

DEMOCRATIC REBUTTAL

TO "A FAIRNESS QUIZ FOR THE PRESIDENT"

A couple of days ago, your Hillsborough Democratic Party became aware that the Hillsborough Republicans have been urging their faithful members to read a recent Wall Street Journal article titled, "A Fairness Quiz for the President." The Republicans were suggesting that the "facts" in this article would help their volunteers counter any Democratic arguments about basic fairness during the upcoming election cycle.

So we have gone through the article, analyzed its points, and we are passing along the information to you. There is a lot that can be said about what is FAIR and not FAIR this election cycle. The bad news for the Republicans, though, is that the facts are on our side.

[A Fairness Quiz for the President](#)

By [STEPHEN MOORE](#)

in the Wall Street Journal 7 Feb 2012

(Original article points in bold)

Democratic rebuttal follows in bulleted text)

President Obama has frequently justified his policies—and judged their outcomes—in terms of equity, justice and fairness. That raises an obvious question: How does our existing system—and his own policy record—stack up according to those criteria?

Is it fair that the richest 1% of Americans pay nearly 40% of all federal income taxes, and the richest 10% pay two-thirds of the tax?

- Yes, it is FAIR that the top 1% pay about 38% (not 40% as stated above) because their share of the taxable income is that much higher. In 2006 (the latest year for which data is available) the average income of our richest 1 percent was a whopping 36 times greater than that of the median household and the trend was moving upward at that time. (Source: [NY Times](#)).
- The wealthy pay income taxes in proportion to their portion of the taxable income in the US. What isn't fair is the amount of loopholes and write-offs available to the richest 1% of the population. These loopholes greatly reduce the portion of "money in" on which they are actually taxed. Preferential treatment of investment income and the reduced impact of payroll taxes on high earners lets about 94,500 millionaires pay taxes at a lower rate than 10.4 million "moderate-income taxpayers," representing about 10 percent of those making less than \$100,000 a year. (Reported via Bloomberg [here](#).)

Is it fair that the richest 10% of Americans shoulder a higher share of their country's income-tax burden than do the richest 10% in every other industrialized nation, including socialist Sweden?

- Regarding fairness of the tax burden, see above.
- It is not FAIR to misrepresent the nature of one of the United States' ally nations. Describing Sweden as "socialist" is both misleading and offensive to Swedish citizens. Sweden is a constitutional monarchy with a parliamentary democracy form of government and a highly developed capitalist economy. In 2010, it ranked fourth in the world in [The Economist's Democracy index](#); it ranked ninth in the 2011 United Nations' [Human Development Index](#). For comparison, the United States rated 19th on the Democracy index and 4th on the Human Development Index.
- As to the matter of whether wealthy people in the US are paying more taxes than Swedish citizens, Sweden's effective tax rate is higher than the US's tax rate for people making more than \$100,000 - and so is the tax rate of nearly every other developed country. (See [this chart and analysis](#) in the Economist. I think we can all agree the Economist is hardly a "lefty publication.")
- The more important question if we are going to compare the US to Sweden is this: is how does Sweden's tax rate help or hurt it as a country? I mean, unless mentioning Sweden is in some way going to make the US system seem better by comparison, why bring it up? So let's examine the facts. In 2011, the [World Economic Forum](#) ranked Sweden as the third most competitive country in the world, after Switzerland and Singapore (the US is fifth, by the way). Sweden has the lowest Gini coefficient of all countries (0.23) which makes Sweden the most equal country on earth in terms of economic division. In other words, it is possible to be both FAIR and successful as a capitalist nation. (For comparison, the US Gini coefficient is 45 - placing [us 93rd in the world](#)- less fair than China, India, and Iran!)
- So the United States has a long way to go on basic FAIRNESS, and harping on misleading information (e.g., calling Sweden names or pretending that confusing comparisons to their tax rate has anything to do with what is FAIR or best in the United States) is just a red herring. That's why we don't hear Mitt Romney carrying on about it. He and his 13.9% tax rate don't have a lot to say when you dig into the data.

Is it fair that American corporations pay the highest statutory corporate tax rate of all other industrialized nations but Japan, which cuts its rate on April 1?

