

Talking about Taxes in Tea Party Times

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Marcia Kinsey – mkkinsey@demos.org
Public Works: the Dēmos Center for the Public Sector
www.publicworkspartners.net

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Today's discussion

- Where we are today
- Impact of Stereotypes/Stories
 - Government
 - Economy
 - Taxes
- Strategies for New Stories
 - Examples of Talking about Taxes

Public Works: the Dēmos Center for the Public Sector

Public support for a
government dedicated
to the common good
and empowered to
address the challenges
and opportunities of
the 21st Century.



Where we are today . . .



We must lower the heavy tax burden that prevents businesses from investing in facilities and payrolls and instead forces them to consider relocating to tax-friendly states like South Dakota or Texas. Repealing job-killing tax increases will unleash our employers to hire new workers. We must lower the tax burden for all individuals and job creators.

--Scott Walker
Incoming Governor, Wisconsin

At a time when America is facing economic crisis, Congress should be looking for ways to stimulate our economy through sound, responsible economic development policies. Allowing these tax rates to increase will only hurt our ailing economy by taking more money out of our families' wallets.

-- Excerpted from "Extend tax cuts to all Americans"
Rep. Phil Roe
<http://thehill.com/blogs/congress-blog/economy-a-budget/131453-extend-tax-cuts-to-all-americans-rep-phil-roe>

- Recent Polls tells us that Americans...**
- ... distrust government.
 - ... think it's too big and doing too many things.
 - ... don't see how it benefits their lives (even when it has)
 - ... believe state government could spend less and still provide the same level of services.

But,..... they (still)

- are split on whether they prefer more services/higher taxes.
-believe programs are important.

And, they are worried about consequences...
And, they are willing to pay more taxes to maintain funding for public schools and health and human services. (Source: Pew, Oct 2010)

The Tax Reform Knot

- **Government**
- **Economy**
- **Taxes & Budgets**



Government Stereotypes
Economic Illiteracy
Budget & Tax Disconnect



The Tax Reform Knot

- **Government**








New Stories

		
Mission & Purpose	Systems & Structures	Citizen-Thinking
<i>... our tool for solutions & the common good ...</i>		

Dominant Stories

		
Just Politics	Bureaucracy	Vending Machine
<i>...can't solve anything ...not my responsibility</i>		

The Tax Reform Knot

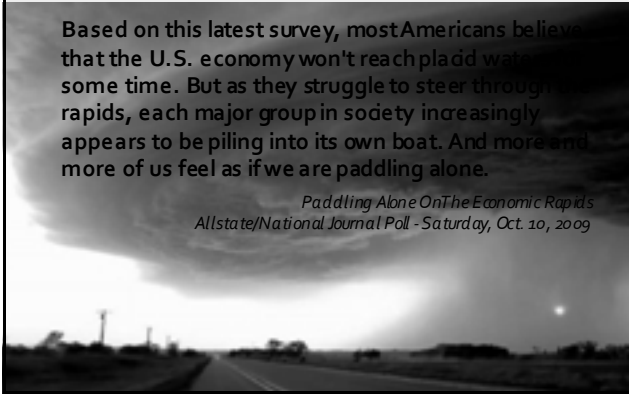
- **Economy**



A "Natural Economy"

Based on this latest survey, most Americans believe that the U.S. economy won't reach placid waters for some time. But as they struggle to steer through the rapids, each major group in society increasingly appears to be piling into its own boat. And more and more of us feel as if we are paddling alone.

Padding Alone On The Economic Rapids
Allstate/National Journal Poll - Saturday, Oct. 10, 2009



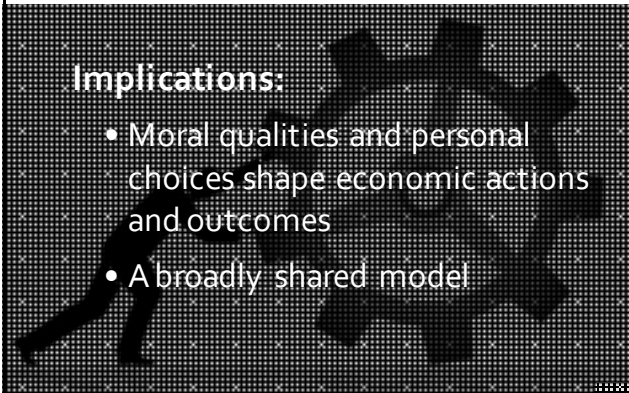
Deeply Suspicious of Government's Role



The Individual Actor Economy

Implications:

