The book is written for the average citizen, and it has three purposes:

First, promoting a familiarity with the fundamental issues affecting the growth of the U.S. economy;
Second, exploring the policies of the 2012 presidential candidates, President Obama and Governor Romney, on these economic growth issues; and
Third, helping the reader appreciate how economic growth can impact personal investment decisions.

To facilitate an understanding of the complex issues affecting U.S. economic growth, the book is written in question and answer format.

The following excerpt from Chapter 18, which deals with tax policy, briefly addresses (1) the Class War issue in the current tax debate, (2) the brainwashing of the “no tax increase” Grover Pledgers, including Governor Romney and Congressman Ryan, (3) the potential de-brainwashing of the Grover Pledgers, and (4) the constitutionality and legality of these pledges. The excerpt is based in part on Samuel C. Thompson, Jr. Beyond the “Buffett Rule” Making The Income Tax More Progressive, 133 Tax Notes 705 (Nov. 7, 2011).

A. Is a “Class War” being waged against middle and low income taxpayers?

Many on the right assert that those who propose progressive tax measures, like the ones advanced by President Obama and Warren Buffett, are engaging in class warfare. For example, Chris Mathews, the host of MSNBC’s Hardball, recently described these charges as follows:
Now conservatives are going after the poor, saying they need to be taxed more, while asking the rich to contribute nothing, all the while charging Obama with engaging in class warfare.1

Warren Buffett has shown the irony in this claim: "There's class warfare, all right, but it's my class, the rich class, that's making war, and we're winning."2 The fact that the only OECD countries with a "Revenue to GDP" ratio lower than the U.S.'s ratio are Turkey, Chile, and Mexico is confirmation of Mr. Buffett’s observation.

A good illustration of the manner in which many in the “Rich Class” are attacking the poor in this country is an August 22, 2011 Wall Street Journal critique of Buffett and Obama by Harvey Golub, the former Chairman and CEO of American Express and a member of the executive committee of the conservative American Enterprise Institute. Golub argues:

Almost half of all filers pay no income taxes at all. Clearly they earn less and should pay less. But they should pay something and have a stake in our government spending their money too.3

This may seem like a sensible proposal, but the facts behind the claim actually support the policies of Buffett and Obama. First, the “half of all filers” Golub seems to be referring to are individuals and families with very low incomes. For example, for 2010, a single individual without children could begin paying income tax after making more than $9,350 of gross income.4 Second, virtually all of these “filers [that] pay no income taxes at all” pay significant Social Security and Medicare taxes even though many of them will not live long enough to collect Social Security or get medical treatment under Medicare. Thus, they have a very big “stake in our government.” Third, the fact that half of all filers have such small taxable incomes evidences the level of poverty in this country.

Fourth, in 2000, the last year Golub served as CEO of American Express, he made over $4,000,000 in salary and bonus, not including his long-term compensation, such as stock options.5 Thus, when he was working in 2000, Golub made, in salary and bonus, more than $15,000 for every work day in 2000. Given this figure, his single work day income was nearly twice the income level at which a single taxpayer had to begin paying income tax on his or her 2010 taxable income. Yet, Golub claims that these non-paying poor should be paying something while he should not be paying any more.6 Golub's position is an illustration of the absurdity of

3 Golub, My Response to Buffett and Obama, infra Bibliography.
4 For 2010, the deduction for the personal exemption was $3,650 and the standard deduction was $5,700 giving total deductions of $9,350. Thus, for that year, unless a single person without children earned more than $9,350, such person would not owe any tax. See IRS Instructions for Form 1040 for Tax Year 2010, available at www.irs.org.
6 On his objection to paying more taxes, Golub says:

Over the years, I have paid a significant portion of my income to the various federal, state and local jurisdictions in which I have lived, and I deeply resent that President Obama has decided that I don’t need all the money I’ve paid in taxes over the years, or that I should leave less for my children and grandchildren and give more to him to spend as he thinks fit. I also resent that Warren Buffett and others who have created massive wealth for themselves think I’m “coddled” because they believe they should pay more in taxes. I certainly don’t feel “coddled” because these various governments have not imposed a higher income tax. After all, I did earn it.

Golub, My Response to Buffett and Obama, infra Bibliography.
the arguments being made by some of those fighting in the class war on behalf of the “Rich Class.”

This class war is not new; it has been vigorously pursued on behalf of the “Rich Class” over the past 30 years or so, as many conservatives fight to reduce the contribution the “Rich Class” makes to the government. As Buffet says, there has been open and obvious class warfare by many in the “Rich Class” against poor and middle-income Americans.

Now, to be sure, as Buffett shows with the proposal in his Coddling the Rich article, not all members of the “Rich Class” are fighting this class war. However, others, such as Steve Forbes, the wealthy publisher of Forbes magazine, certainly have been engaged in the fight.

