



The

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Americans Are Angry About Taxes

U.S. Aid to the Russians?

It thrilled the hearts of all longtime anti-Communists to see the noose around the neck of the mammoth statue of the founder of the Soviet secret police, and then see that evil man symbolically hanging from the gallows in front of the jeering Moscow crowd before he bit the dust. It's impossible to count the numbers of deaths and the human misery and terror caused by the KGB and its predecessors over the past 70 years.

It's too bad that Americans can't just as easily topple the monster called "foreign aid," which has been extorting money out of our pockets through taxes in order to enrich foreigners over the last 40 years. This monster has amazing resiliency, and he is rising from the Moscow street drama to demand that we pour our hard-earned money into the bottomless pit of trying to "reform" the failed Communist system.

Newspaper headlines reveal how those who have indulged in the delusion of Gorbomania are now salivating at the way they can use last week's coup and its collapse as a new argument to pry open our wallets. Typical headlines proclaim: "Upheaval in Soviet Union gives U.S. second chance to help" and "Coup lets U.S. re-evaluate stance on helping Soviets make changes."

Isn't that big of the Russians to "give" us another chance to donate billions to them? It's almost as though some people are trying to make us feel guilty because President Bush resisted Gorbachev's panhandling impertinence at the G-7 summit this summer!

The demand for U.S. aid to the Gorbachev regime has been carefully orchestrated for many months. Sums such as \$15, \$20 and even \$50 billion a year over a five-year period have been bandied about, layered with arguments that oscillate between saying we are "obligated" to send aid (how ridiculous can you get!) and that giving them billions of dollars would be a big "bargain" (even though all we would get in return would be promises of "reform").

The Gorby lovers were dismayed last month when U.S. banks, having learned a bitter lesson of Communist country defaults, refused to lend their depositors' money to the Soviet Union even though President Bush had fixed it so that the loans would be guaranteed by the U.S. taxpayers. European banks eagerly accepted the U.S. loan guarantee.

Why should the American working man and woman be forced to donate to building the economy of the Soviet Union?

Does the Soviet style of government and economy really matter enough to John Q. Truckdriver or Suzie Stenographer that they want to pay for it?

There is only one way that aid to the Soviet Union would be a good investment for the United States. Here's my suggestion. President Bush could call Boris Yeltsin and say:

"You have an historic opportunity to be the greatest force for peace in the history of the world. Let me explain the plan, and how we will help you.

"You are spending 25 percent of your Gross National Product on military forces. A large share of that spending goes for further production and modernization of nuclear weapons, which are already the most numerous and powerful in the world.

"You must redirect your priorities and use that manpower and brainpower to build a functioning economy instead of weapons. Since you disbanded the Communist Party by a simple ukase, we can assume that the Communist Party's longtime dreams of world conquest have been liquidated, too.

"We know from the 25,000 secret documents that made their way to the West, after East Germany was liberated, that the Kremlin had massive and detailed plans to storm Western Europe with troops, weapons, and even nukes. But all that is history, now.

"Your intercontinental ballistic missiles have only one utility: to destroy the United States. ICBMs are useless against real or imagined challenges such as maintaining law and order in the U.S.S.R. as the various republics seek freedom and even independence, or in defending Russian borders if the new Germany or a revived NATO should suddenly march their troops east.

"So, the solution to your problems is simple, Boris. Just destroy all your nuclear missiles in front of international observers, and then we will give you the aid you need to start building your country. It will be a good deal for both of us because then we can both cut drastically back on our military budget.

"How about it, Boris? Events have tossed into the dustbin of history all those who dreamed of using nuclear weapons to conquer the world. You, Boris, have the historic, once-in-a-lifetime opportunity to put your weapons of mass destruction in history's dustbin, too."

Dramatic? Yes, but no more so than the world-shaking

events of last month. This proposal is the *only* plan that can justify calling on the American taxpayer to donate to the Russians. To give U.S. tax dollars for cheap promises of "reform" or "democracy" or "a free market" would be a colossal cheat on American taxpayers.

Americans are Outraged About Taxes

In October 1990, Congress passed what was called a "deficit reduction" package. It contained a \$165 billion tax increase (the largest in history) which was sold to the American people as a means of bringing federal deficits down. President Bush accepted this deal, thereby reneging on the most famous campaign promise of this generation: his 1988 "read my lips" promise that he would not raise taxes.

At that time, we — along with the conservative Republicans in Congress — predicted that raising taxes would surely bring *increased not decreased* deficits. This is because: (a) raising taxes enables the politicians to avoid cuts and to spend more money than they otherwise could, and (b) raising taxes reduces investment and jobs and thereby decreases revenues flowing to the U.S. Treasury.