- Moral qualities and personal choices shape economic actions and outcomes
- A broadly shared model



New Economy Stories

- The economy is man-made and intentional.
- Systems & Structures affect outcomes.
- Everyone's interests are connected and interdependent.
- The economic wellbeing of average people matters.
- Government's role is fundamental and proactive.

The foundation of our economy rests on the health and stability of our public systems and structures. Economic activity depends on our transportation systems, energy and communications grids and it is supported by the courts, the postal system and our educational institutions. Business activity and private enterprise would be impossible without these essential public functions. America's strong investments in public structures in the past have been the keys to building our economy, creating jobs and paving the way for innovation.



The Tax Reform Knot

- Taxes & Budgets

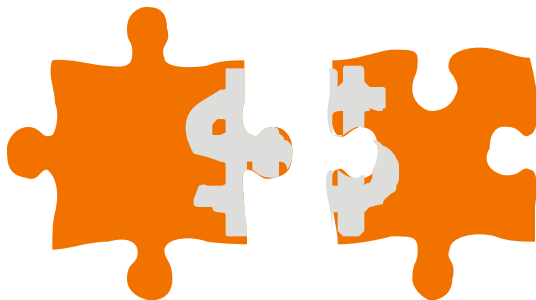


"Legitimacy and a steady source of revenue provide the twin foundations of any enduring government."

- Marjorie E. Kornhauser - "Legitimacy and the Right of Revolution: The Role of Tax Protests and Anti-Tax Rhetoric in America"

Tax Debates are Government Debates

- Tax Revolts and their overheated rhetoric transform government from “we the people” into “them,” the “other” – the taker of our money.
- Getting back to Government as “us” - as our tool for getting things done - is essential to winning on taxes.



Taxes have become disconnected from their purposes.

Dominant images of Government have a direct influence on attitudes about Taxes





Consumerist thinking dominates and is easily triggered

But when we try to talk about revenue and funding for public services . . .

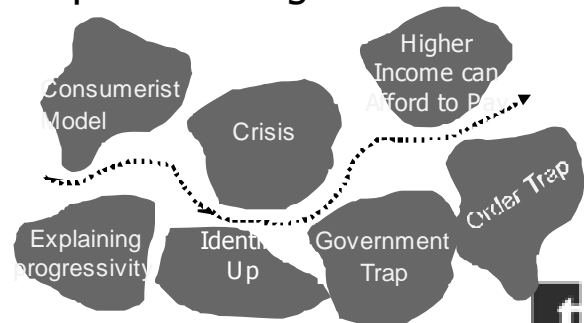
Living Within Our Means



- shared “common sense”
- a powerful folk model
- just as familiar to Democrats as Republicans

Overcoming this main obstacle – so that people don’t reflexively judge situations and proposals against this misguided yardstick – is one of communicators’ chief challenges.

Traps in Talking about Taxes



12/7/2010

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Living in the Consumerist Model

We all need to remember the many benefits we receive from the taxes we pay. Every dollar we spend in taxes actually comes back to us multiplied in many ways through the public services we use every day. Our tax dollars are actually good investments in our own economic future.

A Standard Budget Crisis Narrative

The proposed budget cuts will leave thousands of the most vulnerable among us without the critical government services they need to live, work and thrive. The reason we are in this situation is because our tax system lets the wealthy and big corporations off the hook. We need to restore these budget cuts and increase taxes on those who are not paying enough today.



The Trouble with Fairness



Focusing on who can afford to pay

Our tax system should be **progressive**. Higher-income taxpayers can afford to pay a greater share of their income than lower-income taxpayers.



