



## Why Grassroots Protesters Fight to Cut Taxes on the Rich

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Every April 15, millions of Americans submit their tax returns – and thousands attend rallies to protest the federal personal income tax. Tax day protests are sometimes larger, sometimes smaller, but in some recent years they have burgeoned. In both 2009 and 2010, hundreds of thousands of Americans picketed and rallied to express their outrage at the income tax, and the protestors are sure to be back in coming years.

In a democracy, we often think of protests as a sign that something has gone wrong. But protests against progressive taxes in the United States are not extraordinary indicators. They have become almost routine in our political process, with predictable features and chances to succeed.

### Recurrent and Predictable

Protests against progressive taxes on the rich – taxes that take a higher percentage of incomes at the top – are nothing new. For at least the last century, they have followed close on the heels of every substantial increase in U.S. taxation of income and wealth.

- After Congress levied personal income taxes to pay for World War I, the so-called tax club movement convened hundreds of protest meetings in small towns throughout the South and Midwest to demand the repeal of high wartime tax rates.
- In 1935, New Deal tax increases on the rich – and a proposal for a legal cap on how much income Americans could keep after taxes – inspired grassroots campaigns in several states calling for a Constitutional amendment to limit the top rate of income tax.
- In 1943 and 1951, tax increases to pay for World War II and the Korean War led thousands more people to petition for a Constitutional tax limit, and even prompted a handful of businesspeople to engage in organized civil disobedience.
- In 1993, federal tax hikes sparked a campaign to repeal taxes on estates and capital gains.

The historical pattern is straightforward: protest movements against progressive taxes start whenever Congress increases top tax rates. After an initial wave of support, the numbers of participants gradually dwindle – until the next tax hike prompts another protest wave.

### Why Middle Class People Join the Protests

Truly wealthy people protest against tax increases, even increases that make them only slightly less well off. But most of those who join protests against progressive taxes are middle-income business owners and

professionals. Why would the rich and middle class get involved in protest campaigns, given that protests of all kinds are rare and the privileged usually do not demonstrate in public? It turns out that taxes are special. Although most policies or forces that make groups less economically well off do not inspire outright protests, tax increases do, for several reasons.

- Many people who own even a little bit of property perceive any increase in the top tax rate as a *threat*. In their eyes, a tax increase is a signal that Congress intends to renege on a settled bargain, so they anticipate that more changes will follow. Property owners believe that they have something to lose if they sit idle.
- Tax increases can affect a *critical mass* of well-to-do people at the same time. Other experiences of economic adversity tend to be triggered by idiosyncratic events like divorces or business failures – happenings that do not usually inspire marches and rallies because they do not affect many people in the same way at the same time.
- Tax increases are *easily traced* to the actions of policy makers. Protest only makes sense if people believe they know who to blame when things go wrong, or at least think they know who can be held responsible for fixing the situation. The direct and obvious role of policy makers in setting tax rates makes them an obvious target for protest. It also makes taxation different from other costs that we experience in everyday life – such as, say, the costs of air pollution, stock-market downturns, or wage discrimination.

Put these factors together and you have a recipe for recurrent protests by the relatively privileged pushing back against even modest increases. Yet the impulse to protest is usually short-lived. Every protest effort that has managed to sustain mobilization against progressive taxes over a period of years has synthesized disparate demands in order to recruit and retain allies. Often, tax cuts for rich people are packaged along with tax cuts or benefits for other groups. The resulting coalitions and policy amalgams exemplify the cliché that politics makes for strange bedfellows.

## Tax Protesters Sometimes Win

Movements that have demanded an end to progressive federal taxes on income and wealth have usually been ignored by Congress. But sometimes the movements have swayed legislators to act. Notable examples include steep tax cut packages enacted by Congress in 1926 and again in 2001 – packages that included two of the biggest tax cuts for rich people in American history. Both tax cutting victories happened when Republican majorities controlled both houses of Congress and when the White House was occupied by conservative Republican presidents who publicly declared their sympathy for the protesters' demands.

Right now, with Democrats controlling the Senate and presidency, protests against taxes on the rich seem unlikely to succeed. But today's Republican Party is more closely aligned with anti-tax forces than at any previous time; in fact, today's GOP includes an unprecedented number of activists from earlier anti-tax campaigns. Many of the tax policy proposals put forward by conservatives in the 113th Congress – including proposals to abolish income taxes, eliminate the estate tax, and amend the Constitution to limit taxing powers – were written decades ago by activists in protest movements against progressive taxes. Surprisingly broad-based movements to untax the top one percent are alive and well, so much so that the next time Republicans win simultaneous control of both the White House and Congress, the fundamental principle of progressive

taxation could be up for grabs.

**Read more in Isaac William Martin, *Rich People's Movements: Grassroots Campaigns to Untax the One Percent* (Oxford University Press, 2013).**