The results of the October 1990 tax increase "deficit reduction" package are now obvious. It all happened just as we predicted. The budget deficit for fiscal 1992 is now estimated to be at least \$348 billion (some estimate \$400 billion). That's more than double the deficits of the final Reagan years.

Just as we predicted, the deficits followed inexorably because the tax increase (a) permitted the politicians to increase spending and (b) at the same time intensified a recession so that revenues fell far below what they would have been if no tax increase had been passed. Of course, there was no talk at all of any spending cuts, and indeed there were none.

If President Bush had stuck by his promise and vetoed the tax-increase package, economic growth and inflation would have brought an additional \$70 to \$80 billion a year into the U.S. Treasury. But that didn't satisfy the tax-greedy liberals in Congress; they were determined to raise taxes at the same time that they increased their own pay on January 1 from \$96,600 to \$120,800.

Unknown to most taxpayers is a special bank account of \$182.7 billion called the "discretionary" fund reserved by Congress to spend on its pet projects as directed by the powerful chairmen of the House and Senate money committees. You guessed it — absolutely no cuts were allowed in this "discretionary" fund.

Here are some of the items for which the American people are paying higher taxes this year: \$25 million for the electrification of the rail line between New Haven and Boston, \$30 million to study magnetic levitation trains and "intelligent" cars, and \$1 million to develop a "national transportation policy" on bicycling and walking. Other items of new spending include money to study global warming and the health impact of high power transmission lines, a 19 percent increase in the Environmental Protection Agency appropriation, more money for the space program, and increased funding for the search for Extraterrestrial Intelligence and for exotic journeys to meet up with a comet and visit Saturn later in the decade.

The increased spending goes on and on: \$1 billion more than

last year for education programs for the disadvantaged, money for 10,000 more public housing units, \$243 million more for the Super Collider, a 13 percent increase in NASA's budget, \$2 billion for the research and treatment of AIDS, and an increased appropriation for the National Endowment for the Arts to reward it for funding indecent and sacrilegious works. Of course, the budget includes all the usual pork barrel spending projects in states and districts of powerful Congressmen.

In order to conceal the details of this massive increase in spending, the liberal Democrats spend their media time talking about "fairness" and promising to soak the "rich." It's the use of the "class war" tactic by an obvious appeal to envy, but there is nothing fair about the attempt to increase the present tax burden which now stands at 38 percent on the average American taxpayer. Contrary to the assumptions of the liberals who want to increase taxes, Americans are not antagonistic toward "the rich" who work harder or smarter and make more money. Americans are angry about the taxes they themselves pay, along with the extravagant way that so much of it goes to people who don't pay any taxes at all.

The American people who are fed up with being forced to feed the hungry bureaucracy can join in Taxpayer's Action Day on October 19, sponsored by Citizens Against Government Waste. (For information, call 1-800-BE-ANGRY.)

How to Cut Taxes and Spending

The American people have tried various ways to cut federal spending, to no avail. Congress has consistently refused to pass a balanced budget amendment to the U.S. Constitution.

So what is the long-suffering taxpayer to do? Senator John McCain (R-AZ) and Rep. Jim Saxton (R-NJ) have come up with an answer. Pass a federal statute requiring that any federal tax increase can be passed only with a supermajority of 60 percent in each House of Congress. That wouldn't stop all tax increases, but it would stop some. Specifically, it would have prevented passage of the tax increase of last October.

Would that have been a good thing? You betcha. Remember how we were told we needed that tax increase for "deficit reduction"? That was false advertising then, and now the results prove it.

Just as many of us predicted, the higher taxes were not used to cut the federal deficit, but instead were used to promote increased federal spending. This year's deficit is up from \$220 billion last year to at least \$348 billion this year. Federal politicians now spend 25 percent of the U.S. Gross National Product.

In the seven states that require supermajorities in order to raise *state* taxes, spending and taxes have risen more slowly than the national average. In these supermajority states — Arkansas, California, Delaware, Florida, Louisiana, Mississippi, and South Dakota — taxes rose only 67 percent during the decade of the 1980s, whereas taxes increased nationally by 77 percent. In these supermajority states, government spending increased only 79 percent, whereas the national average was 87 percent.

Supermajority requirements are a perfectly acceptable way to restrain irresponsible majorities. Don't let anybody tell you that it is wrong to allocate more weight to a "no" vote than to a "yes" vote.

In the *Federalist Papers*, the Founding Fathers stressed the

need to protect ourselves against "the superior force of an interested and overbearing majority," and they enshrined a requirement for a supermajority in four places in our Constitution. A bill can be passed over the President's veto only by a two-thirds majority in both Houses.

