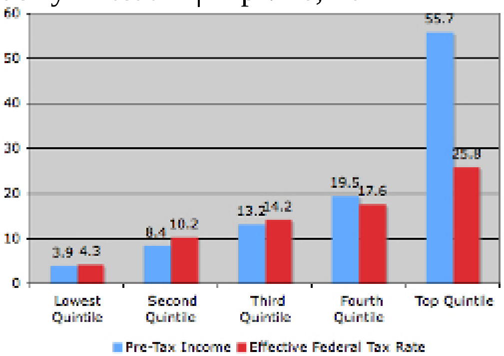
# US taxes too high? Think again, says Jesuit

Jerry Filteau | Apr. 26, 2011




A graph taken from the Web site of The American Prospect magazine matches each income quintile's effective federal tax rate with its percentage of the national income.

?Some 30 years of anti-tax propaganda,? lobbying and legislation have turned the United States into one of the lowest-taxed countries in the developed world, says Jesuit Fr. Fred Kammer, former head of Catholic Charities USA.

The sobering results -- especially from a standpoint of the common good of the American people and from Catholic social teaching -- are ?a widening of the gap between rich and poor to its current morally grotesque levels and the substantial deterioration of the U.S. infrastructure,? he said.

Kammer made his comments in the lead article of the spring issue of *Just South Quarterly* [1], the quarterly newsletter of Loyola University of New Orleans? Jesuit Social Research Institute, which he heads.

The Jesuit priest and attorney, before his 1992-2001 stint as president of Catholic Charities, was policy advisor to the U.S. bishops on health and welfare and after that was provincial superior of the U.S. Jesuits? southern province from 2002-2008.

His article is far from the first to challenge the adamant Republican refusal, especially among those in the Tea Party, to confront the growing U.S. deficit at least partly on the revenue side, by raising taxes on, and/or closing major tax loopholes favoring large corporations and the very rich.

But it is a compelling commentary in terms of its comparative analysis with other developed countries and its application of Catholic social teaching to the closely related issues of taxation, the role of government and the common good.

Kammer also takes his analysis a step further -- in accord with his institute?s special focus on social justice issues in the South -- with a highly critical analysis of regressive state tax policies in Alabama, Florida, Louisiana, Mississippi and Texas.

Kammer noted that in 2008, the latest year for which full international data are available, the average total U.S. (combined federal, state and local) income tax rate as a percentage of gross domestic product was only 26.2

percent -- 25th among the 27 nations in the Organization for Economic Cooperation and Development (OECD).

Only Turkey (23.5 percent) and Mexico (20.4 percent) were lower. The nations with some of the best standards of living in the world -- Denmark, Sweden, Belgium, France, Italy, Austria, Finland, Norway -- all had overall income taxes that, related to their GDP, were roughly twice that of the United States, 52 percent or more.

?Are we overtaxed as a nation?? Kammer wrote. ?The facts don?t support the rhetoric of the tax cutters.?

?Are corporate taxes too high?? he added. Not by the standard of other industrial nations, he said.

Kammer noted that back in 1965, when the U.S. economy was humming, ?the taxes paid by U.S. corporations were 4.0 percent of our GDP, compared to 2.3 percent average of other OECD nations. The U.S. then ranked second among OECD nations in corporate income taxes as a percent of GDP.?

He said that by 2008, however, corporate taxes in the United States ?had dropped to 2.5 percent of GDP, while other OECD nations had raised corporate income taxes to an average of 3.0 percent of their GDP.

?Anti-tax corporate lobbyists will point to the high U.S. marginal corporate tax rate of 35 percent, which actually is the top rate of a graduated corporate tax structure. ? But, because of deductions, credits and other tax breaks, U.S. corporations actually paid 13.4 percent of their profits in taxes on average from 2000 to 2005,? he wrote.

He quoted Pope John XXIII:?As regards taxation, assessment according to the ability to pay is fundamental to a just and equitable system.?

He said the U.S. bishops echoed that teaching in their 1986 pastoral letter, ?Economic Justice for All,? when they said, ?The tax system should be continually evaluated in terms of its impact on the poor.?

He noted that the bishops spelled out three principles on taxation:

- The tax system should raise adequate revenues to pay for the public needs of society, especially to meet the basic needs of the poor.
- The system should be structured progressively, ?so that those with relatively greater financial resources pay a higher rate of taxation.?
- Families below the official poverty line should not be required to pay taxes since, by definition, they lack sufficient resources to meet their basic needs.

?Progressivity has been fundamental to our Catholic tax tradition,? Kammer wrote. ?It reflects our belief in the universal destination of all goods -- that they must serve the common good -- as well as our teaching about the stewardship of all created gifts, whose origin is God.?

On state taxation, Kammer cited studies showing that most states have regressive tax systems.

He cited the conclusion from one such study in 2009 by the Institute on Taxation and Economic Policy: ?The study?s main finding is that nearly every state and local tax system takes a much greater share of income from middle- and low-income families than from the wealthy. That is, when all state and local income, sales, excise and property taxes are added up, most state tax systems are regressive.?

He said the study showed that in all the Gulf South states -- Alabama, Florida, Louisiana, Mississippi and Texas -- residents in the two lowest quintiles of income spent more than 10 percent of their income on state and local taxes, while the wealthiest 1 percent of residents spent only 2.1 percent (Florida) to 5.5 percent

(Mississippi) of their income on such taxes.

[Jerry Filteau is *NCR* Washington correspondent.]

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