- Actually, what isn't FAIR is the whole corporate tax system. The tax code needs an overhaul - we can all agree on that. The system now [allows huge companies to pay zero taxes](#) legally while sending jobs and money into other countries - and that is wholly unfair. Let's agree on this one. If we fix the tax code, we can get the incentives back where they belong - companies should be fairly rewarded for keeping the jobs and the money in the US.

Is it fair that President Obama sends his two daughters to elite private schools that are safer, better-run, and produce higher test scores than public schools in Washington, D.C.—but millions of other families across America are denied that free choice and forced to send their kids to rotten schools?

- What isn't FAIR here is bringing President Obama's children, who face significant perils just for being related to the President, into this. It's a unique situation to be the children of the President. Every President with school age-children has a right to decide what is best for their safety and education in light of relevant circumstances

at the time. And oh, by the way, let's not forget the moaning about security costs and unfair impact on the other kids that occurred when Jimmy Carter sent his daughter Amy to public school.

- The real question is whether it is FAIR for anybody in a high income bracket to be able to ignore or unfairly criticize the issues with public education while not participating in the process of bettering it. There are issues and challenges that go with effectively educating all American children for the future in which they will live, and there have been issues since the beginning of the republic. (See a brief overview of the evolution of the US education system [here](#) and a timeline of major changes/challenges [here](#).)
- To pretend that issues are new and things were perfect at some point in the past is not FAIR to hardworking educators who have given their lives to the education of young people.
- The other thing that isn't FAIR is constantly haranguing the hardworking people who deliver public education for not somehow teaching their way out of this conundrum. For the past 30 plus years we have been seeking a magic fix for public education with gimmicks like school choice, vouchers, testing, merit pay and the likes of No Child Left Behind. Do some of these ideas bear an experiment? Sure. But after giving them their due, there is actually no evidence that any of those policies improve American education. There is also no evidence that it is the "fault" of teachers or unions. It's not FAIR to keep behaving as though it is.

Is it fair that Americans who build a family business, hire workers, reinvest and save their money—paying a lifetime of federal, state and local taxes often climbing into the millions of dollars—must then pay an additional estate tax of 35% (and as much as 55% when the law changes next year) when they die, rather than passing that money onto their loved ones?

- It's FAIR to tell the truth about this - and the truth is that only 0.14% of estates will pay an estate tax at all. Fact: only estates of \$5 million or more are affected by the existing estate tax. In other words, most people don't pay any estate tax at all. The [Tax Policy Center](#) estimates - based on past data trends - that for 2011 only 3,300 estates in the entire United States will owe estate tax out of an estimated 2.4 million non-infant decedents. In other words, the estate tax affects 14 in 100 of the top 1% of estates.

Is it fair that Treasury Secretary Tim Geithner, former Democratic Senate Majority Leader Tom Daschle, former Ways and Means Chairman Charlie Rangel and other leading Democrats who preach tax fairness underpaid their own taxes?

- It is FAIR that everyone pays their share. If we want to make a list of all the Republicans who have also underpaid their taxes we could do that. But what purpose would it serve? It is FAIR that everyone pays their share. And when discrepancies are discovered - regardless of political or personal affiliation -- penalties should serve as a disincentive for those behaviors.

Is it fair that after the first three years of Obamanomics, the poor are poorer, the poverty rate is rising, the middle class is losing income, and some 5.5 million fewer Americans have jobs today than in 2007?

- What's FAIR is to look at the facts. President Obama did not cause the Great

Recession. Eight years of policies such as deregulation in the financial sector, unfunded wars, and expensive tax cuts created conditions in which disaster could strike. And it did strike - while President Bush was still in office. The impact on ordinary Americans has been devastating and it is FAIR that how it happened not be obscured.

- It is also FAIR to evaluate President Obama on his actual performance in office.
 1. The economy has been growing since mid-2009, a few months after President Obama took office.
 2. The pace of job loss which had been steady throughout President Bush's last year in office slowed dramatically soon after President Obama and Congress enacted the Recovery Act in February 2009. Private payroll job creation has been positive since 2010.
 3. The situation would have been much worse had it not been for President Obama's policies. See more analysis [here](#).
- In other words, it is not FAIR to blame the fireman (President Obama) for the fire.

