

Funding the Future

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David Cay Johnston, a top U.S. tax writer, has left Tax Analysts for [Reuters](#), leaving with a superbly thoughtful piece entitled [A Cosmic Visitor's Take on Tax](#). He poses the question of what extraterrestrials would make of earth taxes, and comes up with something that everyone is urged to read. Written quite strongly from a U.S. perspective, it is full of quotable quotes and insights, some of which we'll reproduce here.

First, credit where credit is due. From the end of the article:

"In my 44 years as a journalist, no set of editors I worked with have proved themselves to be as dedicated to open debate, and fearless, as the people at Tax Analysts. My work has brought threats of ruinous litigation from highly paid bullies. The Tax Analysts editors never flinched. "

Hats off to them. Now onto the substance of the tax discussions. He puts the reader in the position of being a researcher from another planet, who has to identify the biggest common enterprises first, then work your way down.

What is the biggest human enterprise? Industry? Digital activity? Military? Healthcare? Food production? No, the biggest enterprise, by far, is tax. Tax accounts for close to 30 percent of economic activity in the United States, 40 percent or more in much of the modern world, and in some countries more than half the economy.

Indeed. (Some stats for OECD countries, for instance, are [here](#).) He makes some well-founded observations, though without ascribing causation, such as this:

"The countries with the highest overall taxes tend to be better off and report the highest degree of happiness, but there is a global trend to reduce taxes."

. . . and creates a nice visual image:

"Imagine your report back to the home planet includes hologram-type three-dimensional images of Earth, virtual globes with spikes and valleys to show the contours of economics. The world of wealth would include vast flat expanses -- Africa, Siberia, large parts of Australia and Brazil -- and lots of spikes at Bermuda, the

Caymans, and cities like London, Beverly Hills, Calif., Zurich, and Monaco. Lower Manhattan would be a sharp spike rising far above the planet, while vast areas of Appalachia, the South, Midwest, Rockies, and the western parts of New York state would be mostly flat.

then posits a similar, parallel hologram of where taxes are actually paid.

Even if the globe scales were proportional to global shares, the tax globe would not rise nearly so high in its spiked places.

The Caymans and Monaco would be spikes on the wealth globe, flat on the tax globe, although both would be flat on a third virtual globe showing population.

then a stirring historical look at his own country:

America with all of its greatness, its freedoms, and its potential, is, like democracy itself, the child of tax.

Two centuries of debate and thoughtful consideration by the ancient Greeks gave us the moral basis for progressive taxation and, in turn, the radical ideas that people could govern themselves and that just because a man had money he was not entitled to a larger voice in the body politic.

Seven years under a central government without the power to tax or regulate commerce destroyed the first American republic and created the need for the second, with its strong powers of tax and regulation.

We are abusing our child -- which is to say we are abusing America -- with all of the hate-filled, nonsensical, demagogic talk about tax that dominates one of our political parties and intimidates the other.

We spread tax illiteracy, with no regard for how it undermines America, the liberties of the people, and the very idea of self-governance. If you doubt that, just remember the total disconnect between what the Boston Tea Party was about and what modern Tea Partiers say is their cause.

There's plenty more in there, but we'll finish this blog with this note:

"Tax is not a pleasant subject and never will be. Neither are the responsibilities of child care, like calming bedtime fears about imagined monsters lurking in the shadows. Parents who perform these duties, showing their love by their actions, make for productive adults, while those who shirk the unpleasant realities of parenting often discover what a nightmare a child can grow up to become."

More for our [quotations page](#). We look forward to a productive stint from this great (and Pulitzer-winning) tax journalist in his new career at Reuters.

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