Income Tax - 1878

The Morality of Reward & Punishment

"Here's the problem with fairness: Fair is never really fair. In order to put everyone on an equal footing, you have to take from one group to give to the other. That means penalizing those who excel, those who have put forth the most effort, those who often have made the biggest sacrifices and taken the biggest risks, and rewarding those who have done the least. It sends the message that achievement will be punished while apathy will be praised. That's hardly the spirit of innovation that built this nation, and it's not the kind of attitude that will continue propelling it forward through the 21st century."

<http://www.tindog.com/2009/07/28/the-problem-with-fairness/>

Identifying Up

"Most Americans strongly believe in working hard and moving up the ladder of success. They "identify up" with people more rich, famous, and lucky than they, rather than "identifying down" with people more poor, obscure, and unlucky."

12/3/2010 The Chauffeur's Dilemma
<http://motherjones.com/print/124422/5>

The Trouble with Fairness

- Eye of the Beholder
- Self-Interest and Consumerist Thinking trump
- Its about the Tax, not the Purpose
- Drives people to simple, equitable-sounding solutions - sales tax /flat tax
- Default – “taxes are inherently unfair”

Wealth does not Just Happen

Our public systems – which our taxes create and sustain – empower wealth in myriad ways:

- The legal system protects intellectual property and contracts.
- Public infrastructure facilitates the movement of goods and services.
- Tax-supported financial systems enable to access capital markets.
- Employees are educated in public schools and universities.
- Tax-funded research develops innovations and new technology.
- Trade laws protect the sale of products abroad.

As Warren Buffet famously observed, he likely couldn't have achieved his financial success had he been born in a country with no banking system and no stock market.

Adapted from Hidden Truths of Progressive Taxes, Lakoff & Budner, April 16, 2007

Navigating Fairness

- Take a practical, management stance (what is the best tax structure to run a modern state).
- Make it about the tax “structure” or “system” not “greedy people and corporations.”
- Try using terms like “upside down,” or “out of balance,” instead.
- Find ways to turn attention to the investments in public systems & structures that make wealth and economic success possible.

How do we explain the need for fair taxation?

**What are some other reasons—
besides fairness—to support...**

- ...increased progressivity in income tax?
- ...circuitbreakers?
- ...closing loopholes?

The Challenge Remains the Same

We must help Americans reconnect the dots between the shared goals and desires they have for their communities and the public tools and resources necessary to achieve them.

**What kind of state do
we want to live in?**



Values and Purposes

- Lead with Common Good Values and Objectives to set up tax conversations
- Focus on Shared Priorities and Goals for the Future to reconnect Taxes to Purposes
- Always Connect Taxes to Budgets – as mechanisms for achieving goals and priorities

Systems & Structures

- Connect the dots between the public systems and structures that underpin our quality of life, and the revenues from taxes that keep those systems functioning now and into the future.
- Take a pragmatic manager stance – taxes as tools




**Putting
it all
Together**

Civic Thinking

- From taxpaying consumers to “civic-minded” stewards of communities
- Taxes as our shared exchange with the future
- We all benefit when we support the public goods that create community wellbeing and a healthy economy
- Transparency and Participation

A Bigger Story

The quality of life we enjoy in our state is directly connected to the public structures we have created over many decades. Our parks, community colleges, social services and infrastructure are what make our communities good places to live and work. The proposed cuts to state programs and services will undermine the public systems we rely on every day. It is time to focus on finding new revenue to keep our state functioning well, now and into the future.



Vote No Question 3.com

Thank you for your support.

WHAT YOUR VOTE WILL DO

A YES VOTE would reduce the state sales and use tax rates to 3%.

A NO VOTE would make no change in the state sales and use tax rates.

ARGUMENTS IN FAVOR: Last year, the State Legislature and Governor Deval Patrick raised the sales tax to 6.25%. Thousands of people lost their jobs. Your YES vote rolls back the sales tax to 3% and creates 32,500 productive, sustainable jobs - gives back an average of \$650 - every year - to each taxpayer

- saves Northern Massachusetts fiscal businesses and jobs by keeping shoppers here - instead of driving them to New Hampshire's 3% sales tax
- attracts shoppers from Rhode Island, Connecticut, Vermont and New York
- saves tens of 3% from \$2 billion in total state government spending. It does NOT reduce spending for cities and towns, police, firefighters, schools, roads - NOR any essential services. Not a dime.

