



Written by [Ralph R. Reiland](#) on August 27, 2012

Socializing Incomes Through Denigrating Success

There was nothing new in President Obama's admonishment that "if you've got a business, you didn't build that — somebody else made that happen."

Ten months before Mr. Obama's statement, Harvard law professor Elizabeth Warren, a self-described but unproven Cherokee (the New England Genealogy Association said it found hints, but no firm evidence, that Warren's great-great-great grandmother might have been a Cherokee, which, if true, would make Warren 31/32 non-Indian), delivered a similar proclamation.



"There is nobody in this country who got rich on his own — nobody," declared Warren, currently running to unseat Republican Senator Scott Brown in Massachusetts. "You built a factory out there — good for you! But I want to be clear. You moved your goods to market on the roads the rest of us paid for. You hired workers the rest of us paid to educate. You were safe in your factory because of police forces and fire forces that the rest of us paid for. You didn't have to worry that marauding bands would come and seize everything at your factory, and hire someone to protect against this, because of the work the rest of us did."

To see the full intent and passion of Warren's words, it's best to [watch the aforementioned rebuke on video](#), seeing the hands incessantly waving, fingers pointing and the lecturing voice rising in righteous indignation.

Continued Warren, "Now look, you built a factory and it turned into something terrific, or a great idea — God bless, keep a big hunk of it, but part of the underlying social contract is you take a hunk of that and pay forward for the next kid who comes along."

That sounds like the factory owner reneged on his responsibility to pay for the roads, schools, cops and fire department. He's charged with getting a free ride, moving his "goods to market on the roads the rest of us paid for." The same with the police, teachers, and firefighters, all made to sound like freebies for America's factory owners and entrepreneurs.

President Obama repeatedly makes the same insinuation when he charges that America's "millionaires and billionaires" aren't paying their "fair share."

What Warren and Obama fail to mention when pushing for higher federal taxes at the top and more "fairness" in the distribution of wealth and income is the progressivity that already exists in the federal tax system, the fact that the effective tax rate rises as income grows.

Dr. Jeffrey H. Anderson, citing analyses from The Tax Policy Center, a center-left policy organization formed by the Brookings Institution and Urban Institute, reported that the lowest quintile (20 percent) and second lowest quintile of income earners in 2010 paid a minus 3.8 percent and minus 4.3 percent, respectively, of the nation's total federal income tax bill, getting back in tax credits, etc., more than they paid in.



Written by [Ralph R. Reiland](#) on August 27, 2012

The middle income quintile in 2010 paid 3.9 percent of total federal income taxes while the second-highest income quintile paid 15.1 percent of all federal income taxes.

In other words, the aforementioned 80 percent of all income earners in 2010 collectively paid 10.9 percent of total federal income taxes, while the top 20 percent paid the remaining 89.1 percent.

The factory owner, in short, is far from getting a free ride on roads “the rest of us paid for.” He doesn’t need a condescending lecture about why the collective is entitled to a “hunk” of his income. He already pays, and pays disproportionately.

The political game here is to demonize “the rich” as undeserving, as grasping vultures who are unfairly receiving (not earning) too big a piece of the pie. The solution then becomes higher taxes at the top on these allegedly ill-gotten incomes, money that can be confiscated and redistributed in order to buy votes.

Ralph R. Reiland is an associate professor of economics and the B. Kenneth Simon professor of free enterprise at Robert Morris University in Pittsburgh.



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

Subscribe