

# VIEWPOINTS

## GUEST VIEWPOINT

### Above all, U.S. taxation should be fair to everyone

By Dr. Robert L. Chacona

Evaluating tax policies with fairness and justice as guiding principles, the fundamental function of government — providing protection of life, liberty and property — can be seen in a new light. Ideally, taxation is the reflection of effective premiums, as proportional appraisals of costs and benefits, for the actual institutional governmental services that we, as Americans, have the right to expect.

Beyond the governmental infrastructure examples from the president's recent speech in Roanoke, Va., the institutional services provided for preserving and securing wealth and property also include law enforcement and penal system expenditures, current national security costs, and diplomatic and military spending. It can, therefore, be argued that taxation should also incorporate the greater institutional cost, both domestic and international, required in order to protect greater wealth and greater property. Greater cost and greater benefit derived from these specific governmental services all make for valid consideration of increases in taxation that are assessed on the basis of wealth or income.

Already, in 2007, 42.3 percent of America's financial wealth was concentrated in the hands of 1 percent of Americans, while the bottom 80 percent shared only 7 percent of that wealth, and the remaining 19 percent of our citizens hold the additional 50.3 percent of the country's financial wealth. Apportioning a cost for maintaining that top 1 percent's vastly greater wealth needs to candidly consider all of our major budgetary breakdowns.

Rather than being reduced to a socialist wealth redistribution that is due to inherent capital-market-system flaws, a forthright analysis of individual wealth and its commensurate greater maintenance costs, with its proportionally greater fees assigned through taxation, might more correctly be recognized as elemental, trade-side capitalism, as in payment due for services received. Our tax rates might then be equitably judged on principles of property rights, property responsibilities and fair payment for services received.

Justice and fairness in economic activity prompt some to declare that existing tax shelters and other loopholes have allowed many upper-income Americans to reduce their tax rates well below those of average Americans. Others focus on how the top 1 percent is now paying more than a third of all federal income tax and maintain that the per-person amount paid by the wealthy is already more than enough. As portions of our nation's tax revenue are also paid through payroll, sales, excise and other taxes, calculating sources of federal income tax revenue alone does not give a complete picture. Congressional Budget Office figures show that even in 2007, average Americans paid an approximately seven times greater portion of their income in excise taxes than those at the top 1 percent, and that poorer Americans paid up to 16 times more. Sustaining any continued argument for top-end taxation status quo, which is based on our nation's federal income tax revenue alone, remains arguably disingenuous.

Broad-based economic growth is one vital determinant of the resilience and permanence of society as a whole. Taxation strategy

should always evaluate taxation policies to better promote such societal health and longevity. Between 1979 to 2007, the top 1 percent of earners have seen their after tax income grow by 375 percent as their tax rates kept being reduced. Even in these most recent and economically difficult decades, the share of national income for the top 1 percent tripled, while the other 99 percent have not seen substantial increases and many have lost ground. Long before and long after Marie Antoinette's imprudent utterance, the pages of history continue to be littered with the carcasses of societies meeting their demise at altars of what some might today characterize as spiraling and unaddressed "income inequality."

These current economic disparities can be traced to specifics in tax code design. Additional taxation at the top of wealth's pyramid, to better address our alternatively perceived "common good," is now being proposed by Democrats and is being opposed by Republicans. Debate on this current taxation readjustment need not be based on conflicting ideology or subjective moral suasion, but rather on the established American principle of fair dealing. With this perspective, Tea Partiers, Occupy Wall Streeters, liberals, conservatives, and independents may find common ground, even at the ballot box.

Chacona, an Ithaca native, is the author of "Longevity Logic." He now resides in New York City and focuses on public health care policy.

## TODAY IN HISTORY

This is Friday, Aug. 24, 2012.  
On this date:

» In A.D. 79, long-dormant Mount Vesuvius erupted, burying the Roman cities of Pompeii and Herculaneum in volcanic ash; an estimated 20,000 people died.

» In 1572, the St. Bartholomew's Day massacre of French Protestants at the hands of Catholics began in Paris.

» In 1814, during the War of 1812, British forces invaded Washington, D.C., setting fire to the Capitol and the White House, as well as other buildings.

» In 1992, Hurricane Andrew smashed into Florida, causing \$30 billion in damage; 43 U.S. deaths were blamed on the storm.

## We Be People

Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof; or abridging the freedom of speech or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.  
— The First Amendment to the U.S. Constitution

## DOONESBURY