Treaties may be ratified only with the advice and consent of two-thirds of the Senators present and voting. The Constitution requires a two-thirds majority of both Houses to propose amendments, and then a three-fourths majority of state legislatures for ratification. It takes a two-thirds majority of the Senate to convict for impeachment.

In 1971 the U.S. Supreme Court twice upheld the right of various bodies to require a supermajority on particular issues. In the case of *Gordon v. Lance*, the Supreme Court upheld a requirement of the West Virginia Constitution for a three-fifths majority to incur bonded indebtedness. The Court stated: "There is nothing in the language of the Constitution, our history, or our cases that requires that a majority always prevail on every issue."

In *Brenner v. School District of Kansas City*, the U.S. Supreme Court affirmed a scholarly three-judge decision holding constitutional the Missouri requirement of a two-thirds majority for school bond elections. The Court concluded: "The utilization of a two-thirds majority vote on questions considered to be of particular difficulty and importance, establishes that the Founders never for a moment considered, as plaintiffs argue, that 'the sense of the majority should prevail' in all cases or that they accepted the notion that a rule by a simple majority was an inflexible 'fundamental maxim of a republican government.'"

In *Rimarcik v. Johansen*, a federal court upheld a Minnesota statute requiring a 55 percent majority to adopt a home rule charter. In 1975 a three-judge federal District Court in Chicago upheld the right of state legislatures to require a three-fifths majority for ratification of federal constitutional amendments. Time and experience have proved that these constitutional and legislative requirements for a supermajority, as well as parliamentary requirements such as those in Roberts Rules of Order, are good rules designed to empower the majority at the same time that they respect the rights of the minority.

Since 1980, taxes have risen 30 percent more than inflation. "Tax Freedom Day" is now May 8. This means that all you earn from New Year's Day until May 8 goes to the politicians and bureaucrats, and you enjoy the freedom to spend only what you earn during the remainder of each year after May 8.

A supermajority requirement could give us hope that the tax burden won't get any heavier.

Tax Fairness for Families

Taxation was the issue that provoked America's Declaration of Independence and now, two centuries later, taxes are still the fundamental issue causing public disaffection with government. The right to spend our own hard-earned money — rather than have it taxed away from us excessively or unfairly — is the fundamental freedom cherished by Americans.

Over the past 40 years, dramatic changes have taken place in our nation. Not the least of these changes is the size of government and the increase in the percentage of our money that is spent by government functionaries instead of by the

citizens who earn their money by the sweat of their brow.

Since the tax increase of last October, the Federal Government is now grabbing and spending 25 percent of our Gross National Product. That means one-fourth of all we produce is spent *not* by the individuals who earn the money and for the purposes of their choice, but by Washington functionaries for purposes of *their* choice.

The galloping inflation of the 1970s taught the American people a good lesson in the phenomenon of "bracket creep." Inflation pushed us all into higher tax brackets and made us pay higher taxes even though we hadn't had any increase in real income. Public understanding of bracket creep provided the momentum for the Reagan tax cut of 1981.

But the largest element of unfairness to most taxpayers, and the distortion that has been most artfully concealed, pertains to how you figure your "taxable income" before you deal with your rate. What is deducted *above* Line 37 on the 1990 Short Form 1040 (Line 22 on the Short Form 1040A) counts for more dollars to most taxpayers than the rate paid on what is below that line.

Before you get to the "taxable income" line, you enter the number of exemptions you have for taxpayer, spouse, and all dependent children, and multiply that number by the "exemption" figure. By steadily reducing the value of this exemption, Congress shifted the income tax burden onto the backs of employed families with young children.

During the entire 37-year period 1948 to 1985, the exemption increased only to a pitiful \$1,000. Throughout the years of high inflation, this exemption lost value, year after year.

The Tax Reform Act of 1986 raised the tax exemption incrementally over several years from \$1,000 to \$2,150 in 1991. However, if the exemption had kept pace with 40 years of inflation, this exemption would now be about \$7,500 — or \$30,000 for a family of four with two children.

The federal income tax law was changed ("revised" or "reformed") every several years. So, Congress had repeated opportunities to remedy this injustice, and Congress simply failed to do so because of its greed for more revenues.

This diminution in the value of the child, as recorded in dollars and cents on millions of tax returns filed every year, was done by Congress without any public discussion or debate. There is no record that any Congressman ever addressed this issue all those years that the tax burden was steadily increased on families with children until Eagle Forum started talking about it in 1982. It is shocking the way that the federal tax burden has been dumped on the backs of the most hard-pressed, hard-working, socially-productive element of our society: employed parents who are supporting dependent family members, raising young children, and paying taxes, too. Income taxes have increased dramatically on this group out of all proportion to taxes on every other segment of our society.

