair I would perceive the system when put in a more local context like that. As someone who is definitely in the lower tax brackets I've always just assumed that I pay way too much and the rich don't pay enough. After watching this video I see that the tax system doesn't really seem fair to anyone. After viewing the taxation charts on wikipedia I see that this sentiment has likely been pretty consistent throughout history. Do you think there's a more fair way to tax people equally? With our country incurring more and more national debt are taxes still relevant? To me it seems like we will never pay off that debt, because we spend more than we make.

Sum of ratings:1 (1)

1

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Re: Helping Harry?

by Cameron Wray - Thursday, April 27, 2017, 9:44 AM

I thought the same way about feeling like I was paying a majority of the taxes and was on the make the rich pay more bandwagon until I started doing more research. The video definitely made reading the charts and graphs easier because I feel like I have a little grasp on the taxation system. When it comes to a more fair way to tax people equally I just don't know how that could work. The difference in incomes just complicates the situation. I do think regardless of how big the national debt is that taxes are still very relevant and in that regard I agree with Calvin Coolidge when he says, "taxes must be paid. They are not a voluntary contribution to be met out of surplus earnings. They are a stern necessity" because in his words "The expenses of government reach everybody". I think that everybody does need to pay taxes and the contribution of everyone is the only way to fund a lot of what we need.

Sum of ratings:1 (1)

1

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Re: Helping Harry?

by Desmond Johnson - Saturday, April 29, 2017, 8:34 PM

The same president also said that "The property of the people belongs to the people. To take it from them by taxation cannot be justified except by urgent public necessity. Unless this principle be recognized our country is no longer secure, our people no longer free" (Coolidge, Adequate Brevity p. 108.). To me this portrays that he believed

taxes should only be applied to times of war or great economic depression, lest the American people be doomed to a life that isn't free or secure. With the onset of such enormous national debt I would argue that we have been in a state of what some might call "urgent public necessity" for some time now. In Coolidge's way of thinking this translates into the American people being "no longer free" as there is an air of economic oppression. The immense national debt is what makes me think that some of the sentiments of these 20th century policymakers are a bit out dated. I think this goes along with the recurring historical theme that citizens of the time didn't realize just quite how World War I would have such an effect on the course of history.

Sum of ratings: 1 (1)

1



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What is fair?

by Desmond Johnson - Monday, April 24, 2017, 1:12 PM

I think we often have sentiments about how the super rich don't pay enough, but looking at these charts and seeing that they pay almost 40% of their income and have been asked to pay up to 90% before makes me question that. I know that regardless of my income, I wouldn't want to give away 40% of it. I have a hard enough time affording the 10-20% that is taken out of my paycheck each month for state and federal taxes. After learning about taxes a little bit more I think that our system is flawed in the sense that we aren't bringing in enough revenue AND people in every tax bracket find it unfair thinking that they are paying too much while others are paying too little. Coolidge recognized this and aimed to cut taxation, saying that the "people of America should be able to work less for the government and more for themselves. This is the chief meaning of freedom" (Coolidge video). This reflects the trend of philosophy of the roaring twenties when "The search for personal gratification seemed to replace the quest for public welfare" (textbook, 776). I can agree with this to a certain extent, simply because I get a negative feeling when looking at my pay stub and realizing how much was taken out by the federal government. I would have no problem with high rates of taxation if I were afforded free healthcare, free education, and other public services, but I feel like the use of my federal taxes often goes into causes that I don't agree with. For example, one of the main uses of tax money throughout U.S. history seems to be war and military spending. This trend is reflected in the Wikipedia chart on federal income taxes. We see that taxation started out at a low rate, before taking an enormous jump during World War I. Due to the sentiments of the time and the heavy expenditure of the war, we see record low rates of taxation in the 1920's. They then jump up to record highs at the onset of the great depression, WWII, and beyond into post war times. There is not a significant drop again until the Vietnam war era tax reductions. This trend continues with Reagan era tax cuts and levels out up until the modern era of taxation: around 10% for the first bracket and 30-40% for the richest. In the Bush era we see a slight reduction in taxes on the wealthy, reversed by the Obama administration with a tax increase on the wealthy. I'm interested to see what additions to this chart happen with Donald Trump about to release his new tax and revenue plan. The video on taxation featuring the three carpenters illustrated to me that taxation is a complex beast that is often never cut and dry. There are many factors that determine how much a household pays in taxes and how much they can afford. This sheds light on the phenomenon that people in every tax bracket seem to think that they pay too much and that other brackets aren't pulling their own weight. This leads me to the

question of what would be a fair way to tax everyone, while still maintaining the amount of revenue that we need as a nation? Is it even possible? With how much debt our country is in, is taxation still relevant?

Sum of ratings:3 (1) 3

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Taxation - The Enduring Dispute

by Caleb Pruitt - Monday, April 24, 2017, 9:45 PM

I think the first obvious observation I could make is that the taxation spikes during times of war, as we've seen in class and in the fourth line graph. According to the Wiki page provided the tax rate rose from 4.4% pre-WWII up to 23% towards the end of the year, almost a six-fold increase. As Dr. Escobar said in class last week, the cost to operate the country up to and around 1915 was about 1 billion annually, but as soon as WWI hit in 1917 the government expended 33 billion, a sum that should have funded the next 33 years (Week 3 notes). Fortunately for the government they had enacted the Federal Income Tax in 1913, so it could be much more simple to raise taxes to fund this endeavor.