Vote YES to reduce:

- Government Waste
- Bureaucracy
- Sweetheart Deals for rich corporations
- Union-related plush pensions that give government employees full retirement pay as early as age 55.

Vote YES for fiscal responsibility and responsibility-needed JOBS.

Authored by: **Carla Heastl**
Alliance to Roll Back Taxes

ARGUMENTS AGAINST: The sales tax helps pay for things we all value and rely on. We all want good schools, police and fire protection, safe roads and bridges, clean water and quality health care. Cutting the sales tax by more than half will prevent us from achieving these goals on time. Our communities rely on local aid to pay for schools, public safety, and emergency services. Local aid has already been cut by 25 percent in the last two years, forcing communities to reduce services. The proposal would result in further cutbacks.

The proposal would take away \$2.5 billion in state revenue. This is about half the total amount the state needs to our communities each year to help pay for public education.

The recession has forced communities to reduce services. We cannot keep cutting without doing lasting harm to our schools, health care and the services that strengthen our communities.

Authored by: **Jessica Blum**
MA Coalition for Our Communities
20 Auburn Place
Boston, MA 02108
617-678-8237 www.votequestion3.com

3 QUESTION 3: Law Proposed by Initiative Petition

Sales and Use Tax Rates

On your approval of a law concerning sales and use tax rates and rates by the Senate or the House of Representatives before May 1, 2011.

SUMMARY This proposed law would reduce the state sales and use tax rates (which were 6.25% as of September 2008) to 3% as of January 1, 2011. It would make the same reduction in the rate used to determine the amount to be deposited with the state Commissioner of Revenue by non-resident building contractors as security for the payment of sales and use tax on tangible personal property used in carrying out their contracts. The proposed law provides that if the 3% rates would not produce enough revenues to satisfy any built-in pledge of sales and use tax revenues in connection with any bond, note, or other contractual obligation, then the rates would instead be reduced to the lowest level allowed by law. The proposed law would not affect the collection of monies due the Commonwealth for sales, storage, use or other consumption of tangible personal property or services occurring before January 1, 2011. The proposed law states that if any of its parts were declared invalid, the other parts would stay in effect.

WHAT YOUR VOTE WILL DO

A YES VOTE would reduce the state sales and use tax rates to 3%.

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Linked Taxes to Purposes

Vote No Question 3.com

We all want good schools, police and fire protection, safe roads and bridges, clean water and quality health care. Cutting the sales tax by more than half would deprive our communities of the revenue to pay for them.

Good Choice of Messengers



Areas to Tweak

Just politics

"They're at it again. Carla Howell & Friends at the Committee for Small Government have qualified another anti-tax question for the November ballot..... These are the same people who brought us Question 1 in 2008, the initiative – which the voters sensibly defeated – to repeal the state income tax."

---Vote No on 3 Campaign Flyer

Pocketbook economics

"When we move beyond the idea that spending \$15 in taxes on a new \$500 TV is far better than spending \$31.25, the justification for voting against the sales tax rollback is a far more profound. Bringing the sales tax back to 3 percent will save that TV buyer \$16.25. What it will cost the state, however, is unacceptably high."

--Editorial: Vote No on Question 3, Nov. 1, 2010. Wicked Local.com Somerville Journal

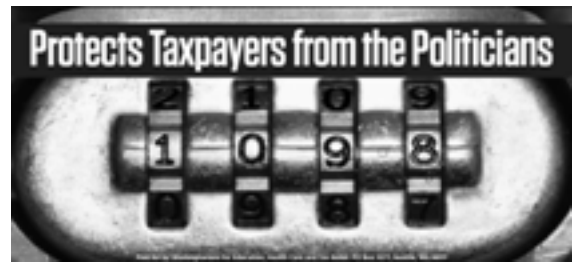
The Shared Value of Public Systems

- Protection
- Community well-being
- "... the things we all depend on ...
- We cannot keep cutting without doing lasting harm to our schools, health care and the services that strengthen our communities.



