



## Is Soaking the Rich the Right Answer?

*Eat the Rich: there's only one thing they're good for Eat the Rich: take one bite now — come back for more Eat the Rich: I gotta get this off my chest Eat the Rich: take one bite now, spit out the rest.*

— Aerosmith

There has been a lot of talk about taxes lately, particularly as it relates to the recent fiscal cliff negotiations. Democrats wanted a tax increase on the highest income earners, that is, single taxpayers making more than \$200,000 annually and married couples making more than \$250,000 annually, as part of any deal, while the Republicans did not. In the end, a compromise was reached and various taxes went up on single taxpayers making more than \$400,000 a year and married couples making more than \$450,000 a year. That is on top of the two-percent Social Security payroll tax increase, which applied to all wage earners and was actually a reinstatement of the two-percent Social Security payroll tax cut that was part of President Obama's stimulus plan in response to the recent so-called Great Recession.



The issue of raising taxes on the rich, and the progressive income tax in general, brings to mind a question: What is the difference between a socialist and a scientist? The answer is: If socialists were scientists, they would have first tried out their theories on rats! The topic under consideration here also brings to mind the story about the congressman who was held up on the steps of the Capitol. He was accosted by a thief who demanded, "Give me your money!" The congressman responded, "Do you know who I am? I'm a congressman; I work right here in this building." To which the thief replied, "In that case, give me *my* money!"

The question above hints at the economic arguments for or against raising taxes on the wealthiest members of society. The story hints at the ethical arguments. It is worth first focusing on the latter because, if one cannot hold the moral high ground in this discussion, then the economic arguments are almost irrelevant. So long as people believe that raising taxes on the rich is a noble idea, there is almost no way to discredit it. The only way one can try to attempt to convince people that such an idea is flawed is to reveal it for what it really is and to show that it is the very opposite of noble.

The notion that the rich should pay more taxes raises the obvious question: Why? We are told that it is because the federal government is running enormous budget deficits and needs more money. But are



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the rich responsible for those budget deficits? No, they are not! And yet, the rich are being scapegoated by the Obama regime and the fawning national liberal media in order to hide the fact that the real culprits are the federal politicians, bureaucrats, and judges who, over the past hundred years, have done the very opposite of preserving, protecting, and defending the U.S. Constitution and the principles upon which this nation was founded.

### **Parting With Principles**

Those principles were founded on an understanding of the inherent nature of government. The essence of government is best described by a statement attributed to George Washington: "Government is not eloquence; it is not reason; it is force. Like fire, it is a dangerous servant and a fearful master." That raises the question: What are the ethical and legitimate uses of force in a free, civilized, and just society? It turns out that there is only one, and that is self-defense. That means that government is meant to be a form of collective self-defense. And that is why our Founding Fathers stated in the Declaration of Independence that governments are instituted to secure our unalienable rights to life, liberty, and the pursuit of happiness. It should be self-evident that those rights include the right to property, the right to keep the fruits of one's labor, and the right to be left alone, so long as one does not interfere with the freedom of others to exercise *their* unalienable rights.

The term "rights" has more than just a political connotation; it also has a moral implication. When something is deemed to be a right, that tells us that a certain course of behavior is correct, sanctioned, and proper. It means that it is a course of action to be respected by others, that it is not to be interfered with, and that anything that violates that right is wrong, unsanctioned, and improper. Note that all legitimate rights have one thing in common: They are rights to action, not to rewards from other people. The American concept of rights imposes no obligations on other people, except for the obligation to leave you alone. Such a system guarantees you the chance to work for what you want and not to receive it without any effort on your part at the expense of somebody else. The right to life does not mean that your neighbors have to feed you, clothe you, and shelter you. It means that you have the right to earn your food, clothing, and shelter yourself and that no one is allowed to stop you from obtaining those things or take them away from you when you have finally procured them. In other words, you have the right to act and to keep the results of your actions, to keep the products you make, or to trade them with others, if you wish. But you have no right to the actions or products of others, except on terms to which they voluntarily agree.

