

# INVESTOR'S BUSINESS DAILY™

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## Rich Man's Burden

By INVESTOR'S BUSINESS DAILY

**Taxation:** The Democrats won't say it — in fact, they have consistently said the opposite so they can perpetuate class warfare — but the federal tax system has become more progressive due to the Bush tax cuts.

From former Sen. Tom Daschle's misleading 2001 Lexus-and-a-muffler illustration to Sen. Hillary Clinton's recent comment to the New York Times that the tax code is "so far out of whack" in favoring the rich, the Democrats have viciously railed against

President Bush's tax cuts.

Naturally, the mainstream media have recited the Democrats' talking points and act as if this deception is unassailable fact. It's not.

Michael Stroup, a professor of economics and associate dean of the Nelson Rusche College of Business at Stephen F. Austin State University in Texas, shows that the U.S. tax code has in reality grown more

progressive after every major tax bill over the last 15 years.

In a study for the **National Center for Policy Analysis**, Stroup shows that from 1986 to 2004, the total share of the income tax burden paid by the top 1% of income earners grew by nearly half, rising from 25.8% to 36.9%. Over that same time, the burden of the bottom 50% of earners was almost halved, falling from

6.5% to 3.3%.

We suggest those who are inclined to ignore Stroup's work because he doesn't teach at an Ivy League university or a "respected" left-wing college on the West Coast look at the real world. In Washington, lawmakers are arguing over who should get economy-stimulating tax rebates, and the debate is revealing.

Republicans say the rebates should go to taxpayers only — which makes sense, since they are "tax" rebates. Democrats reject this.

The left-leaning Center for Budget and Policy Priorities says that by using the taxpayer measure, as many as 19 million American households — not individuals — whose tax liabilities are less than the proposed rebate amounts

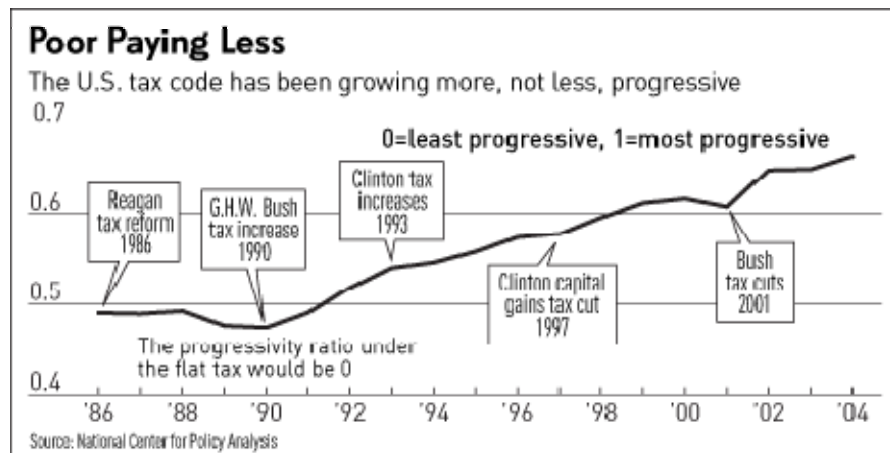
would get only partial benefits.

More telling, though, is the group's contention that the 58 million U.S. households

— out of roughly 115 million total — that have no tax liabilities or simply don't have to file would get nothing.

Seems to us that if Washington is having a hard time finding taxpayers who are eligible for tax rebates, then a lot of Americans must have been wiped off the tax rolls.

And if they're not paying the taxes, then who is? Despite fewer taxpayers, the flood of



tax revenues into the capital hasn't abated. In 2008, personal income tax receipts will have increased for four straight years following a recession-caused dip in the early 2000s.

The shrinking of the tax rolls is no secret. The Tax Foundation has noted that in 2000, a year before the first tax cuts under Bush, roughly 30 million tax returns had no income tax

liability; every dollar those earners made they kept. By 2004, a year after the second round of cuts was passed, 43 million returns had no tax.

In all, the Tax Foundation says, more than 25 million Americans have been wiped off the federal tax rolls. Thanks to President Bush.

No honest person could look at the data and say that the

system favors the rich over the poor. So that leaves two possibilities for those who continue to say the Bush tax cuts foster inequality: They are lying for political gain, or they are ignorant.

Either way, those who hold such divisive and plainly wrong views disqualify themselves from political office by failing to live up to even minimal standards.