Is it fair that roughly 88% of political contributions from supposedly impartial network television reporters, producers and other employees in 2008 went to Democrats?

- It is FAIR that American citizens can donate to the candidates of their choice.
- It is not FAIR to imply that making donations in some way affects the impartiality of these professionals' reporting.

Is it fair that the three counties with America's highest median family income just happen to be located in the Washington, D.C., metro area?

- It is FAIR that the three highest income counties be *somewhere*.
- To not state, but imply, that there might be a correlation between this wealth and families living and working in our nation's capital is not FAIR. Approximately 300,000 government workers toil in the DC area on behalf of all citizens while their salaries/benefits - few of which are high -- are constantly under assault. See actual salary data [here](#).
- Far more likely in explaining the elevated median income in the DC area is rate of pay for some [12,600 lobbyists](#). Companies spend about \$3.3 billion per year lobbying in Washington - including a whopping \$806 million spent by the [US Chamber of Commerce](#) alone.

Is it fair that wind, solar and ethanol producers get billions of dollars of subsidies each year and pay virtually no taxes, while the oil and gas industry—which provides at least 10 times as much energy—pays tens of billions of dollars of taxes while the president complains that it is "subsidized"?

- It is FAIR that America invest in innovation that will make us less dependent on energy sources controlled by forces outside our own country.
- It is also FAIR to make sure the public understands that the oil industry receives \$4 billion per year in subsidies and tax breaks.

Is it fair that those who work full-time jobs (and sometimes more) to make ends meet have to pay taxes to support up to 99 weeks of unemployment benefits for those who don't work?

- It is FAIR that all employed workers pay into an [insurance](#) system on which they can depend if they become unemployed. Unemployment payments are not really “benefits;” they are insurance payments. As with any other form of insurance, a lot of people pay premiums and - luckily - never need to file a claim.
- It is not FAIR to imply that unemployed people don’t work by choice. A few paragraphs ago this article tried to blame President Obama because there have been fewer jobs available. If that is the author’s position, how can the author blame people for not having jobs that don’t exist? That’s not only not FAIR, it shows the shallowness of the arguments.

Is it fair that those who took out responsible mortgages and pay them each month have to see their tax dollars used to subsidize those who acted recklessly, greedily and sometimes deceitfully in taking out mortgages they now can't afford to repay?

- It is not at all FAIR that deregulation created incentives for people on both sides of mortgage transactions to behave irresponsibly.
- In general, though, it is FAIR to say that the majority of the causes for the crisis were not due to the behavior of most homeowners. [HUD’s report](#) on the subject cites deregulation, lack of systemic lending oversight of ratings agencies, deterioration in underwriting controls, and profits from subprime loans as the main causes.
- It is also not FAIR that millions of people lost their homes, and others saw their retirement savings and home values negatively affected due to the follies of the securities and lending industries, while the big banks and financial wizards who were behind the disastrous policies suffered few penalties.

Is it fair that thousands of workers won't have jobs because the president sided with environmentalists and blocked the shovel-ready Keystone XL oil pipeline?

- It is FAIR that the President of the United States look at all aspects of an issue before making a decision.
- It FAIR that the environment is one of the legitimate issues considered.
- It is also FAIR to tell the truth about how many jobs are at stake. Despite some wild estimates in the tens of thousands, an independent report from Cornell University estimates that only 500-1400 temporary jobs would be created. Read an analysis of the various estimates [here](#).
- Finally it is not FAIR to suggest that the matter is closed. President Obama has not made a final decision on the subject and when he does, we can be sure he will take all valid information into account.

Is it fair that some of Mr. Obama's largest campaign contributors received federal loan guarantees on their investments in renewable energy projects that went bust?

- It is FAIR that individuals and companies whose work aligns with national priorities be considered for, and granted access, to federal programs in a transparent manner.
- It is FAIR that some of these companies contribute to political campaigns of their choosing and that these gifts are also transparent.
- It is not FAIR to expect all new technologies to succeed immediately. Most people know it took Thomas Edison thousands of tries and many years to get the light bulb perfected.