Today, however, we are witnessing the rise of systemic *immorality* in this country. We are seeing a total abandonment by the federal politicians, the intellectuals, and the national liberal media of the moral principles upon which this nation was founded. We are seeing the complete destruction of the concept of rights. The original American idea of unalienable rights has been virtually wiped out. It is being treated as though it had never existed. The rule now is for federal politicians to ignore and to violate the people's genuine rights, all the while arguing about a whole list of rights never dreamed of in this country's founding documents. The new rights require no earning, no effort, nor any action at all on the part of the recipient. You are entitled to something, the federal politicians say, simply because it exists and you claim to need it, or simply want it. As a result, you are entitled to have it handed to you by the federal government. The federal government accomplishes that by taking money from people who have earned it and giving it to people who have not earned it. When this is done privately, we call it theft. When it is done by the federal government, we use euphemisms to describe it, such as "income transfers" or "wealth redistribution" or "social welfare payments."

**Theft and Bondage**

That type of federal government activity constitutes at least two-thirds of the federal budget. Regardless of the purpose, such governmental activity is fundamentally immoral, because it is little more than a modified form of slavery. After all, what is the essence of slavery? It is the coercive use of one person to serve the purposes of another person. When the federal government, through the tax code, takes the earnings of one person and turns around to give it to another person in the form of prescription drugs, Social Security payments, food stamps, farm subsidies, auto industry bailouts, etc., it is forcibly using one person to serve the interests of another person. Frederic Bastiat, the French economist, statesman, and author, referred to such governmental activity as “legal plunder.” In his book *The Law*, published in 1850, Bastiat wrote, “But how is this legal plunder to be identified? Quite simply. See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime.”

President Abraham Lincoln talked about “government of the people, by the people, and for the people.” As a result, we hear people stating that the people are the government, that the government is the people, and so on. Well, then, if the people are not allowed to steal from each other, then it should logically follow that the government should not be allowed to steal from the people, either. If Person A takes from Person B to pay his medical bills, then Person A is punished, and the vast majority of people do not have a problem with that. But if the government takes from Person B to pay Person A’s medical bills, all too many people apparently believe that it is a good thing. And yet, the two situations are morally equivalent. The only difference is who is doing the taking.

Some might argue that all of this is the result of a democratic process and that it is, therefore, legitimate. But legality alone is no decent guide for a moral people. There are many things in this world that have been, or are, legal but clearly immoral. Slavery in the antebellum southern states, Nazi persecution of Jews, and Stalin’s and Mao’s purges were all legal, but did that make them moral? Exterminating human beings who are guilty of nothing more than waiting to be born is presently legal in many countries, but does that make abortion moral? An act that is inherently immoral does not become moral simply because there is a majority consensus that supports it.

An argument against legal plunder is not an argument against helping one’s fellow human beings who are genuinely in need. Charity is a noble virtue. But theft, whether legal or illegal, is a despicable vice. Reaching into one’s own pocket to help those who are destitute is noble and worthy of praise. But reaching into another person’s pocket to help anyone is ignoble and worthy of condemnation. For those who are religious, the present system, and the call for even higher taxes on the rich, ought to be seen as downright sinful. When God gave Moses the commandment “Thou shalt not steal,” He did not qualify the commandments saying, “Thou shalt not steal, unless there is a majority that supports it.” And if one were to ask God if it would be acceptable to merely be a recipient of stolen property, He would undoubtedly deem that to be a sin, as well.

One often hears the argument, “Those who benefit from society should give back to society.” But what does it mean to “benefit from society”? The “society” from which a person financially benefits is otherwise known as the “free market.” In the free market, one receives according to the value one gives. On the other hand, when one talks about “giving back to society,” one is really talking about giving to the government. But the rich cannot “give back” to the government, because the rich do not get their incomes from the government to begin with! People who resort to this argument are merely



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playing a deceptive word game to justify ripping off wealthier taxpayers. One also hears the argument that taxes on the rich should be raised to make them pay their “fair share.” However, according to Internal Revenue Service data, the top one percent earns 17 percent of all income and pays 37 percent of all income taxes. The top five percent earns 32 percent of all income and pays 59 percent of all income taxes. It should be intuitively obvious, therefore, that the wealthier among us are already paying far more than their fair share!

