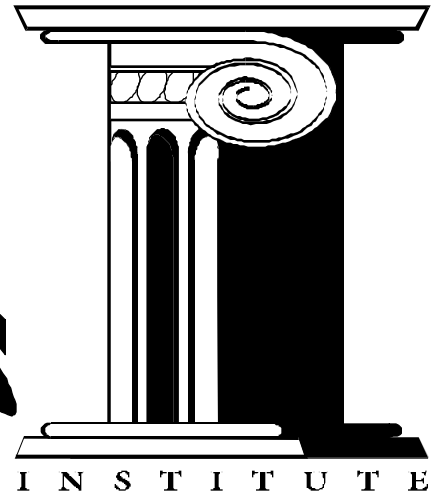


LIMIT



On Power and the Use of Power

I N S T I T U T E

Congress Debates Tax Issues on April 15

by Amy K. Frantz

On April 15, 1997, Congress considered three proposals to protect taxpayers: a Constitutional Amendment, a proposed law, and a resolution. The U.S. House of Representatives voted on these measures on April 15 because “[t]his is the day on which millions of hard-working Americans and their families are all too sharply reminded that high taxes have become a cruel and harsh fact of life in the United States of America,” said Representative Deborah Pryce of Ohio.¹

The Tax Limitation Amendment or “supermajority” amendment to the U.S. Constitution was the most important of the three proposals considered. The Tax Limitation Amendment requires a two-thirds vote of Congress to increase income taxes or any other tax in the U.S. Internal Revenue Code by more than a *de minimis* amount.

The two-thirds require-

ment does not apply to any revenue increase resulting from the lowering of an effective rate of any tax. This provision ensures that it is easier for Congress to lower than raise taxes, even if the lowering of a tax rate results in an increase in tax revenue.

For three-quarters of our nation's history, the U.S. Constitution restrained the power to tax income.

The Amendment also provides an exception to the two-thirds rule for national security emergencies.

While the Tax Limitation Amendment received 233 “yes” votes to 190 “no” votes in the House of Representatives, a proposed Constitutional Amendment must receive a

two-thirds vote in order to be sent to the states for ratification. Due to the defeat of the Tax Limitation Amendment by the House, the Senate did not bring up the Amendment for debate or a vote on April 15.

The defeat of the Tax Limitation Amendment is a blow to all taxpaying Americans. Several studies have shown that states with supermajority requirements have slower growth of taxes and government spending than states without tax-limit amendments.

Supporters of the Tax Limitation Amendment highlighted during debate that the original U.S. Constitution prohibited a direct income tax. Income was not directly taxed in our country until after the 16th Amendment was adopted in 1913, giving Congress the power to lay and collect taxes on incomes. For three-quarters

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of our nation's history, the U.S. Constitution restrained the power to tax income. The Tax Limitation Amendment is a small step toward restoring the limit our Founding Fathers wisely placed in the Constitution, restricting the government's taking of our hard-earned dollars.

Those who oppose the Tax Limitation Amendment, many of whom are also the biggest spenders in Congress, downplayed the Amendment as a fiscal gimmick. Again they trotted out the false claim that this action will result in the government throwing children and the elderly out in the streets.

Opponents ignore the fact that the Tax Limitation Amendment makes it harder to increase taxes, but not impossible. The state of California has had a two-thirds supermajority requirement to raise taxes since 1978. In that time, California's state budget has increased from \$14 billion to around \$61.5 billion, and tax increases have been passed in that state.² The goal of the Tax Limitation Amendment is not to eliminate all taxes, but to ensure that any new taxes or tax increases have widespread support and are absolutely necessary.

Opponents also argued that the Tax Limitation Amendment would allow the minority in Congress to rule. Representative Joe Moakley of Massa-

chusetts said that "when we require a supermajority vote for passage of a measure, we are effectively turning control over to a small minority who can stop legislation, even something that the majority supports."³ Yet, opponents of the Tax Limitation Amendment don't seem concerned that although the Amendment was supported by a majority of Representatives, a minority was able to defeat it!

Although Amendment supporters were not successful again this year, Speaker Gingrich has pledged to bring the Tax Limitation Amendment up for a vote each year on April 15 until the Amendment is passed.

While the Tax Limitation Amendment was defeated, Congress approved two other tax-related measures. The first is the Taxpayer Browsing Protection Act. This legislation makes it a crime for Internal Revenue employees to inspect any tax return without authorization. Violators could face a \$1,000 fine, up to one year in prison, and loss of their jobs. The IRS must notify individuals if their tax files have been browsed through.

