


## Can't Wait 'Til Tax Day!

*It's a heretical thought, but would people pay more taxes if they could designate where a portion of their money went?*

 dropped a check for \$800 in the mail, and I had no idea where my money was going.

Well: I knew that it was headed to the U.S. Treasury, and that, eventually, it would be spent by the federal government. But that was all I knew. This was last year, the first year in which the IRS didn't grant me a refund, but instead required me to write a check. Of course, I'm a liberal who had never bristled at the notion of paying taxes, considering it a social duty on par with loving your parents and, later in life, providing for your children. Even today I'd have little complaint about paying more taxes. Yet coming face-to-face with the unaccountable leviathan popularly referred to as the U.S. tax system was a revelatory experience. I had made what was, for me at least, a not insignificant contribution to the federal government. But judging by the government's response, I might as well have thrown my money away.

Access to an incredible array of goods and services, not to mention the right

---

ETHAN PORTER *is the managing editor of* Democracy: A Journal of Ideas.

to live in a well-ordered, prosperous society, is what you get in exchange for paying taxes. The federal budget totals between \$3 and \$4 trillion a year, covering national security, Social Security, and everything in between. I get this. And most Americans, I imagine, have a similar understanding—they know that, even when it's spending \$30,000 on a toilet seat, the federal government is doing *something* with their money. They just don't know exactly what.

It doesn't have to be this way. When I return a movie to Netflix, the company e-mails me to let me know when it has received the film. And when I purchase almost anything—any good or service—I am provided with a receipt, which shows not only proof of purchase but also documents what, precisely, I have bought. Yet I didn't know that the Treasury had received my money until the check cleared my bank account. And I was never provided with a receipt documenting what I had received in exchange for it. It's often said that our government is stuck in the twentieth century; in this area, at least, that complaint would be charitable.

For too many, government is either an abstract notion or a source of irritation; you either can't understand what it's spending your money on or it's wasting it altogether. As a result, feeling disconnected from their government, people tend to turn on, tune in, and drop out—witness our comparatively low voter participation rates, or people's befuddlement when asked their opinion of the federal government. A Gallup poll last year reported that almost half of Americans rate their federal agencies as "neutral," which, it reported, "could be a reflection of Americans' ambivalence or an indicator that Americans haven't had enough experience with a federal agency to rate its overall performance." And without the check and the balance of an active public, government performance suffers.

A vicious cycle is born, turning people's distance from government into a reason for disengagement, which in turn causes poor performance—which only pushes the government back further, and justifies the initial disengagement. Accountability, traditionally the *idée fixe* of democracy, is undermined. And the progressive project, which trumpets an affirmative vision of government, is devastated.

**“W**e are telling the government, ‘Screw you!’” Howard Jarvis, tax rebel extraordinaire, exclaimed to reporters. The year was 1978, and Jarvis's beloved Proposition 13 was on the fast track to passage as a ballot initiative in California. After it was approved by voters that fall, Prop 13 severely curtailed state and local governments' ability to collect property taxes and required that future legislatures approve any tax increases by a two-thirds

majority. We know what's happened since. California has become a basket case, confronting near-annual budget crises by axing services, with a legislature in constant gridlock. This past summer, the state found itself in such bad shape that it was forced to rely on IOUs, rather than real money, to meet its obligations.

Around the time Prop 13 passed, Ronald Reagan, the former governor of California—the Golden State has an outsized role in our current misery—was preparing for another run at the White House. Just as he had done during his 1976 run, in 1980 Reagan excoriated the “welfare queens” who cheated the tax system for Cadillacs and hundreds of thousands of dollars in undeserved welfare checks. He was the Pied Piper of the anti-tax movement, and he rode public anger about taxation and perceived runaway government spending to victory. Prop 13 had, in the words of *Time* magazine, prompted “tax-cut fever [to] spread across the nation like an exotic strain of flu.”

Over time, this flu infected both political parties, eventually reaching almost the entire body politic. Tax rates have fallen dramatically since Reagan's 1980 victory: The top marginal rate, for example, has been cut precisely in half, from 70 percent to 35 percent. Even so, taxes are only more loathed, and gov-

ernment more derided, than they were 30 years ago. Even Barack Obama, in the dwindling days of his presidential campaign, was forced to resort to full-throated cries for broad tax cuts. Joe Biden's claim during the campaign that paying taxes is “patriotic”—which, insofar as it equates taxes to civic responsibility, is true—was instantly derided as a gaffe, even within the Obama campaign. Some of this opposition is an honest, understandable response to real waste. Some of it is racial; your tax money, says the subconscious of many American voters, isn't just wasted on overpriced toilet seats and money for the poor—it's wasted on poor people who don't look like you.

But something else is at work, too. Voters are reacting to the distance they perceive between themselves and their government. “Fewer of the tax dollars, it seemed, were going to services you could see: garbage collection, mail deliveries, good schools, attractive streets. Where *were* all those tax dollars going?” wrote Robert Kuttner in his seminal work on Prop 13, *Revolt of the Haves*. Voters didn't know. And they've been telling the government “screw you” ever since.