For example, in the early 1990’s, Steve Forbes was running for president on a flat tax plan, a plan that would have dramatically reduced the progressivity in the Federal income tax. An analysis I did of his plan at that time, showed that if he had been successful in getting elected and enacting the flat tax, the tax savings he would have personally received from the enactment of the flat tax would have exceeded the substantial personal funds he was spending on his election. The point is that Steve Forbes has a personal monetary stake in promoting a flat tax; that is, he has a conflict of interest when he argues against progressivity. On the other hand, Warren Buffett has nothing to gain monetarily in arguing for a more progressive tax system.

A fundamental principle of the common law is that actors who have a conflict of interest should be dealt with cautiously. Following this principle, the public should be particularly circumspect when considering the arguments made by Steve Forbes, Golub, and others who have a significant monetary stake in the outcome of the progressivity debate.

B. Are Grover’s Pledgers, including Governor Romney and Congressman Ryan, brainwashed?

One of the Generals on the side of the “Rich Class” is Grover Norquist, the President of Americans for Tax Reform (ATR), “a taxpayer advocacy group he founded in 1985, presumably at President Reagan’s request.” The ATR Web site explains:

ATR is a coalition of taxpayer groups, individuals and businesses opposed to higher taxes at the federal, state and local levels. ATR organizes the TAXPAYER PROTECTION PLEDGE, which asks all candidates for federal and state office to commit themselves in writing to oppose all tax increases. In the 112th Congress, 236 House members and 41 Senators have taken the pledge. On the state level, 13 governors and 1249 state legislators have taken the pledge.

Although I recently learned that both Governor Romney and Congressman Ryan have signed this pledge, I wrote this and the next question before knowing this.

What about the Pledge of Allegiance to America? How could a congressman or senator make a pledge to Grover Norquist to “oppose all tax increases?” As one who had the privilege of serving this country as a Captain in the Marine Corps during the Viet Nam War, it is my opinion that these “Grover pledgers” have in substance converted the Pledge of Allegiance to America into a pledge to “one nation under Grover, indivisible, with liberty and justice for the Rich Class.”

The irony here is that many of these pledgers, particularly those in the House of Representatives, are acting against the best interest of themselves and their families. Many of

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8 Id.
the Grover pledgers are middle-income taxpayers who come from middle-class families. For a person to sign a pledge to work against his or her own family’s self-interests is the height of either ignorance or deceitfulness.

But Grover Norquist and the other Generals for the “Rich Class” have done an effective, though nefarious, job in “brainwashing” many of these pledgers. Grover Norquist has transformed them into foot soldiers in the class war many in the “Rich Class” are waging with a vengeance against the poor and middle class.

C. Can the brainwashing be reversed?

Indeed, a war is being waged, but it is important to remember that in any war, battles ebb and flow. As Buffett points out, recently the victories have gone with the “Rich Class,” but these victories have come from deceit and the brainwashing that has led middle-income congressmen to act against their own and the country’s best interest. Granted, Grover Norquist and the other Generals in the army of the “Rich Class” have been effective at brainwashing many congressional leaders; however, as we know, brainwashing can be reversed.

I am confident that the battles in this war, which may never end, will turn against the “Rich Class” as long as those like Warren Buffett and President Obama (1) continue to educate the public on the devious tactics and flawed logic employed by the Generals for the “Rich Class,” and (2) push for sensible policies that will both (a) increase the progressivity of our tax system, and (b) move the U.S. away from Mexico’s Revenue to GDP ratio and towards the average ratio for OECD countries. In fact, there is recent evidence that the reversal of the brainwashing may be beginning. For example, a July 6, 2012 article in the Huffington Post entitled Grover Norquist Pledge Against Taxes Attracts Fewer Republican Candidates, explains that Republican House member Scott Rigell of Virginia has said: "My advice and counsel to [Republican House candidates] would be to not sign the Americans for Tax Reform pledge."

D. Are there potential constitutional and legal issues with these pledges?

In addition to the concerns expressed above regarding Grover’s Pledgers, as pointed out in a draft article entitled Pledge Allegiance to Grover Norquist and the Americans for Tax Reform, Steve Anderson addresses the following constitutional and legal issues with these pledges:

First, there are constitutional considerations that elected representatives should account for. Primarily, signing a pledge like the ATR Pledge may conflict with the oath of office that Senators and Representatives are required to take and the duty of loyalty that Senators and Representatives owe their constituents. In addition, signing a pledge like the ATR Pledge may interfere with the public’s First Amendment right to petition the government. Finally, by allowing Americans for Tax Reform to interpret the ATR Pledge and determine what may be a tax increase, Senators and Representatives are delegating their legislative duties to a third party, violating the non-delegation doctrine. In addition to these Constitutional concerns, elected officials need to consider whether the structure of these pledges implicate Federal bribery statutes.9