Senator Paul Coverdell of Georgia, sponsor of the browsing penalty bill in the Senate, said 3,345 cases of snooping have been recorded by the IRS since 1991.⁴

The House and Senate both unanimously approved the tax return browsing bill. This legislation won't keep the

hands of the IRS out of your pockets, but it will help to keep the eyes of curious federal employees off your tax returns.

The second measure passed by the House of Representatives on April 15 is more symbolic than substantive. The House unanimously approved a nonbinding resolution that Congress and the President should work together to enact permanent tax relief for American families. If only a vote in Congress on real tax relief could be that easy! □

ENDNOTES:

¹ *Congressional Record*, April 15, 1997, p. H1473.

² "Making Taxing Harder," Joel Fox, *Wall Street Journal*, April 15, 1997, p. A18.

³ *Congressional Record*, April 15, 1997, p. H1474.

⁴ "Bills Would Punish 'Browsing' Of Returns by IRS Workers," Lori Nitschke, *Congressional Quarterly*, April 19, 1997, p. 901.

Amy K. Frantz is a Research Analyst with Public Interest Institute.

"I am convinced that if most members of Congress did their own taxes, we would have had tax reform long ago."

— U.S. Representative Bill Archer, Chairman of the House Ways and Means Committee.

The Value of Virtue

by Jeb Bush and Brian Yablonski

The Founding Fathers of this country understood that the survival of our democracy depends on the good character and virtue of the American people. George Washington declared in his Farewell Address that “virtue or morality is a necessary spring of popular government.”

Today our political system is threatened by a cultural decline unprecedented in our nation’s history. The growth of crime, the collapse of the family, the failure of education, and the loss of hope for the future are all symptoms of a broader moral crisis. Americans have relinquished responsibility for governing ourselves, expecting government to solve our problems.

The betterment of society starts from the bottom up, through virtuous individuals and families and communities, not from the top down through more government.

Over the past 30 years, government has assumed more and more responsibility for the welfare of our children and families. Despite the best of intentions, the governmental response has been more laws, more regulations, and more programs to protect children from the parents and adults who have let them down. Social legislation in this area now includes welfare, no-fault divorce, child protective ser-

vices, the juvenile justice system, centralized education, and government programs for child support, foster care, and adoption.

Yet the institutions that have evolved from this social legislation have presided over an increasing number of divorces and out-of-wedlock births. They have watched as AFDC benefits have become an attractive alternative to marriage. State regulations have made it more difficult for adoptions to occur. The foster-care system often does more harm to the child than good.

Americans have relinquished responsibility for governing ourselves, expecting government to solve our problems.

Child-support enforcement has been a disaster. Parents have less and less say in the education of their children. On top of all this, the average family now pays 40 percent¹ of its income to government at all levels. We have abdicated to government our responsibilities in increments not discernible to the naked eye, but so consistently that it

has become the greatest threat to our freedom in modern times.

We often forget that the original purpose of democratic government was to protect the rights of individuals and to provide for things which we could not possibly provide for ourselves. Abraham Lincoln said it best when he wrote that the legitimate object of government is “to do for a community of people, whatever they need to have done, but cannot do at all, or cannot do so well for themselves. In all that the people can individually do as well for themselves, government ought not to interfere.”

As examples of legitimate government functions, Lincoln listed maintenance of roads and bridges, disposal of deceased men’s property, and support of the helpless young. Lincoln knew that government is no substitute for a virtuous citizenry that takes care of families and communities.

James Q. Wilson, one of the foremost modern scholars on the subject of cultivating virtues, has written that having good character means at least two things: empathy and self-control. Empathy is the ability to take into account the rights, needs, and feelings of others. Self-control is the practice of deferred gratification or being

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more concerned with the long-term impact of conduct than with the “here and now.”

Thus, character is of primary importance in that it determines whether individuals will be selfish or selfless. When we act, do we only take into account our own personal good or do we have in mind the common good and the effects our conduct will have on the welfare of others? Many of our cultural pathologies are a simple reflection of character, of placing the self at the center of one’s life.

How do we ensure a healthy supply of citizens committed to the common good? How do we cultivate virtue and persons of strong character into the next generation?

The moral education of our children has traditionally been left in the hands of parents, extended family, the neighborhood, the school, the church or synagogue, and to some extent other civic associations. But look at the condition of each of these institutions. Our children are a reflection of our ailing social institutions, families, and communities. The indicators show that those character-forming institutions traditionally charged with a youngster’s moral development have suffered their own disintegration.

VIRTUES, NOT VALUES

Some of the difficulties can be traced to our over-reliance on government and a willingness to step back from our own character-building responsibilities. But this is only part of the problem — and so only part of the solution. The trouble goes deeper than a simple surrender to government. Unfortunately, these character-building institutions have lost the language of virtue.

