

### The Cynical and the Hopeful: Quotations About Tax Reform

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Tax reform is not an event but a process. You don't have to like that fact to accept its empirical validity. Tax reform is a lot like cleaning out your garage. Just because you cleaned it last week, do you really expect that it will never need cleaning again?

— Joseph J. Thorndike

From the citizens' point of view, the function of tax legislation is to decide who shall pay how much to finance government spending. But from Congress's point of view, tax legislation has an additional and very important function: It is a way to raise campaign funds. . . . So long as a tax bill is under consideration, with many billions of dollars at stake, lobbyists are actively pressing for the introduction or retention of special provisions to benefit their clients. And so long as lobbyists are active, thousand-dollar-a-plate dinners and similar devices will tap them for campaign funds.

[But] this process had come to a dead end. As it were, the tax space was overcrowded with loopholes. There was no room to add any more. . . . [The Tax Reform Act of 1986] was an ingenious solution to the potential collapse of tax reform as a source of campaign funds. [It] disappoints almost all the lobbyists in one fell swoop, but it also wipes the slate clean, thereby providing space for the tax reform cycle to start over again. . . . The members of Congress look forward

to being reelected and the lobbyists to being retained — so this tactic promises future benefits to both groups.

— Milton Friedman

Senator, I was at one of those hearings in 2008, and one of my more colorful colleagues sat down next to me and said, "You know, I've been coming to these hearings on tax reform for 20 years, and none of us is getting any prettier."

— Jonathan Talisman

If you ask me what single law I would pass to gain the greatest amount of tax simplification with fairness, I would say, without hesitation, campaign financing reforms. That would be a giant step forward. It's not that problems of complexity are not understood. Complexity is the result of a failure of will to do anything about it.

— Jerome Kurtz

Politicians certainly must be considered the most formidable barrier to fundamental tax reform.

— David A. Hartman

If there is ever going to be fundamental tax reform [in the United States], it will occur in the second term of a popular president.

— Martin A. Sullivan

Dear Mr. President: I am writing to express my concerns with your definition of tax reform. . . . I am very concerned that, under the guise of tax reform, you intend to increase revenues to pay for more spending. . . . The country cannot afford the kind of "tax reform" you are promoting.

— Charles Grassley

The question is: What can we, as citizens, do to reform our tax system? As you know, under our three-branch system of government, the tax laws

are created by: Satan. But he works through the Congress, so that's where we must focus our efforts.

— Dave Barry

The smart money bets against tax reform — always and everywhere. But every once in a while — usually a long while — the smart money is wrong.

— Joseph J. Thorndike

Lasting tax reform will not come without lasting political reform.

— John F. Witte

Politicians like to talk about their plans for re-vamping the country's tax system, but important tax reform usually happens when it must, not when it should. War has been the most important catalyst for long-term, structural change in the nation's fiscal system. Indeed, the history of America's tax system can be written largely as a history of America's wars.

— Steven A. Bank, Kirk J. Stark, and Joseph J. Thorndike

Without increased spending discipline, even the best tax reforms are doomed to be undone.

— Michael J. Boskin

People don't give a damn about tax reform.

— Dick Cheney

Any substantial tax reform would involve substantial redistributions of tax burdens and substantial changes in asset values, and you need some "lubrication" [i.e., transition rules].

— Robert Reischauer

Fundamental [tax] reform almost always runs the risk of making things worse.

— Dan Rostenkowski

A reformed [tax] system might be unworkable or not function as intended.

— Pam Olson

[A tax loophole is] something that benefits the other guy. If it benefits you, it is tax reform.

— Russell B. Long

Tax reform consists of more than changes in those items that are called taxes. The real cost of govern-

ment — the total tax burden — equals what government spends plus the cost to the public of complying with government mandates and regulations and of calculating, paying and taking measures to avoid taxes. Currently, this burden, at federal, state and local levels combined, exceeds half of national income: 40 percent in direct spending, and more than 10 percent in indirect costs. Anything that reduces that real cost — lower government spending, elimination of costly regulations on individuals or businesses, simplification of explicit taxes — is a tax reform.

— Milton Friedman

Tax reform is taking the taxes off things that have been taxed in the past and putting taxes on things that haven't been taxed before.

— Art Buchwald

The trouble with comprehensive tax reform is that it would be a vast project that would plunge the country into two years of furious, all-consuming debate. In that time, nothing else would get done.

— David Frum

Churches have nothing to fear from tax reform and, like most people and institutions, would have much to gain from better economic conditions brought about by reform. Despite their dominant position in gifts, churches are not the leaders in fighting a tax reform that denies deductions. Instead, institutions serving the absolute economic and social elite — universities, symphonies, opera companies, ballets, and museums — are protesting the loudest. No compelling case has ever been made that these worthy undertakings should be financed by anyone but their customers. A glance at the crowd in any of them will tell you that it is perverse to tax the typical American to subsidize the elite institutions.

— Robert Hall and Alvin Rabushka

Retirement tax, income tax, property tax, excise tax, sales tax, beer tax, tobacco tax, cable tax, telephone tax, gasoline tax, hotel tax, surtaxes, taxes on taxes, and don't forget when you die, inheritance tax. But also how about tolls, user fees, service charges, licenses, transfers. And some experts around the country are saying we don't need tax reform.

— James Traficant

There is a big constituency in the country for tax reduction but not for tax reform, except as reform is used as a code word for reduction.

— Michael Blumenthal

The most fundamental maxim of tax reform is that, holding revenue and distribution constant, we should broaden the base and lower the rates. Politics is always pushing the tax system in the other direction, as taxpayers come in to make arguments about special circumstances that ostensibly call for more favorable treatment. Although these arguments often sound appealing, the long-run effect of special rules is to make the system more complicated, less efficient, and less fair.

— Daniel N. Shaviro

Tax provisions favoring one activity over another or providing targeted tax benefits to a limited number of taxpayers creates complexity and instability, impose large compliance costs, and can lead to an inefficient use of resources. A rational system would favor a broad tax base, providing special tax treatment only where it can be persuasively demonstrated that the effect of a deduction, exclusion, or credit justifies higher taxes paid by all taxpayers.

— Report of the President's Advisory Panel on Federal Tax Reform (2005)

Tax reform, as distinct from tax reduction, inevitably involves curtailing some entrenched tax benefits.

— Edward P. Lazear and James M. Poterba

I am sure that during the Roman or some other empire there must have been tax experts who "assisted" the newly conquered territories in reforming their tax systems.

— Vito Tanzi

Tax sanctimony gets in the way of tax reform. In a progressive rate structure, the rich almost always get bigger tax cuts, because their rates are higher to begin with. So their cuts sound unfair. The more progressive a tax structure, the more unfair its dismantlement appears.

— Amity Shlaes

A substantial part of the burden of the corporate income tax in an open economy, in fact, falls on employees. . . . [Therefore] a cut in corporate taxes would make the system more progressive.

All of this is above and beyond the comprehension of many voters, the media, and political leaders. I was reminded earlier this week of a House floor exchange between two Congressmen. The first said, "Corporations don't pay tax; people do." And the second retorted, "That's the problem!" If we are going to succeed in reforming the tax laws, we must have more thought leadership grounded in sound economics from our politicians and the media.

— Pam Olson

Tax reform is ultimately a decision about values.

— Bill Bradley

The tax code is like daytime television — almost anything done to it would improve it.

— George Will