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Why Won't Senator Daschle Answer The Question?
**What Should the Maximum Rate Be? –
Less Than You Might Think**

While opponents of the President's plan to cut taxes paint it as a give-away for the rich, most Americans think otherwise. In fact, compared to the views of the typical American, the President's rate cut proposals are rather meek. Most think he should cut further! Add populist appeal to the list of reasons why the Senate should adopt significant tax relief this year.

Senator Daschle Won't Answer the Question

In the current issue of *The Weekly Standard*, former U.S. Chamber economist Richard Rahn observes that perhaps our best selling point is the answer to the following question: "What do you think the maximum income tax rate should be for any American?"

That's because there exists a huge disconnect between opponents of rate cuts and the views of most Americans. For example, here's an interview with Senate Minority Leader Tom Daschle (D-SD) from the *Fox News Sunday* show on April 8th:

BARNES: Senator, the President has set another measure. He says that no one should pay more than one-third – 33 percent – in income tax, no American should pay more than one-third. What is your ceiling on what the top rate on individual income should be?

DASCHLE: Well, I'm told that, given the various ways with which people avoid paying the top rate, we don't have that any higher today. I don't think people pay one-third today in income tax. Obviously, there are state taxes and other things . . . that alter all of this. But by and large, in income taxes, I don't think people pay more than a third today.
. . .

HUME: Well, what do you think they should pay? What do you think the top percentage anybody should pay?

DASCHLE: You know, I think really, Brit, the issue is: What do we need to do to insure that we've got a progressive system that recognizes the need that, the wealthier

you are, the more responsibility you have, the more obligation there is, the more you have benefited from the great benefits of living in this country, the free society that we have, the opportunity to participate in the free-enterprise system? That all has value, and I think we've got to be proportionate as to the benefit. And that's what's happened, I think, and that's the right thing to do.

Twice, Senator Daschle was asked what the top federal tax rate should be, and twice he refused to answer the question. Why? Likely because Senator Daschle knows that the current top income tax rate is well above what most Americans consider fair.

Most Americans Say Our Top Rate is Too High

Poll after poll shows most Americans think that 30 percent of income, not one-third, is the most government should take from taxpayers, even the very wealthy. Here are some samples:

- On March 12, 2001, Zogby International asked 1,000 Americans the following question: "Suppose you earned one million dollars in your job. Which of the following tax rates do you think would be fair to you and the federal government – less than 10 percent; 10-20 percent; 20-30 percent; or greater than 30 percent?" Eight out of ten responded less than 30 percent (13 percent answered Not Sure).
- On March 16, 2001, Fox News asked 904 registered voters "What is the maximum percentage of a person's income that should go to taxes – that's all taxes – state, federal, and local? Out of every dollar, what's the highest percentage anybody should pay?" Again, eight out of ten responded less than 30 percent (12 percent answered Not Sure).

Compare these responses to our current tax code. The top income-tax rate of 40 percent is imposed on taxpayers earning \$288,350 and above – well below the million-dollar income level from the Zogby poll. (Phasing out certain deductions raises the top rate to about 43 percent.) Taxpayers earning more than \$132,600 pay a 36-percent marginal rate, and those earning as little as \$63,550 pay a 31-percent rate.

None of these rates includes federal payroll taxes – another 15 percent of income up to around \$80,000. Adding payroll taxes into the mix brings almost everybody who pays income taxes up to or above the 30-percent level. For single wage earners earning above \$26,250, the marginal federal tax is about 42 percent, half again above the limit most Americans think even the wealthiest taxpayers should pay.

Nor do they include state and local taxes. As the Fox News poll shows, Americans don't differentiate between federal, state, and local taxes. The same eight out of ten that advocated holding federal taxes below 30 percent advocated holding all taxes – federal, state, and local combined – below

30 percent. According to the National Taxpayer's Union, the average American pays almost 40 cents of every dollar earned to government of all levels.

The President Agrees: Cut the Rates

Faced with a public that favors – seven-to-one – taxing no more than 30 percent of somebody's income at the same time we have a tax regime that, on average, takes about 40 percent of everybody's income, one can understand why Senator Daschle refused to answer the question. Any answer he gave would either advocate a rate cut or price himself right out of the debate.

Former House Speaker Thomas Foley once observed that if you told a blue-collar worker a proposed tax cut would be worth \$1,000 for a rich American but only \$10 for him, he would probably reply, "Where's my \$10?" Exactly.

The policy argument for a less intrusive, lower income tax has been made repeatedly. Look at any country in the world. Lower marginal rates encourage income growth and job creation. Excessive marginal rates result in stagnation and poverty. They also block Speaker Foley's worker from moving up the ladder of success and achieving the American Dream. The worker understood that; apparently, former Speaker Foley did not.

President Bush believes that no American should pay higher than a 33-percent tax to the federal government. Polls show the vast majority of Americans advocate tax rates lower than that. Far from being radical, the plan he put forward simply would begin to bring the federal tax code in line with the view of most Americans.

Written by Brian Reardon, 224-2946