



# Question of Tax Adequacy Revolves Around the Role of Government and the Services It Provides

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**Chair's**

**Perspective**

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Adequacy is probably the most important issue in creating and maintaining a sustainable tax system. This is a difficult issue to analyze in detail because it is so subjective. Each of us has our own preconceptions of what we want and need from our respective levels of government. What may seem as excessive to one is seen as a minimum level to another. For example, there are people who believe that education should not be funded by government. They see it as a purely private good. Others think that protecting the environment should be left to the market place. Fortunately for all of us, these people are in a distinct minority. But the point is that there is legitimate cause for debate on the level of service that government should provide.

In mainstream society, however, there is a general acceptance of the need for government and a willingness to support complex and necessary governmental functions. Adam Smith specifically identified several areas of funding that he saw as essential.

They included a public education system, a transportation system, public infrastructure needed to support commerce, public safety, and national defense, and a justice system that protects “as far as possible, every member of society from the injustice or oppression of every other member of it”. He also said that government should provide services that “support the whole of society.” This is a rather large mandate. The specifics can be debated, but the concept is expansive in its support for government services. Those who embrace it are clearly not outside the mainstream, or outside the parameters of the economist so many conservatives hold in reverence.

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The real issue in adequacy, then, is the role of government and the level of services it should supply.

Unfortunately, the debate on governmental services has strayed from this basic discussion. The prevailing topic now seems to be how the current revenue stream should be spent. There is seldom a discussion of whether or not that revenue stream meets the needs of the citizens.

This is the most backwards way to decide public policy that is imaginable. Every elected state official in Florida takes an oath to “support, protect, and defend the Constitution and Government of the United States and the State of Florida.”

The constitution of Florida requires the establishment of a “high quality system of free public schools” and the creation and maintenance of institutions of higher learning. It also requires a system of justice and an executive department of up to 25 agencies to implement the laws of the State.

In order to meet the requirements of their oath, should not legislators and other elected officials first determine what services are needed to fulfill their support of the constitution and laws, and THEN decide the level of revenue needed?

Surely, no one would argue that the laws of Florida provide a level of government that exceeds the parameters outlined by the conservative economist Adam Smith. How then, can anyone argue that implementing the laws and constitution of the State should not be fully funded?

Is it not the clear obligation of the state officials to determine the needs of the state and then raise the revenues to fund them?

The debate should never begin with a debate on revenues or taxes. Tax levels can only be debated after a full understanding of the needs of the citizens has been debated and a consensus reached on what level of services are required under the laws and the constitution.

Our Founding Fathers did not create this country by looking at the money available to them and deciding how much freedom that would buy. They decided how much freedom they wanted and developed plans to achieve it.

In December 1941, The President and Congress did not look at the revenue stream to decide if we should resist the Japanese attack on Pearl Harbor. They made the decision and then set out to make it happen.

When Jack Kennedy challenged us to put a man on the moon and bring him safely home, he did not look at the revenue stream. He proposed a dream. And then he worked with the country to make it a reality.

Our history is replete with such examples of policy driving the fiscal decisions that moved us forward. In each case, the dream led us into a better place. If we had let finances stop these decisions, this country would be a less attractive place.

The above examples of positive public policy share a common theme. Problems were seen. Solutions were proposed. Priorities were set. Sacrifices were required. Progress was made.

Progress has never been made any other way.