



MONETARY & ECONOMIC REVIEW

Volume XXII, No. 1

Spring 2007

Who Pays All the Tax in the United States? *Less than Half of the Population Has a Dog in this Fight*

By Chuck Bates

Charles E. "Chuck" Bates is Executive Vice President and News Director for the Information Radio Network. He formerly served as an assistant to the Deputy to the President for Political Affairs in the White House. Chuck is also co-host of the national radio talk show, "News & Views."

Having just survived another tax season when they must scramble to get all of their paperwork together to make IRS happy for another year, many Americans may be interested to see just who is carrying the load when it comes to taxes.

You may be shocked to learn that only about half of Americans actually pay any tax at all. Despite all the murmurings and slogans of politicians claiming "the rich" aren't paying their fair share, the truth is that the most successful Americans – those doing their jobs and paying their taxes – are footing the largest share of the bill. Meanwhile, the folks that politicians are pandering to with their class warfare strategies are actually getting money back from government – i.e., from *you*, the taxpayer.

According to the National Taxpayers Union, the top 1% of earners (those households making in excess of \$328,000 annually) in this country pays nearly 37% of all federal tax collected. Further, the top 5% of earners (Household AGI of \$137,000+) pay 57.13% of all federal taxes. Now, for those who have listened to the rants of leftist politicians railing on the "rich" it is important to define who it is that these politicians believe make up the "rich" IN OUR SOCIETY. Essentially, the mantra of "the rich in America" includes any family of four making in excess of \$50,000 dollars annually – not exactly lifestyles of the rich and famous in our current economy. Let's face it, \$50K just doesn't go as far as it used to.

Those of us earning in the top 50% of earners (that is, everyone making \$30,122+ annually) pay an astonishing 96.7% of all federal income taxes. This means that roughly 50% of the populace are not going to object to how Congress spends your tax dollars, because they are most likely the recipients of our annually mandated "donation" to government!

This is a dangerous position for any country to find itself in. When less than half of the population pays taxes, then a minority of citizens (in effect, economic slaves) are providing for the other half. Compounding the injury is the fact that the non-paying half of society – which stands to gain the most from larger government programs – has no motivation to stop increases in government spending.

So, each time we hear the tired old mantra of the left that we need to "tax the rich," I would submit that any family making more than \$50,000 annually is already being taxed to the hilt. Government was never intended to be the "majority partner" in our personal finances. But the fact is, every time some group demands – and gets – another government program, the government takes a bigger bite out of the taxpayer's earnings.

Our current income tax system actually results in a form of modern day slavery akin to sharecropping. The difference is that the government is confiscating through taxation what the individual already owns instead of confiscating the product of a tenant's labor on a piece of land owned by another. Sadly, there are forces and individuals at work to put everyone on the government's modern-day "plantation." Our system gives the illusion of private ownership; but the harsh reality is, the individual is slowly becoming a ward of the state.

Not all is doom and gloom, however. In our 230+ years of existence, this nation has a long history of throwing off oppressors; but it is incumbent on the tax-paying people of our great land to take action and demand that government be reined in – now. We are reaching a critical point where we soon not have the votes on the side of the producers; and we will be at the mercy of a mob of non-productive, "useless eaters." I know that may sound harsh, but let's face the facts: if you and your family make in excess of roughly \$30,000 dollars annually, you are in the top half of earners, but you are

helping pay nearly 100% of the costs of government. If you work hard to get ahead, you are actually penalized with a higher tax rate. There is nothing progressive about our progressive income tax in the U.S.

There is a simple solution to all of this, but it will require substantial effort on the part of taxpayers: it is the current proposal before Congress to do away with the current tax code and move to a national sales tax. Under such a system, everyone is a participant at every level. You, the consumer, decide just how much tax you are going to pay based on your consumption of goods and services. You can find more information on this proposal at www.fairtax.org.

Editor's Note: Our current tax system is outrageously inequitable. It has become a corrupt mechanism by which politicians attain and maintain power. Using revenues *from those who actually pay taxes* (about 50% of the population), they buy the votes of those who do not by creating more and more government programs to satisfy the demands of the latter. We see the ultimate result in the socialist welfare states that make up most of modern day Europe. We, the producers, must work now to turn this around, or we will see an even greater portion of the fruits of our labor being distributed by politicians to the recipients of their choice. It has been said over and over: *A democracy* (or even a democratic republic such as America) *cannot continue to exist once the populace discovers that they can vote themselves largesse from the treasury.*