Our complex and diverse society now functions not under a universal set of moral principles but rather under competing personal and group value systems. Values — embodied in personal beliefs, opinions, and preferences — have replaced virtues as our

...the original purpose of democratic government was to protect the rights of individuals and to provide for things which we could not possibly provide for ourselves.

moral beacons, and there are many different value systems present in our culture.

Our character-building institutions have bought into the idea that we have to recognize any and all value systems.

Instead of providing us guidance, they now provide us with the tools to justify a wide variety of deviant behaviors. In other words, they do not teach our children right from wrong, but rather how to make informed choices. As one prison chaplain recently observed, our young children need direction, not choices.

The distinction is critical. Virtues, grounded in universal moral absolutes, represent standards of behavior that are fixed and firm in any civilized society. Who would argue that fortitude, prudence, justice, temperance, discipline, responsibility, honesty, honor, and compassion are not good things?

Listen to William Bennett: “Teaching virtue to our children need not be a controversial undertaking. Forming good character in young people does not mean having to instruct them on thorny issues like abortion, creationism, homosexuality, or euthanasia...People of good character are not all going to come down on the same side of difficult political and social issues.”

Values, on the other hand, refer to a system of individualized beliefs and preferences. Everyone has values — even Nazis and street gangs. Overemphasizing values accentuates our differences, so that the values of self-expression and individualism now trump the virtues of deferred gratification,

responsibility, and commitment to family.

While public policy over the last three decades focused more on recognizing the differences between groups of people and their competing value systems, it did little in the way of reinforcing the common bonds between all peoples — the moral absolutes that transcend politics, race, and gender. Virtues, and the moral imperatives implied by them, were either lost in the debate or they were mischaracterized as values — subjective and relative, personal, and specific to a particular person or group.

Recently, we conducted a simple, highly unscientific experiment designed to see how often we use the word “virtuous” in our popular culture. In Florida’s major newspapers, we found only a few random uses of the word “virtuous,” frequently out of context. For example, since 1989, the Orlando Sentinel only used the word “virtuous” to describe somebody or something on 92 occasions, or slightly more than once a month. The St. Petersburg Times has used the word 140 times since 1987, or a little more than once a month.

In most cases, “virtuous” was merely a term used to describe a character in a movie, theater, or book or, sometimes, a person in an obituary — in other words, nonpeople and dead people. This is certainly not to say that the newspapers are not reporting on the good deeds of virtuous people. We

just aren’t calling them virtuous anymore.

QUIET ACTS OF COMPASSION

Correcting our social pathologies will take time. It will require a renewal of virtue and character and a rejuvenation of those institutions that teach virtue and character. This means that we must regain confidence in passing moral judgement, using the language of virtue, and teaching virtue to our children.

...public policy over the last three decades...did little in the way of reinforcing the common bonds between all peoples

We must also learn from everyday heroes. Our own state of Florida is blessed by an extraordinary number of men and women of character. It is important that we begin to discuss character in the context of those who exhibit it routinely. We must elevate the people who are redefining our culture for the good, for they are the profiles in character from whom we must learn.

In Florida, you will find some of our greatest profiles in character in the places where

you might least expect to find them. Take Delwyn Collins, a kitchen worker in Tampa General Hospital. Handicapped since childhood with a learning disability and nearly blind, Delwyn can be found on most days mopping floors or washing dishes in a corner of the hospital’s kitchen. But each year, Delwyn Collins devotes a large portion of his earnings from his \$6 per hour job to support the Angel Tree program, which provides toys for orphans and foster children in the Tampa area.

For years, Delwyn has pulled dozens of paper angels from the hospital’s Angel Tree. Each angel bears the name of an orphan or foster child who does not experience a Christmas with family members, or the joys — and toys — that attend the holiday. They become Delwyn’s children.

Last year, Delwyn pulled 35 of the paper ornaments from the Angel Tree. Delwyn does not drive a car, so he brings the toys to the hospital by pulling them on a flatbed wagon or loading them in his bicycle basket. His quiet acts of compassion caught the attention of many in his community. In 1995, Hillsborough County passed over several local politicians who were nominated to present its Moral Courage of the Year Award to the soft-spoken kitchen worker.

Talk to some of the children who inhabit the Miami home of Dorothy Perry, dubbed

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“the Mother Teresa of public housing.” For 20 years, Perry has been a surrogate mother to children whose parents were strung out on crack or alcohol, or worked three jobs and had no energy left for parenting. Her “Youth Progressing” program offers meals, clothes, and safe haven for more than 35 abused or displaced kids, ranging in ages from one to 21.