### **Ransacking “The Rich”**

All of the foregoing raises another question: Who put into power those federal politicians who created the present immoral system, and has kept them there for decades? It was not the rich, because there are not enough of them to have accomplished that. It was pretty much everybody else. A quote attributed to Scottish historian Alexander Fraser Tytler explains the situation: “A democracy is always temporary in nature; it simply cannot exist as a permanent form of government. A democracy will continue to exist up until the time that voters discover that they can vote themselves generous gifts from the public treasury. From that moment on, the majority always votes for the candidates who promise the most benefits from the public treasury, with the result that every democracy will finally collapse due to loose fiscal policy.” That is precisely what is happening in the United States today, right before our very eyes. And that is exactly what our Founding Fathers, who understood the nature of democracies and gave us a Republic, wanted to avoid. Is it logical and ethical to direct hostility toward those who are not at fault, because the rest of us do not want to admit that we are to blame?

Lawmakers pushing for more taxes on the rich have had the gall to claim the moral high ground, pressing the tired old claim that individuals with higher incomes can afford higher tax rates on their incomes. The opposing principle, that all individuals should be treated equally under the law, has not been put forward, not by the political class, not by the national liberal media, and not even by the victims, the wealthier taxpayers, who have been virtually silent as their financial shearing approaches.

No one has challenged the flawed definition of fairness that is implied in the fiscal cliff legislation, namely, that it is fair that people with higher incomes have fewer rights and, therefore, should be compelled to pay relatively more of their incomes in taxes because they have a greater ability to pay. The American people usually do not oppose measures that they perceive as fair. As a general rule, in an argument over public policy, whoever controls the definition of what is fair will win the day. Unfortunately, the “ability to pay” principle has controlled the definition of what is fair in the debate over the tax code.

Most Americans accept the idea that, if two men commit the same crime, then they should receive the same punishment. Equal treatment under the law for criminal offenses is considered just. If a congressman were to propose that, for the same offense, Hispanics should be given longer jail terms, or that Catholics should never be subjected to capital punishment, he would be shouted down. But when the subject changes from criminal law to tax law, the concept of equal treatment under the law suddenly goes out the window, or at least halfway out the window. There would be no support for taxing *some* groups differently — for example, higher tax rates for certain ethnic groups or religious groups. Such unequal treatment is still viewed as wrong. But equal treatment under the law *does* go out the window when one group is brought into the discussion: the rich.

Why is there such a silent yielding to this one exception? Is it because the “ability to pay” proponents have come across some brilliant new argument that crushes all opposition? No, they have not. Their position is based on the outmoded and discredited Marxist class warfare rhetoric that goes back to



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1848. Karl Marx and Friedrich Engels were so eager to destroy the successful upper-class and middle-class “bourgeoisie” that they advocated “a heavy graduated or progressive income tax” as a plank of the socialist platform in their *Communist Manifesto*. The notion that the wealth and income of the rich could be forcibly redistributed in the form of government benefits and handouts to lower-income people appealed to the worst elements of society back then, and that is just as true today, because human nature has not changed in the meantime. Socialist and populist politicians constantly employ the politics of envy. The more able, enterprising, and successful citizens have been repeatedly set up for punitive taxation. The motive behind such taxation arises from jealousy toward people who possess the talent for making money that the envious lack, combined with rejection of the 10th Commandment, “Thou shalt not covet...”

Over the years, many decent Americans have either forgotten or become careless about consistently applying the principle of equal treatment under *all* laws, not just criminal laws. More Americans can recite the Marxist line, “From each according to his ability, to each according to his needs,” than can remember these words by John Adams, one of our Founding Fathers: “It must be remembered, that the rich are people as well as the poor; that they have rights as well as others; that they have as clear and as sacred a right to their large property as others have to theirs which is smaller; that oppression to them is as possible and as wicked as to others.”

The important question is whether enough Americans have the clear-headed courage to face down the socialists and populists, to regain control of the definition of “fairness,” and to reinstate its crucial moral principle: Equal treatment under *every* law in America.



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