Is it fair that federal employees receive benefits that are nearly 50% higher than those

of private-sector workers whose taxes pay their salaries, according to the Congressional Budget Office?

- It is FAIR that federal employees have been represented by unions who, through the collective bargaining process, have secured pay and benefits that fairly balance the needs of the employer (the government) with the needs of the employees.
- What is not FAIR is to use private sector numbers as a benchmark when private sector employers continue to [shift the costs](#) of benefits to their employees, negatively affecting those employees' pay.
- It is also FAIR to point out that benefits packages are correlated to employee satisfaction and length of tenure. Recruiting and hiring people is expensive. The short-sighted trimming of benefits in the private sector has led to an average of [36% turnover per year](#). This compares with government employees who stay in their jobs an average of just [over ten years](#).

Is it fair that soon almost half the federal budget will take income from young working people and redistribute it to old non-working people, even though those over age 65 are already among the wealthiest Americans?

- It is FAIR that our country provide a system that ensures people who have paid into the Social Security and Medicare systems benefit from their contributions.
- It is FAIR to ensure the system works for both those younger workers paying into it and those whose decades of contributions now bring them to the point of drawing their benefits. Therefore, Social Security must be preserved for all workers.
- It is not FAIR to mislead the public about who the “non-working people” are. They are mostly children, people who are disabled, and senior citizens - many of whom live in poverty.

Is it fair that in 27 states workers can be compelled to join a union in order to keep their jobs?

- It's FAIR that states make laws that protect the rights of workers, evening the playing field between large companies and the individuals who work for those companies. Some states have chosen do that by allowing a closed shop. It's within those states' rights to do that.
- What isn't FAIR is hearing opponents of certain laws (like this one) harp about the unfairness of the state laws when they will be quick to defend the fairness of states' rights in most other cases. States can use their rights to make laws you disagree with sometimes. That's just how it works.

Is it fair that nearly four out of 10 American households now pay no federal income tax at all—a number that has risen every year under Mr. Obama?

- What is not fair is that most of these households - made up of poor/unemployed, working poor, disabled and senior citizens - are able to [make so little money](#) that they fall below the minimum for paying income tax. Most of these people are still paying a [higher percentage of their income in various taxes](#) than Mitt Romney though. The number has risen under President Obama due to the crushing weight of the recession he inherited from Mr. Bush and its effect on employment, poverty, and home ownership. It is not FAIR to keep blaming the fireman (President Obama) for the fire itself.

Is it fair that Boeing, a private company, was threatened by a federal agency when it sought to add jobs in a right-to-work state rather than in a forced-union state?

- It is FAIR that all companies be held accountable for following the laws of our country. Since the 1930s workers have cherished the right to strike, and companies are not allowed to punish employees for doing that. Boeing's action seemed a little too much like punishment for exercising a lawful right, and the company was held accountable for that. Seeing the wisdom of returning to the bargaining table, workers and Boeing managed to agree on a deal both sides could agree was fair. The law worked to keep the playing field fair.

Is it fair that our kids and grandkids and great-grandkids—who never voted for Mr. Obama—will have to pay off the \$5 trillion of debt accumulated over the past four years, without any benefits to them?

- Every generation is both blessed with, and cursed by, the legacies of their forebears. That is simply how it is - it's neither FAIR nor unfair.
- To imply, though, that the accumulated debt is President Obama's fault is UNFAIR. Many factors - and Presidents - have contributed to the debt. The debt accumulated over the past four years occurred because of the Great Recession, tax cuts and unfunded wars inherited from President Bush.
- President Obama continues to employ policies that:
 1. put Americans back to work
 2. fortify our nation's economy, major industries, and infrastructure
 3. strengthen our education systems and
 4. ensure the systems that Americans have paid for are there for them when they are needed.
- President Obama is also ensuring the United States remains both dominant and just on the global stage. He is fighting to make sure our country is always full of promise for the next generation. It will be FAIR to judge him on those things after eight years in office.

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