“I think this program saved my life,” says James Holey, 20. “My mother was having problems with drugs, and the state was talking about taking me from her. I didn’t have anywhere to go.” James is now working toward his General Equivalency Diploma. Eighteen-year-old Quintin Varnedoe came to live with Perry when she was seven, after her mother died. “My brothers were in gangs, telling me to sell drugs and rob to get money,” says Varnedoe, who enlisted in the Marine Corps last fall.

Another of Florida’s virtuous citizens can be found sitting at his desk in an eighth-grade classroom at Osceola Middle School in Seminole. While most children his age are busy playing sports or electronic video games, 14-year-old David Levitt has been busy caring for the needy. Two years ago, David figured out that school cafeterias have a lot of leftover lunch food — and he devised a way for local public schools to donate their unused food to the hungry. On his

twelfth birthday, he made his case before the Pinellas County School Board and won approval for his idea. For months David fought a Goliath of bureaucratic red tape and government regulations. Today, more than 80 of the 92 schools in Pinellas County donate their food to the needy.

To change the course of our culture, we do not each have to run out and start a social program or adopt an orphaned child. Rather, we need to do a little in each of our lives to revitalize what Edmund Burke called “the little platoons,” the family and those local and civic associations that facilitate good character. Building character starts at kitchen tables and in front yards of neighbors. □

ENDNOTE:

¹ While there are various ways to measure the percentage of income that is taken by governments, Public Interest Institute believes the most accurate measure is: total government spending (federal, state, and local) as a percentage of U.S. total personal income. That total is now 51 percent. In other words, governments now spend more than half of the average person’s entire income.

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All or a portion of your article may be used.

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Tax Relief for Iowans

by Amy K. Frantz

This year, the Iowa Legislature passed and the Governor signed four major tax relief laws. Iowa taxpayers will finally have part of the state tax burden lifted as a result of this legislation.

Beginning next year, all Iowa taxpayers will see a 10% reduction in their state income tax rates. This will allow all Iowa taxpayers to keep a little more of their income in their own pocket, rather than sending it to the state government.

The Iowa Legislature also (1) repealed the Iowa

inheritance tax on children, grandchildren, and parents; (2) provided fair tax treatment for small businesses (Subchapter S corporations); and (3) passed a small property-tax reduction package.

These four tax-reduction bills will provide over \$200 million in annual tax relief for Iowans.

Money magazine (January 1997) said Iowa had a higher state and local tax burden than 40 other states in our nation. The tax cuts approved during this legislative

session should help Iowa improve its ranking in next year's Money magazine.

We salute the Iowa Legislature and the Governor for reducing the tax burden on Iowa's working families! ☐

Amy K. Frantz is a Research Analyst with Public Interest Institute.

"From day one tax cuts were our No. 1 priority."

— Ron Corbett, Speaker of the Iowa House of Representatives

40 Years of Federal Government Growth

	<u>Billions of 1995 Dollars</u>		Real growth 1955-95(%)
	1955	1995	
National defense	242.8	271.6	12
Health	1.7	272.4	16,374
Income security	28.8	223.0	674
Social Security	25.2	336.1	1,236
Education and social services	2.5	56.1	2,117
Veterans' benefits	26.6	38.4	45
Community development	0.7	12.6	1,619
Interest	27.6	234.2	750
International affairs	12.6	18.7	48
Science and technology	0.4	17.0	3,938
Agriculture	20.0	14.4	(28)
Justice and general government	5.2	32.1	523
Transportation	7.1	39.2	453
Energy and natural resources	7.2	26.5	268
Offsetting receipts	(19.8)	(41.4)	109
Total outlays	388.9	1,538.9	296

Source: Historical Tables, Budget of the U.S. Government, Fiscal Year 1996

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Would You Believe...

ACORN, a left-wing group trying to increase the minimum wage in cities and states around the country, files suit in California to exempt itself from the state's \$4.25 minimum wage, arguing that "the more ACORN must pay each individual outreach worker...the fewer outreach workers it will be able to hire."

Privately, staff members at higher education associations in Washington worry about what effect President Clinton's proposed \$42 billion of college tuition tax credits and tuition tax deductions might actually have on higher education. Economists point out that many

colleges and universities may turn right around and boost tuition costs, which would make the tax break virtually irrelevant.

The IRS has "systematically discarded most of its records through the 20th century," says former IRS historian Shelley L. Davis. In her new book, *Unbridled Power*, Ms. Davis says this paucity of documentation is "a national tragedy" that makes it tough to analyze the agency.

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