

To Dr. Williams: Have faith in our democratic process

Walter Williams's recent essay on the FairTax proposal concedes it would be good for the nation and individual taxpayers and that the current tax system is an abomination. At that point, however, he throws in the towel because changing from the income tax system requires Congress to give up its favorite money and power game – manipulation of the tax code. He wrongly concludes that beating Congress's self-interest is simply impossible.

Thank goodness that the Continental army of George Washington was not entirely made up of "sunshine patriots" who insisted that winning the Revolutionary War could only be accomplished if the task were easy. No doubt about it, forcing Congress to embrace a tax system that eliminates lobbyists' ability to broker tax breaks and Congress's ability to grant such favors is a tall task but as long as this is still a government "of, by, and for the people," we must not conclude that changes in public policy that benefit the nation but shortchange Members of Congress cannot be achieved.

How many issues over the history of the country have been considered "impossible" because the political climate did not favor such reforms? Because our Founding Fathers knew that no government of any design stays true to the will and best interests of the people, the architects of our government built in the ability to petition our government for a redress of grievances – and to defeat those who stop representing us. Medicare was enacted over the objections of the American Medical Association and the objections of the then chairman of the House Ways and Means Committee, Wilbur Mills, because millions of senior citizens changed the "political reality" through old-fashioned letter writing, town hall meetings, and constant hectoring of their elected officials. The same thing can happen with the FairTax.

More recently, the Congress, led by the two committees Dr. Williams rightly assumes are so powerful, the House Ways and Means Committee and the Senate Finance Committee, enacted the "Catastrophic Health Care Act" in 1988 with the support of AARP and nary a dissenting vote in either the House or the Senate. A strong grassroots objection to this new "seniors-only tax" for marginal health care benefits, however, resulted in overwhelming repeal of the law a year later because seniors avalanched Congress with a mountain of handwritten letters. Ways and Means Chairman Dan Rostenkowski was even caught on national television being chased from a senior center by a mob of angry retired constituents after he tried to ignore the sentiment of his own district's elderly constituents. Within a few months both Senator Lloyd Bentsen, then chairman of the Senate Finance Committee and Rep. Rostenkowski had to admit that they had made a political error and the legislation was overwhelmingly repealed.

Either because so many Americans have concluded that public policy cannot be driven by the public or because too few Americans are familiar with the FairTax, such public pressure on Congress has not yet materialized. To concede before that public pressure

is brought to bear that strong public sentiment will necessarily be ignored by our government is a self-fulfilling prophecy that retards progress on the issue and sadly defines our great experiment in democracy as a failure. We reject that conclusion because the merits of the FairTax are so apparent, the flaws of the current tax system are so universally acknowledged, and, perhaps most importantly, because we believe in our democratic process.

We at FairTax.org are more determined than ever to enact the FairTax with a nonpartisan majority. In fact, in these times of such severe polarization of the body politic, we believe that this is *the* issue that can unite the left, center, and right against the self-dealing of Congress. To Dr. Williams, whom we respect, we ask him to believe in our form of government, to accept that something as worthwhile as the FairTax is never easy, and that we all have a lot of work ahead of us. It's worth believing in. In the leap of faith that we can accomplish what Dr. Williams sees as impossible, we take the first step to changing the "political reality" that has stymied every effort to date to fix the broken tax system that is so destructive to our nation.

For the national FairTax campaign, "sunshine patriots" need not apply. For those who still believe in the promise made by our Founding Fathers of a nation of citizens who are only governed by "consent of the governed," however, we are ready to enlist you in our citizen army at FairTax.org. We have a grievance and we are petitioning our government for redress.

Ken Hoagland  
FairTax.org

Dr. Williams's column, "The FairTax Book," appeared on Townhall.com on Wednesday, December 13, 2006. The full column is reprinted below.

Last year, talk-show host Neal Boortz and Congressman John Linder co-authored "The FairTax Book: Saying Goodbye to the [Income Tax](#) and the IRS." It turned out to be a No. 1 New York Times Best Seller. In 2005, the Fair Tax bill was introduced in both the U.S. House of Representatives as H.R. 25 and the U.S. Senate as S.25. Rep. Linder plans to re-introduce the bill next year.

If enacted, the Fair Tax would eliminate: the federal individual income tax, alternative minimum tax, corporate and business [taxes](#), capital gains tax, Social Security and Medicare taxes, and estate and gift taxes. These taxes would be replaced by a 23 percent sales tax on all goods and services sold at the retail level. The Fair Tax would be revenue-neutral in the sense that it would replace the revenue from current federal taxes; thus, it would change the way government is funded.

Our current tax code is an abomination, and we desperately need that change. The time Americans spend simply complying with our tax code comes to 5.8 billion hours of record-keeping, filing taxes, consulting, legal and accounting services. Breaking those hours down to a 40-hour work week, it translates into a workforce of 2.77 million people. That's more than the workforce of our auto, aircraft, computer and steel manufacturing industries combined.

The Fair Tax has much to recommend in its favor, such as being a more efficient form of taxation. It would go a long way toward protecting our privacy and preventing Congress from using the tax code to micromanage our lives. The Fair Tax is an excellent idea, but only under three conditions: first, the repeal of the Sixteenth Amendment that created the income tax; second, a provision fixing the tax at, say, 23 percent; and third, a constitutional amendment mandating that a tax increase requires a three-fourths vote of Congress. Notwithstanding any provisions within the Fair Tax, if the Sixteenth Amendment weren't repealed, down the road we'd find ourselves with a national sales tax and an income tax.

You say, "Williams, it sounds as if you don't trust Congress." I don't trust Congress any farther than I can toss an elephant. During the debate prior to ratification of the Sixteenth Amendment, congressmen said that only the rich would ever pay income taxes. In 1917, only one-half of one percent of income earners paid income taxes. Those earning \$250,000 a year in today's dollars paid one percent, and those earning \$6 million in today's dollars paid 7 percent. The lie that only the rich would ever pay income taxes was simply propaganda to dupe Americans into ratifying the Sixteenth Amendment.

Here's my prediction: The Fair Tax will never become law. The two most powerful congressional committees are the House Ways and Means and the Senate Finance committees. These committees write tax law, and as such they are able to confer tax privileges on some Americans at the expense of other Americans. The Fair Tax would reduce or eliminate this form of congressional privilege-granting power and, subsequently, campaign contributions from the beneficiaries would dwindle.

The method used to finance the federal government is very important, but I've always argued that government spending is the true measure of its impact on our lives. If there were a Fair Tax, what's to stop Congress from deficit spending or inflating the currency? Deficit spending and inflation are simply alternative forms, albeit less obvious, of taxation.

You say, "What's Williams' solution?" My solution is an amendment limiting federal spending to a fixed percentage, say, 10 percent of the gross domestic product. You say, "Why 10 percent?" If 10 percent is good enough for the Baptist Church, it certainly ought to be good enough for Congress.

*Dr. Williams serves on the faculty of George Mason University as John M. Olin Distinguished Professor of Economics and is the author of [More Liberty Means Less Government: Our Founders Knew This Well](#).*