



Three Polls Reflect Support for “Soak the Rich” Tax Schemes

Three recent polls reflect increasing acceptance of New York Democrat Congresswoman’s Alexandria Ocasio-Cortez (AOC)’s economic worldview: The rich aren’t paying their fair share.

First, the new POLITICO/Morning Consult poll released on Monday found that “76 percent of registered voters believe the wealthiest Americans should pay more in taxes.” A recent Fox News survey showed essentially the same thing: 70 percent favored raising taxes on those earning over \$10 million a year, including 54 percent of Republicans.



A Hill/HarrisX poll showed 59 percent of those polled support AOC’s plan to slap a 70-percent marginal rate on income earned over \$10 million a year.

And the “wealth tax” proposed by Senator Elizabeth Warren (D-Mass.) is favored by 61 percent of those surveyed for the POLITICO/Morning Consult poll while just 20 percent opposed it.

Such views reflect the politics of envy, revenge, and ignorance. It reflects what Senator Russell Long (who served for 15 years as chairman of the Senate Finance Committee from 1966 to 1981) said about most people’s thinking about such proposals: “Don’t tax you. Don’t tax me. Tax that fellow behind the tree.”

That fellow behind the tree making \$10 million or more a year is so far beyond the experience of the average taxpayer (who makes an estimated \$50,000 a year) that it’s easy to blame ignorance for these polls’ results.

It’s also easy to ignore history, or recent experience. And with the mainstream’s assistance, it’s easy to exact revenge from the wealthy for being wealthy. After all, nobody they know makes that type of money. So they must have done something illegal to make it.

Chris Edwards, director of tax policy at Cato, told Fox Business that raising taxes in the United States would go against the current flow of world economic history: “Every industrial country has figured that out, and their policy decisions refute the soak the rich tax dreaming of Ocasio-Cortez. Top income tax rates have plunged around the world since 1980 under governments of both the political left and right.”

Ocasio-Cortez was born 27 years after another Democrat, President John F. Kennedy, told the Economic Club of New York that lower, not higher, taxes was “the soundest way to raise revenues in the long run.” Kennedy explained:

Our present tax system ... exerts too heavy a drag on growth ... that it siphons out of the private economy too large a share of personal and business purchasing power; that it reduces the financial



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incentive for personal effort, investment and risk-taking.

And so she doesn't remember that Kennedy's tax cuts between 1963 and 1965 lowered the top rate from 91 percent to 70 percent, which increased government's revenues more than 16 percent.

She doesn't remember that in the 1920s the top rate was lowered from 73 percent to 25 percent, which increased government's revenues by over 60 percent. She doesn't remember that the Reagan tax cuts in the 1980s from 70 percent to 28 percent resulted in the country's GDP surging by 32 percent and government revenues growing by nearly 40 percent.

And she certainly doesn't remember how entrepreneurs reacted when President Roosevelt's income and estate taxes were increased in the mid-1930s. She most certainly has never read or even heard of economic scholar Benjamin Anderson, the holder of a Ph.D. from Columbia University in 1911 and a mentor to Austrian School economist Henry Hazlitt. In his *Economics and the Public Welfare — A Financial and Economic History of the United States, 1914-1946* he told the story of one of those entrepreneurs whom he called typical:

Reasonably typical is the case of one rich man who, at the age of 25, had inherited an estate of about 12 million dollars — some thirty years before these 1935 taxes came. He had nursed his 12 million dollars into an estate of about 30 million dollars during those thirty years.

He had done it by a kind of activity particularly helpful and useful to the country, the financing of new inventions and new explorations, the purchase of shares in new and promising businesses. He had taken a great many risks, knowing that many of them would turn out badly, but counting on a few of them to turn out well enough so that the profits on the successful ones would offset the much more numerous losses on the unsuccessful ones....

In the case of the individual above referred to, a vigorous man 55 years old, the effects of the new taxes were paralyzing. More than three-fourths of any profits which he might have from a new venture would be taken away from him by income taxes. Any losses which he might incur from a new venture would be his own.

But further, if he should die, his estate would have to pay to the federal government and to the State of New York (but chiefly to the federal government) \$19,602,500, or 65.243 percent of his estate....

It was a painful thing to watch him turn his energies from creative production to consultation with tax lawyers as to how he could save as much as possible for his heirs. It was a painful thing to watch a vigorous man of fifty-five turning from creative activities to preparation for death.

He fought hard against the advice of his business advisers and the advice of his lawyers. He still wanted to take part in enterprise. But their arguments were overwhelming, and he had to yield, with the thought of his family in his mind.

He carried some 10 million dollars in cash to have it ready to pay the first installment in death duties.

Anderson posed this: "One may well raise the question as to just what good it did to the people of the United States to put this typical man in this position?"

Alexandria Ocasio-Cortez labors under a disadvantage that most voters know nothing about: She graduated cum laude from Boston University in 2011 with a degree in economics. So her ignorance can be explained by not having been exposed to anything like Anderson's entrepreneur.



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But what about the others surveyed who are buying into the class warfare “soak the rich” schemes offered by AOC and Elizabeth Warren? Will they fall victim to their own ignorance as expressed by Edmund Burke: “Those who don’t know history are doomed to repeat it”?

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