



Written by [Selwyn Duke](#) on January 8, 2019

Raising the Jolly Roger, Democrats Aim to Raise Taxes

If the “power to tax is the power to destroy,”  as Daniel Webster and John Marshall [warned](#), the new Democrat Congress is bent on destruction. Not only has upstart socialist congresswoman Alexandria Ocasio-Cortez (D-N.Y.) recently [proposed](#) a 70-percent top federal income tax rate, but her socialist colleagues (avowed and closeted) are set to call for a 33-percent corporate income tax rate increase. Just call them the Monkey (Money?) Wrench Party.

As Americans for Tax Reform (ATR) [explains](#) on the proposed corporate-wealth coveting:

House Budget Chairman John Yarmuth (D-Ky.) has [announced](#) that the forthcoming budget blueprint will call for a 33 percent corporate income tax rate increase by hiking the rate from 21 percent to 28 percent. This would make the U.S. a less competitive place to do business and make the U.S. statutory rate higher than many developed competitors.

State corporate taxes average 6 percent across the U.S, so this planned tax hike would give the U.S. an average top corporate rate of 34 percent.

The current [combined corporate rate](#) across the 36 member Organisation for Economic Development and Cooperation (OECD) is currently 23.7 percent.

This proposed tax hike would make the U.S. rate higher than major competitors such as the United Kingdom (19 percent), China (25 percent), Canada (26.8 percent), Germany (29.8 percent), and Ireland (12.5 percent).

“Hiking the tax rate on American businesses will kill jobs, lower wages, and reduce new investment in America,” said Grover Norquist, president of Americans for Tax Reform. “Why do the Democrats want to damage American competitiveness and job creation?”

As for Cortez’ coveting, her 70-percent figure “would nearly double the current top tax bracket, which is currently at 37 percent,” ATR points out. This is within the context of a system that already penalizes wealth creation. As ATR also informs, according

to the [Congressional Budget Office](#):

- The top one percent of households pay 39.4 percent of federal income taxes and 26.2 percent of total federal taxes.
- The top 20 percent of households pay 88.1 percent of federal income taxes and 69.5 percent of total federal taxes.
- The top one percent of households pay an average income tax rate of 24 percent while the middle quintile pays an average income tax rate of 3 percent.
- The top one percent of households pay an average total tax rate of 33.3 percent while the middle quintile pays an average total tax rate of over 14 percent.



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- The top 20 percent of households pay an average total tax rate of 26.7 percent while the middle quintile pays an average total tax rate of 14 percent.

Unfortunately, calls to tax the “other guy” are seductive. Yet while George Bernard Shaw noted, “A government that robs Peter to pay Paul can always depend on the support of Paul,” Paul may be paying a steeper price than he thinks.

Consider corporate taxes. Now, given that corporate America is funding the Left while silencing the Right, I have no love for it, and hearing how Amazon (which I quite dislike) [paid](#) almost no federal income tax in 2017 is striking.

Yet I also maintain perspective. First, despite artificial-construct government fictions, a corporation isn’t an entity unto itself; it comprises people — executives, middle management, workers, and shareholders.

And they all pay taxes.

This includes, in fact, the “corporate” taxes.

As economics professor Walter E. Williams [explained](#) last year:

The fact of the matter — which even leftist economists understand, though they might not publicly admit it — is corporations do not pay taxes. An important subject area in economics is called tax incidence. It holds that the entity upon whom a tax is levied does not necessarily bear its full burden. Some of it can be shifted to another party. If a tax is levied on a corporation, it will have one of four responses or some combination thereof. It will raise the price of its product, lower dividends, cut salaries or lay off workers. In each case, a flesh-and-blood person bears the tax burden. The important point is that corporations are legal fictions and as such do not pay taxes. Corporations are merely tax collectors for the government.

To use one of Professor Williams’ analogies (video below), cars are taxed, but do the cars pay the tax? People do.

But what of taxes in general? To understand how they have the power to destroy, we must examine wealth’s origin.

In biblical times, possessing 50 goats might have made a person wealthy, and few had very much. Grinding poverty had long been man’s norm, with a large middle class being a relatively recent and largely Western phenomenon. So whence did all the wealth around us come?

It was created. This happens when people use natural resources to this end, which may amount to breeding livestock; raising crops; or using trees, minerals, and ingenuity to forge material things that preserve and enhance life — e.g., refrigerators, toilets, computers, plumbing, cars, planes, electronics medicines, etc.

Yet why would people do this, go beyond subsistence living and create more than they could ever personally need? While a few here and there may be driven by charitable spirit (some monks come to mind), most people need the incentive called the profit motive. It catalyzes wealth creation.

Thus, you limit wealth creation insofar as you limit the profit motive. That’s simply Man’s Nature 101. Unfortunately, it’s also part of man’s fallen nature to be envious, covetous, and thus susceptible to rob-Peter appeals. It’s in particular the leftist man’s nature. Just consider the [study finding](#) that liberals



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“were much more willing to give up some of their own money if it meant taking more money from someone else,” as Peter Schweizer [related](#) in 2008. Talk about cutting off your nose to spite your face.

As to the spited face of America, President Trump has just overseen [the biggest manufacturing-jobs gain](#) in 20 years. Yet this doesn’t please everyone. For example, comedian-cum-commentator Bill Maher actually said last summer that he hoped for a crashing economy (video below) so Trump would be driven from office.

Given Democrat scheming, he may have more company in this sentiment than many suspect. It’s that old [eggs-and-omelets thing](#), brought to you courtesy of the tax-and-destroy tyrants.

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