

For the past several weeks President Bush and his administration have been focusing on fulfilling a Republican campaign promise by delivering a huge tax cut of unprecedented proportions. The treasury is flush, governmental coffers overflowing, and leaders on both sides of the aisle have agreed that it is time to return some of the huge surplus to the American taxpayers. Despite bipartisan agreement on the necessity of a tax-cut, however, there is very little agreement between the two parties on how large it should be, when it should take place, and, most importantly, how it should be apportioned among American taxpayers. Pundits agree that this final issue, the question of who gets the money, highlights a crucial distinction between liberals and conservatives – in short, between Democrats and Republicans.

The United States has an enormously progressive tax code. What this means is that those who earn more money pay increasing percentages of blocks of their income. There are five possible tax brackets into which you might fall, as a result finding yourself paying 15 percent, 28 percent, 31 percent, 36 percent or 39.6 percent of parts of your income respectively. The most recent data compiled by the Internal Revenue Service ([www.irs.ustreas.gov](http://www.irs.ustreas.gov)) reveals that the top-earning one percent of the country pays 34 percent of the total taxes, the top five percent pays 54 percent, and the top-earning half of the population pays a whopping 95.8 percent. A simultaneous comparison of earnings reveals that while the top-earning one percent of the country pays 34 percent of the taxes, they earn only 18 percent of the total income; the bottom 50 percent earns roughly 14 percent of the total income and pays approximately four percent of the taxes. The well heeled are clearly shouldering an unequal percentage of the total tax burden.

During the election, former Vice President Al Gore and his aides repeatedly blasted Bush for supporting a tax-cut plan that would, to paraphrase, give “half of the money to the top one percent of wage-earners” in the United States. In many of our eyes, Bush made a fool of himself by repeatedly going on television and accusing Gore of “fuzzy math” – which sounds more like a character from an educational cartoon than a flawed method of calculation. Was Bush right, however? What was Gore saying?

An example will help us to understand what this tax debate is about. Let us imagine that there are only two taxpayers in the country: myself, a lowly graduate student at Brown University earning very little money, and Bill Gates, a software entrepreneur earning far, far more. Under a progressive tax plan I pay \$10 in Federal taxes for the last week of the fiscal year, while Bill Gates, who by the way received a good deal of my money to pay for the software with which I wrote this column, pays \$90 for the same time period. Once it has collected the taxes for the year, the government realizes that it now has \$100 when in fact it needs only \$90 to pay all Federal expenses; there is a surplus of \$10. Great! Clearly, Bill and I will be getting some money. Now the question is one of entitlement: how much money should each of us get?

This question highlights one of the key differences between Democrats and Republicans, for their answers are very different and yet are both defensible. “Let’s look at what percentages they paid,” argue the Republicans, “and then return fair percentages to those that earned the money. Bill clearly gets \$9 back, while Sam gets \$1. This way each will get exactly 10 percent of the taxes they paid returned to them.” “Well, Bill and Sam are both equal before the law,” counter the Democrats, “and under that plan you are favoring Bill by giving him nine times as much money as Sam. Sam and Bill should divide the surplus equally, and so both should receive \$5.”

These characterizations are obviously simplified, but they demonstrate a serious discrepancy between the two parties on what should be a simple question. The Democrats argue that surplus funds belong to the United States and thus to all Americans equally; the Republicans believe that this money has not yet become the property of the federal government, but still belongs to individual taxpayers, and thus the greater part belongs to those who paid more taxes.

“No taxes,” President George Washington noted in his farewell address in 1796, “can be devised which are not more or less inconvenient and unpleasant.” Whether by encouraging individual home ownership with tax breaks on mortgages or by supporting manufacturing through trade barriers, the government has often used its financial policy to guide American society. Taxation, however, was designed by our founding fathers to provide our government with the funds needed to pay our bills. A surplus therefore represents money that is not needed by the government and that should not have been collected in the first place. If we continue to believe that taxes should be used to fund the nation, and not to redistribute the wealth of our society, then we must not and cannot object to a tax plan that would return the greatest amount of money to the individuals who pay the greatest amount in taxes. If, on the other hand, we decide that we should redistribute wealth by taking money from the rich to give to the poor – a defensible argument, though not one with which I agree – we should declare our intentions openly and face the implications of that decision squarely.

Our country is founded on the basic understanding that all citizens are equal before government and before the law. Could we do great things with the money we would take from the rich? Absolutely. Do the less affluent need money far more than the top wage earners in the country? Unquestionably. Does this mean that we should take an even greater percentage of the income of the richest Americans? I hope not. Yes, the new tax plan will return a huge percentage of the taxes to the wealthiest families in the country, but that is only because they are the ones who paid that money in the first place. All United States citizens, even the filthy rich, are entitled to have their interests – and their assets – equally protected by the government; that is, after all, what “equality” means.