In 1950, the average couple with two children paid only 2 percent of its family income in federal income taxes. Today, the average couple with two children pays 24 percent of its annual income in federal income taxes. Congress has met the demands of special-interest groups at the expense of families and of children.

The value that our society places on children in the tax code

is a much better indicator of how we value children — and whether we think they should be raised by the family or by hired government functionaries — than laws pertaining to education, crime, health, or welfare. Our tax code has proclaimed that society has devalued children, and devalued parental care of children.

The liberal “solutions” to the financial crunch on families is to try to replace the family with an army of bureaucrats, regulators, and social service professionals hired with tax revenues. It’s obvious that this doesn’t work.

We constantly hear a lot of campaign oratory about tax fairness. The best way that Congress can demonstrate fairness is by passing the Tax Fairness for Families Act of 1991, introduced by Rep. Frank Wolf (R-VA) and Senator Dan Coats (R-IN). It would increase the dependent child’s exemption to \$3,500 immediately and to \$7,500 by the year 2000.

How Liberals Connive to Steal Our Money

A revealing article in *Mother Jones* magazine exposes the elitism and cynicism of the liberals. In their hearts, they really believe they should have the authority to direct our lives and spend our money, and they disdain the democratic process which rejects their plans to build a more expensive bureaucracy.

Mother Jones assembled and recorded a conversation among seven San Francisco liberals. The star of this performance was Congressman George Miller (D-CA), who is chair of the Select Committee on Children, Youth, and Families and one of the principal architects of the daycare bill that Congress passed in October 1990.

This particular group was assembled to brainstorm the question of *why* it was so difficult politically to pass a daycare bill in Congress. It was hard for these out-of-touch liberals to face up to the reality that the American people simply do *not* want Uncle Sam to take over the responsibility and cost of raising preschool children.

This conversation makes clear that Congressman Miller knew, at the same time all the hoopla about the alleged “daycare crisis” was going on, that there was *no* public demand for a child care bill. He also knew that the alleged demand we heard about was manufactured out of whole cloth by liberal special-interest groups.

Here are Miller’s own words as published by *Mother Jones*: “I spent eight years in getting the child-care bill passed in Congress, and at its zenith, there was never a child-care movement in the country. There was a coalition of child-advocacy groups, and a few large international unions that put up hundreds of thousands of dollars, and we created in the mind of the leadership of the Congress that there was a child-care movement — but there *wasn’t* a parents’ movement.”

Starting in January 1988, Miller and his liberal friends in Congress and in the media kept up a steady drumbeat of bleeding-heart demands for the establishment of a new federal daycare bureaucracy with billions of dollars of taxpayer financing. For three years, the television networks aired blatantly biased propaganda calling for federal financing, regulation, supervision and control of preschool children under a new Federal Commissioner.

Now we know that, all the while, the insiders knew that the only people seeking this appropriation were the unions and

the advocacy groups that had a financial interest in the legislation because they were expecting to load their pals onto the payroll as bureaucrats, administrators, providers, regulators, and researchers. The Children’s Defense Fund, of course, was leading the pack.

One of the participants in *Mother Jones’s* roundtable suggested that the reason the Congressmen didn’t hear any demands from parents for federal daycare was the inaccessibility of the political process. Miller pooh-poohed this, saying, “No, I think the political process is *very* accessible. I’m telling you, I will have town-hall meetings in front of hundreds of people this week. These issues won’t be raised!”

Congressman Miller even admitted in this conversation that the American people are not asking for a parental leave bill, which the feminists are pushing so hard in the current session. He said a recent poll indicates that only 13 percent of Americans even know that a parental leave bill is being considered by Congress.

But even though parents weren’t asking the Federal Government to plunge into daycare, Miller and the liberals tried to force federal daycare on them anyway because they know that building a new federal program requires developing a middle-class constituency for a federal handout (called an “entitlement”).

But that’s not the way Miller and the other Big Daddies of Federal Baby-Sitting explained it to the voters. Oh, no; they based their public arguments on the urgent need to help “the poor.”

Now Miller is bitter that the bill didn’t turn out the way it was planned. “The benefits all went to poor people,” he said. “And the middle class woke up and found that after they waged the battle for eight years, there’s nothing there for them.” That spoiled the plan of the liberals, because now there is no middle-class constituency demanding a bigger slice of the pie.

So, the next move of these liberal plotters is to demand “universal health care” for children even though they admitted in this conversation that “stopping smoking, drinking, any kind of drug use, and reducing stress during pregnancy is far more important for the well-being of children prenatally and postnatally, than what happens in a doctor’s office once every couple of months. And that isn’t going to be accomplished by national health care.”

But the liberals will press for national health care for children anyway because, as one of the participants said, that would “make a whole lot of other things possible ideologically that weren’t before.” Children, it seems, are just pawns in the political game.

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