



# Does the tax issue still matter?

**F**our years ago, *California Political Review* invited the then-six GOP presidential candidates each to answer a question on a key political issue of the day. All participated.

We extended a similar invitation to this year's six GOP campaigns. Five promised to answer (Hatch's operation, if in fact it is a campaign at all, never responded). Two, however, Bauer and Forbes, proved ultimately incapable of gaining approval for their responses through all the layers of their respective campaign hierarchies. Both *said* their answers were written but, even after more than a month, they never managed to gain all the required clearances, check-offs, and OKs. Readers may conclude for themselves what this may mean about the chances of a future Forbes or Bauer administration succeeding in taming the federal bureaucracy. We here publish the Bush, Keyes, and McCain campaigns' responses to the following inquiry from *CPR*:

The Heritage Foundation's December/January *Policy*

*Review* reports several findings regarding American voters' current thinking about Republicans' bedrock issue, tax cuts. Last April, *Policy Review* reports, "Reuters/Zogby found 74 percent of likely voters agreeing with the need for a 10 percent across-the-board tax cut," only 25 percent disagreeing, and 60 percent supporting a flat tax with 31 percent opposed. In August, Zogby found 60 percent of likely voters saying their taxes are too high and a Harris poll taken in March found 60 percent support for a flat tax. Even so, *Policy Review* remarks that "in recent years, tax cuts have fallen sharply as an issue of concern to voters," offering as one explanation "a Fox News/Opinion Dynamics poll in March [that] asked registered voters if they believed politicians who promised to lower taxes. An overwhelming 87 percent said no, with just 9 percent saying yes."

**Questions:** How do you account for tax cuts' and tax code reform's strong support alongside relatively low interest in the tax cut issue? How will your administration handle the

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## GEORGE W. BUSH

**G**overnor Bush makes proposals based on his conservative principles and what is best for America, not based on polls or politics. He believes tax cuts are essential for several reasons: to maintain economic prosperity and keep the economy growing; to make the tax system fairer, especially for low income Americans struggling to move into the middle class and; to

keep the federal government from spending the money on new and bigger government. Americans will support a tax cut proposal if it is credible, has clear benefits, and comes from a credible candidate. Governor Bush has done the hard work of cutting taxes before. He advocated and signed the two largest tax cuts in Texas history — totaling nearly \$3 billion. He has not only talked about cutting taxes, he has the results to prove his effective leadership on this issue.

Americans work more than four months a year on average to fund government at all levels. This high tax burden strips

families of resources needed to solve pressing problems: some need better childcare, some tutoring for their children, and others access to after-school programs. The best way to help all families is to let each family keep more of its income.

Governor Bush's tax cut would result in a simpler, flatter, and fairer tax system. His approach focuses on reducing marginal rates to spur and sustain economic growth and help those struggling to make it into the middle class. Under his plan, the current five-rate tax structure of 15, 28, 31, 36, and 39.6 percent would be replaced with four lower rates: 10, 15, 25, and 33 percent. This flatter rate structure would mean lower taxes for all working Americans, with the highest percentage cuts going to those with the lowest incomes. The Bush tax cut focuses on five priorities:

- **Increasing access to the middle class for hard-working families** by creating a new 10 percent bracket and giving families more of their own money to spend by doubling the child tax credit to \$1,000.
- **Treating all middle class families with greater fairness** by lowering the top middle class rate to 25 percent, raising the threshold for the child tax credit phase-out, greatly reducing the marriage penalty, and reducing the number of tax brackets from five to four.
- **Encouraging entrepreneurship and growth** by cutting the top marginal tax rate to 33 percent, eliminating the death tax, and making the R&D tax credit permanent.
- **Promoting charitable giving and education** by allowing non-itemizers to deduct charitable contributions, and by expanding Education Savings Accounts.
- **Allowing seniors to keep more of what they have earned** by eliminating the Social Security earnings test.

These priorities mark a very different direction from the current administration. Federal income taxes as a share of national income are the highest since World War II, when America had eight million men under arms. Yet the administration insists that tax cuts are "risky." Governor Bush does not accept that it is somehow "risky" to let taxpayers keep more of their own money. What is risky is giving politicians charge of a surplus, because a government of unlimited funds soon becomes a government of unlimited reach.

*George W. Bush is governor of Texas.*

## ALAN KEYES

**E**very year millions of American citizens are legally compelled to render unto federal clerks a signed confession and accounting of their getting and spending surpassed only by the account they must give their Creator in their last hour.

When we open any aspect of our lives to the scrutiny of the government, we begin to accept the role of government in judging and controlling that aspect. Government is a

practical entity — the only reason it needs to know things is to do something about them. When we grant government a right to know, we imply a right to control. For this reason, the income tax is a kind of universal solvent, dissolving the private and personal determination each of us should have to control responsibly our acquisition and expenditure of wealth.

We have survived the income tax as long as we have because the habits of American liberty run deep, and this people whose liberty was originally forged in a fire ignited by a tax revolt, have not quickly or easily taken into their souls the habits of servitude fostered by the modern income tax regime. From time to time, as

in California's Proposition 13, we still rise up in hot indignation at injustices in the mode and measure of taxation.

But our fitful and sporadic tax "revolts" are being patiently waited out by our leaders, like the increasingly exhausted attempts of a hooked fish to break free. Line is played out, the illusion of liberty is permitted, and all the while the deep conformity of the captive to the will of the captor is secured.

We should pause and remember to ask the fundamental questions before it is too late. We should resist the pressures to be concerned only about the amount or fairness of the tax burden, and instead ask whether the current form of taxation itself is legitimate. And we must insist that the ultimate measure of an American tax code's legitimacy is not simply the procedure by which it is adopted, and much less the revenue it produces, but the degree to which it is prudently ordered to the production and preservation of the character that befits a free people.

My answer to this question is: income taxes, in the current form, in any form, flat, steep, or wavy, fail to measure up to the stature of American Liberty. I can tell you, from my experience in America's towns and countryside this primary season, that the American people are ready to think with us about the question. I can tell you with confidence they are beginning to think well about it, as befits a free people.

What, concretely, should be done? We should abolish the

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— Alan Keyes