History shows that the closer citizens feel they are to government services, the more likely they are to have a stake in government's performance. As scholar Suzanne Mettler has documented, the generation that fought World

**The IRS should provide taxpayers with a receipt giving them a clear breakdown of what they're getting in return for their taxes.**

War II maintained a remarkably positive attitude toward government and the broader notion of public life. No wonder: Serving in the war, and then reaping the benefits of the GI Bill, drove civic engagement and political activity to record highs (Mettler and Theda Skocpol touch on this moment in “Back to School,” Issue #10.)

While the recent sequel to the original GI Bill, intended to finance the education of post-9/11 veterans, was a good piece of public policy, it doesn’t have anything like its predecessor’s near-universal scope. So what can be done to bring about a similar appreciation for, or at least less antipathy toward, the government?

I have two ideas. First, let’s offer individual taxpayers a clear breakdown of what they’re getting in return for their taxes. The IRS should provide individual taxpayers with a receipt. To be as accurate a reflection of spending as possible, such a receipt would be mailed at the beginning of the year following the April 15 deadline. So, for example, I would receive a receipt for my 2009 tax return, filed in 2010, in the beginning of 2011 estimating where my money has gone thus far, and will go until I file my next return. Soon after, the president would unveil a new budget resolution, and, as April loomed, the process would begin again.

By necessity, such a receipt would be an estimate, broken down according to what each taxpayer had paid the previous April. (Only the portion of the budget consisting of money generated by individual taxpayers would be deconstructed for each person.) The receipt would necessarily represent a bit of an oversimplification—the federal budget is a monstrously complicated thing. For our purposes, comprehensibility, as opposed to comprehensiveness, should be prized. The text should be simple, and the accompanying graph should be clear. We have the capacity to do this already: Today, numerous outside groups, the Center on Budget and Policy Priorities probably the best among them, produce material along these lines. But they don’t do so in accordance with the federal government, and their work isn’t distributed to every taxpayer.

If done right, a receipt could have powerful and lasting consequences. It would make clear the enormous amount of goods and services provided by the government. It would dispel myths: America is not a nation of welfare queens, dependent on the public teat. The amount spent on safety net programs will, to some people, seem stunningly low. Fully 21 percent of the 2008 budget went to national security, and a roughly equal amount to Social Security. Safety net programs besides Social Security, such as food stamps and help with home energy bills, consumed only 11 percent of the budget. Foreign aid counted about 1 percent. This, taxpayers will see, is small beer. And we can use these receipts

to enhance accountability, too: It would be easy enough to attach grades from the Government Accountability Office (GAO) to each receipt, to alert taxpayers to which federal agencies were performing adequately, and which were not.

Presumably, there would be a political reaction to some of these truths—perhaps even a positive one. According to Gallup, Americans routinely rank NASA and the EPA as among the most admired federal agencies. But space exploration and environmental protection are afforded very little federal spending. Is it unreasonable to think that once they are told of this, citizens would work to increase spending for both agencies, so the nation's priorities directly reflect those of its citizens?

But that's not all we can do. Every year, the simple income tax return form asks if you would like to donate \$3 to the Presidential Election Campaign Fund. Established in the Watergate era, the money generated by that simple, nonintrusive question financed the general election portion of every presidential campaign for more than three decades. Using the fund as a model, it's possible to envision a tax system that allows taxpayers, for a modest fee, to direct additional money—beyond what they've already paid—to the federal agency of their choosing.

**Staunch environmentalist?  
Send some money to the EPA.  
Think we need better national  
defense? Direct extra tax  
dollars to a security agency.**

Staunch environmentalist? Send some money to the EPA. Believe we need an infrastructure upgrade? Direct your funds to the Department of Transportation. Think we need to ramp up our national defense? Send extra tax dollars to the security agency of your choosing. To ensure precision, this would have to work on the agency and department level. Information about destinations—their duties, and objective evaluations of their performance—would be available online, on one website. Think of it as a form of citizens' earmarks, designed to make use of modern technology and wrest a bit of power for the people themselves.

The amount that each citizen could direct would have to be capped, probably at a relatively low amount—say, around \$1,000—to ensure that the wealthy don't wield disproportionate influence over this process. To cover administrative costs, citizens who choose to direct money would have to pay a modest fee. And, to be clear: This program wouldn't be an invitation for individuals to refuse to direct portions of their taxes to certain agencies; the taxpayer would have discretion only over the supplemental amount of money he or she volunteered to give to the federal government. But the rest would be up to them. Individual agencies would have to compete for funding, perhaps by submitting proposals

and making those proposals available online, documenting what they'd be able to do with different levels of additional money.

Corporations and right-wing political action groups would probably run campaigns to convince people to direct their money in ways that benefited right-wing causes and corporations. But the left could do the same. There would be a furious scramble on both sides, with the federal government likely tripping over itself in the rush to gain more money. The result would be improved government performance; as agencies competed for money, they would have to document the efficacy of their prior spending.

For too long, with the ballot initiative as its sword, the right has advocated a more democratic approach to taxes. It's past time for the left to take a similar approach and bring people a little bit closer to their government. Accountability should become more than a buzzword during campaigns, but a fact of life in Washington. Progressives have a vision of affirmative government—and these programs just might help that vision come true. **►**