“Our economy isn't metaphorically like an ecosystem, it is a literally an ecosystem. And to argue that we would be better off by limiting government, because if we do it will promote business, is precisely like arguing that we will have more animals if we limit plants. It is exactly like it. In every ecosystem that you will find on Earth, you will find that the more plants there are the more animals there are, and vice versa. They are inextricably intertwined. And in every economy on Earth where you find a robust, prosperous, growing economy, you will find an equally robust, growing public economy because these things are in symbiosis, and you can't have one without the other.”

Nick Hanauer - <http://www.techflash.com/seattle/2010/11/nick-hanauer.html>



Bill Gates, Sr.

“Our current tax structure is incapable of producing the funding needed for world-class education and health systems.”

“I-1098 invests in the most important ingredient in the private economy—our children and the intellectual ability of our people .”

“I-1098 adds a modest income tax on those of us who have benefited the most from all our state offers. “

Need
1
reason to
vote this
Election?
We've got
1098



- **Maybe it's the \$2 billion politician-proof education and healthcare trust fund.**
- **Or the 20% state property tax cut.**
- **Or eliminating the B&O tax on small businesses.**
- **Or the fact that 99% of Washingtonians won't pay the income tax...and how that can't be changed without a vote of the people.**

"No Vote" -- Pro-Middle Class

"The voters overwhelmingly agreed that this tax would likely be expanded," said Scott Stanzel, Defeat 1098 campaign manager. "The fundamental issue in this fight was that people didn't trust the politicians to not expand it to them." "thebattleofthe billionaire"

"Yet we should be careful not to take the wrong lesson from the vote. This was not a vote supporting the wealthy—it was a vote against taxing the middle class." —Wall Street Journal Blog..11/3/2010

1. Organized around a bigger story;



2009: \$4.6 Billion Shortfall



"We are the future of this state's economy and we are worth it."

2. Spoke to what was best for economic recovery and growth



"Studies show that raising taxes are a better option for the economy than spending cuts. It keeps the money flowing through the economy. Government is a primary spender. And, if people aren't spending, then government has to. During a recession, working families are hurting the most. ...This isn't the time to retreat from public investments that have worked so well.. It's time to reinvest in those communities...."

3. Highlighted a range of public services

"It's about preserving the public investments that keep our communities safe,"

Kelvin Spragley associate executive director of the NC Association of Educators.

Rallies with teachers, speech therapists, students, Chamber of Commerce, preachers, librarians, foster care advocates, AARP, children's advocates.....

Areas to Tweak

Crisis Stories

"With these budget cuts, we are going to have people on the streets."

Taxes as Lead Story (sometimes)

"Raise our Taxes"

"Nonprofits want Taxes"

4. Actually Talked about Taxes. (and the need to modernize the tax system).

North Carolina needs a revenue system for the 21st Century. Not the 1930's.....

North Carolina can reform its tax system by greatly reducing exemptions and loopholes, leveling the playing field for taxpaying households and businesses, and ensuring adequate revenues to support the state's vital public structures.

North Carolina Justice Center
Equity and Progress for All

Blueprint NC

TOGETHER
NC

Facing a budget gap of \$4.6 billion . . . state lawmakers chose to close the gap with a balanced approach that relied . . . on spending reductions (net of \$1.7 billion), revenue increases (\$1 billion), and federal assistance from the American Recovery and Reinvestment Act (\$1.4 billion).

- North Carolina Budget & Tax Center

Talking about Taxes

"Money and Whose Money"	Reconnecting Taxes to Purpose
Leads with taxes	Leads with goals, shared priorities
Limits the reason for reform to fairness.	Makes the case for practical tax structure – one that meets the needs of a modern state
Triggers consumerist thinking – your money and how it's spent	Focuses on Citizen Thinking – taxes as our tools for achieving common goals and purposes.
Narrows focus to who pays, who doesn't	Focuses on how we all benefit – taxes support the foundation of all economic success
Focuses on winners and losers	Focuses on systems and structures
Discusses the "money" aspects of taxes	Creates sense of taxes as tools
Taxes as the sole subject	Taxes as part of making budgets and setting priorities



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"... A talent for speaking differently, rather than for arguing well, is the chief instrument of cultural change....."

- Richard Rorty



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