"I want the people of America to be able to work less for the government and more for themselves." (Coolidge 2:06) This quote really made me think of the third brother, Harry, in the Three Brothers example. It is easy to spurn the rich and claim that they should pay all the taxes, but in the example, it showed the reality of how he was essentially being punished for working hard. Referring back to Coolidge, I believe that everyone would consider that a universal desire of Americans, but unfortunately in reality it often works in the opposite manner, as with Harry. Additionally, it is not within my feeble grasp to determine the end-all answer to the tax question! However, the fact that Tom did not pay anything seems a mite fishy to me personally.

Sum of ratings:3 (1) 3

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Re: Taxation - The Enduring Dispute

by Caleb Pruitt - Saturday, April 29, 2017, 11:47 PM

Concerning the Three brothers video, it still escapes me why they couldn't come to an agreement on each paying 12% of their salary. Since it's all going to the same cause, I don't understand why it can't be even across the board. Yes, someone with a higher salary will obviously have more money, but since when does having plenty automatically entitle you to specific, targeting policies? I feel like this method only discourages the infamous, illusive "American Dream" and encourages laziness in order to avoid pesky tax regulations. This situation reminds me of George Orwell's "Animal Farm," specifically the slogan "all animals are equal, but some are more equal than others." It just seems to me that we allocate so many scholarship opportunities and financial help based on how you identify and your background that society is being trained to rely completely on governmental provision and increasingly becoming more and more hopelessly dependent.

I admit that finding a solution that satisfies everyone's criteria is impossible. However, I think that treating everyone equally and encouraging hard work, fending for oneself and the self-made man that Abraham Lincoln epitomized could be an interesting step towards

progress. I know that the tax question always gets right to the nitty-gritty side of people, but I think that it is important to not punish the wealthy for their success. As Thomas Jefferson penned in the Declaration, "All men are created equal," my question is should they not also be taxed equally?

Sum of ratings:3 (1)

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Re: Taxation

by Tanner Bull - Monday, April 24, 2017, 11:06 PM

Regarding all the graphs and illustrations taxation of the citizens of the United States has gone up and down based on historic events. For instance, in the 5th graph link to Wikipedia, the top tax rates fluctuated from before world war 1 at 7% to after at the end 77%. (History of income tax rates-wiki). In the video where President Coolidge gives his position on taxation, I agree with his comments of eliminating unnecessary public expense and wanting the people of the United States to start working less for the U.S. government and more for themselves (Coolidge Video). In the comparison of what President Coolidge spoke and the graphs of income tax from 1923-1929, the income tax fell from 43.5% to 24% (History of income tax-wiki). The president spoke of giving back more power to the people and decided from their earnings from their job they should receive what the administration believed they deserved; a lower taxed income. Coolidge brought up one specific point that the president wanted them to have the rewards of their own industry, while working more for themselves and less than the government.

Sum of ratings:3 (1)

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Where is our money?

by Nick Coleman - Monday, April 24, 2017, 11:39 PM

The first graph provided shows the tax revenue in the U.S. has gone up over the years, both Income Tax and other Federal Taxes. The proportion of both has stayed relatively the same, but the figures have increased. It looks as though there were drops in revenue during the Bush tax cuts of 2000, and also Obama's in 2008. If the graph started earlier than 1980 I wonder if there would be a drop during Reagan's presidency to bring the revenue to where it starts on the graph. The graph starts in the 1980's, which is relatively recent. This graph shows me that government spending must have increased as well or where has our money gone? What is odd to me is how The United States is in so much debt meanwhile taxes have been increasing. There must be something i am missing?

Sum of ratings:1 (1)

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Improvements for Progressive tax

by Isachard RodriguezJerez - Saturday, April 29, 2017, 1:43 AM

I think we're taxing the wrong things. Whenever talk of an overhaul of the tax code comes up it's always within the framework that we have to alter percentages on the income tax. I think we need to take a step back and take a look at what all can be taxed and take some bold action to fundamentally alter it. If we don't, we get caught up in loopholes.

In my opinion taxing income is taxing production and I don't think that's necessarily a good idea. Income tax, for the most part, hurts people who work for a living and pull in a salary. If a guy is making 40k or 400k a year, he's still working a job and being productive and I don't think there should necessarily be a graduated system for either.

For example, The United States has the highest corporate tax rate in the world (39.1 percent). In Ireland, the corporate tax rate is only 12.5 percent. This is causing thousands of corporations to move operations out of the United States and into other countries. *1

Solution?

Progressive taxation is fine, but it can improve in different areas for example:

- It needs to be simple - approximately \$450 billion per year in unreported taxes. (Worse, Americans face up to nearly \$1 trillion annually in hidden tax-compliance costs) *2
- Time-consuming taxpayers spent more than six billion hours in 2011 complying with the tax code.
- The top tax rates should be low enough that they do not encourage stifle business investment (This happened in Oregon)(from class Week 3). Instead, it should have more incentive to promote employment and government programs (using deduction as incentive, plus we can save money from the national budget)
- Taxation should be per period instead, depending on the nation problems, war or conflict approach.

It's also important to realize that taxes are only part of the equation. In the long run, a minimum tax plan or no tax plan should be the solution. But for now, we will have to wait and see until the government learns not to spend more than it takes in.

“Taxes take from everyone parts from his earnings and force everyone to work for a certain part of his time for the government...I want the people of America to be able to work less for the government, and more for themselves. I want them to have the rewards of their own industry. This is the chief meaning of freedom.” Calvin Coolidge 1924

Citation links:

*1<http://www.zerohedge.com/news/2013-04-15/100-years-old-still-killing-us-america-was-much-better-income-tax>

*2 http://www.justfacts.com/taxes.asp#_ftn10

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3

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