



**LEAGUE OF WOMEN VOTERS® OF WISCONSIN  
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**White Paper on Taxation:  
Small Government Movement is a Threat to Civil Society**

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For the full 91 years of the League's existence we worked for a better society. League Position Papers at the national, state and local levels are a testament to our efforts to maintain and improve the civil society. But the current times are frustrating and disappointing for League members: not in our lifetimes has there been such a threat to our goals.

The League's agenda for government action at all levels covers many areas including the environment, education, health care and elections. While all of our efforts involve work for justice, opportunity and greater equity, we are in a time when strong opposing forces believe that it is government itself which is damaging our economy and undercutting these goals.

What we are facing now is a conviction advanced by ultra-conservative groups that government is restricting private enterprise and thus damaging the economy. They believe that monies paid in taxes to the government absorb funds that would better be invested in private business and so be a boost to the present sluggish economy. They oppose government involvement in anything but very basic services and want even those to be contracted out to private businesses.

In contrast, League positions reflect our expectation that the government be a protector of the public interest, regulating both public and private activities, providing services needed by the disadvantaged, and protecting the public from the excesses of unfettered capitalism. We believe there are matters of public responsibility and services for which no one should make a financial profit. We also know that government can be efficient and cost effective, as is evident in the audits of Medicare.

Here in Wisconsin we are seeing the clash of opposing viewpoints and practices. The ultra-conservatives believe that government deficits result solely from too much government spending. They are promoting a story that the State is hopelessly "broke" and must cut budgets drastically.

In contrast, League members find drastic cuts to social services to be inhumane. For many years we have lobbied for increases in social services budgets at all levels of government. We have supported many expenditures as investments in the country's future; examples of this include increases in spending for education at all levels, for protecting natural resources, for maintaining the infrastructure, and for monitoring elections and law enforcement. We know the State is not "broke," despite the large amount of special interest money that has been expended to promote that myth.

We also know that some judicious changes in our tax system would bring in the revenues needed. Unfortunately the old maxim of Justice Louis Brandeis, "With my taxes I buy civilization," is not felt by the new ultra-conservatives. "No New Taxes" has been their cry, but this call is a deliberate deceit, a scare for the poor; it implies that increased taxes would fall on them along with the rich. To rally support from the middle class, the ultra-conservatives have another slogan: "Workers should keep what they earn." They say the rich need to keep their money so they can invest it for expanding business and saving the economy. They argue that tax payments by the rich already comprise the largest proportion of government revenues. There is some truth to that, but it is also true that the rich have far, far more left over after taxes than do the lower economic groups. In reality, the rich can pay taxes and still have resources to invest. There are, of course, many wealthy people who recognize that good government buys them opportunity and protection, but their voices are often drowned out by those who feel no obligation.

For many years the League has supported an income tax based on ability to pay as the major source of government revenues. We have sometimes been a lone voice in pressing for revenue increases, but now at last there are many others. We have recently joined a coalition called "Better Choices for Wisconsin" to urge the Wisconsin Legislature to begin to increase revenues by closing loopholes in the individual and corporate income taxes, by broadening sales taxes to include more services, and by increasing the top (marginal) income tax rates. Other reforms can and must come before long.

What League members and most progressives fear the most is a society comprised of two classes – the Rich and the Poor. Such a society is not the League's ideal nor the American ideal. Decades ago Henry Ford raised the wages of his workers, not out of kindness but because he saw the necessity of a large and prosperous middle class to buy the mass production of private industry. Furthermore, wealth in a society of poverty is thought to create serious class warfare, the likes of which can be seen now in the Middle East. The conservative responders predict that a prosperous private sector will bring full employment and prosperity to all. That happy thought has a serious flaw: competition without regulation too easily becomes "might makes right."

The League will continue to lobby for the kind of government services and regulations that underlie our civil society. We urge you, our members, to be aware of the significant issues that face our state and nation, to keep in touch with your own public officials at local, state, and national levels, and let them know your opinions. The more they get to know you, the more influence you will have on the decisions they will make. Pressure from citizens is the best way to protect, preserve and perfect our civil society. Action is needed before privatization destroys our civil society.