

The Political Lie (Almost) Everyone Believes

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It's probably the oldest joke in the history of democracy...

How can you tell if a politician is lying? His lips are moving.

Political lies large and small run across party lines. We've seen plenty of both over the last few years.

But newly elected New York Congressman George Santos may take the cake.

He lied about his religious affiliation, his sexual orientation, where he went to school, where he worked, how he earned his money (and how he gave it away), his mother's death, his grandmother's status as a Holocaust victim and much, much more.

Sadly, there is hardly a national politician who can denounce him without voters reminding the accuser of his or her own whoppers.

Why do politicians tell so many brazen lies?

Because millions of voters believe them – and vote accordingly.

Here's a favorite of the political left: "The rich don't pay their fair share of taxes."

As political assertions go, this one is easy to confirm or deny.

We need only look at the data the Internal Revenue Service (IRS) reports each year.

For example, the IRS recently released its income and tax statistics for 2020.

They show that the top 1% of earners paid 42.3% of the country's income taxes.

And, no, that's not because they earned 42% of the income.

The 1% reported earnings of 22.2% of total adjusted gross income on their tax returns, which means the share of taxes they paid is roughly double their share of income.

The top 5% of income earners paid 62.7% of all income taxes. (Nearly two-thirds.) They earned 38.1% of total adjusted gross income.

For comparison purposes, the bottom 50% of earners – the ones you might assume are most aggrieved at how "the rich" pay so little in taxes – paid just 2.3% of all income taxes.

It's hard to believe but the top 3% of America's income earners pay more in federal income taxes than the other 97% of us combined.

For two decades now, the income tax burden has increasingly shifted to the highest income earners.

The latest figures from the IRS show that the top 1% are paying their highest share of taxes in more than 20 years.

Yet President Joe Biden continues to complain – as he did again in his State of the Union address in February – that the rich *don't pay their fair share*.

Why does he do this?

Two reasons. The first is that polls show a majority of Americans favor raising taxes on the rich.

This is hardly surprising. No one loses any sleep over how much someone else pays in taxes if that person is earning more than they are.

But the other reason is that polls show most Americans don't have the foggiest idea how much "the rich" actually pay.

I've discovered this firsthand.

Whenever I write on this topic, I get a cascade of emails telling me that "everyone knows that the middle class pays most of the taxes."

I don't know where these folks are getting their data, but it's not from the IRS.

More likely, they are listening to politicians whose lips are moving.

That can have unintended consequences.

Take, for example, the fact that affluent individuals are moving in droves from high income tax states – like California, New York, and New Jersey – to states with no state income tax like Texas, Florida, and Tennessee.

Ironically, the legislators in the high-tax states are trying to fix the revenue shortfall by raising taxes even further on the rich.

That, of course, only increases their incentive to leave.

Who will ultimately make up the taxes for all the high-income earners who left?

The folks left behind, of course.

Don't get me wrong. Whether the rich are carrying enough of the tax burden is an important discussion worth having.

But that discussion should begin with an understanding of who is rich, how much they pay and what is fair.

You can bet that the folks who are paying between nearly half and almost two-thirds of federal income taxes understand exactly what is happening.

And state population statistics show they are voting. With their feet.

I wrote a column not long ago where I suggested that remote workers who are young or middle-aged should seriously consider moving to a state with no state income tax.

They can spend as much as they are now while simultaneously funding a multimillion-dollar nest egg.

How? By simply taking the money they pay into state coffers now and redirecting it into a personal investment account.

Some will stomp their feet like children and insist that that's not fair.

But no one with a grain of sense would argue that it's not smart.