Rick Perry's Marriage Problems

by Phyllis Schlafly November 2, 2011

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Does Rick Perry want to undermine traditional marriage? This question leaps out from his new 20 percent flat tax plan, which would eliminate all tax advantages for married couples in which one spouse is the primary breadwinner.

For more than 60 years, the federal income tax has treated the family as an economic unit. A husband and wife have the benefit of pooling their income in a joint tax return which affords larger deductions and lower rates.

Perry would replace the pooling of husband-wife income with a system in which each individual, regardless of marital status, would owe federal taxes on his or her separate income. Perry's plan offers "generous standard deductions of $12,500 for individuals and their dependents" — which ignores the fact that children are "dependents" of both their parents, even if one earns all or most of the family income.

If an income tax is truly "flat," filing status wouldn't matter because a wife is taxed at the same rate as her husband. But Perry's so-called flat tax isn't anywhere near flat, so it matters greatly that he offers the same standard allowances to alternative lifestyles as for married couples, allowing, for example, two unrelated adults living with two children to avoid income tax on their first $50,000 of income.

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Perry's spokesman told the Wall Street Journal that "We were very careful to construct this in a way that protects the middle class." No; giving that size deduction to unmarried parents, defined as "individuals and their dependents," means rewarding bad behavior and is, by definition, outside the middle class. Regardless of income, you can't be middle class without respecting middle-class values, the most important of which is marriage.

The anti-family bias of Perry's tax plan is found to a lesser degree in several other tax reform plans. But Perry has been on probation with pro-family voters since July when he told an elite group of big-money donors in Aspen that he was "fine" with gay marriage in New York because "that's their business."

New York's same-sex marriage is, indeed, Texas's business since two same-sex couples have already moved to Texas and are demanding that Texas courts recognize their marriage. This shows why the definition of marriage is a national, not a states-right issue.

The joint income tax return for husband and wife was landmark legislation. It was passed by the Republican Congress in 1948 over President Truman's veto.

As originally designed, the joint return recognized a husband and wife as two equal partners, even if the husband earned all the family's income. Each tax bracket, deduction and exemption was equal to twice that of a single person.

Subsequent tax reform bills, especially the one signed by Richard Nixon in 1969 (which also introduced the hated Alternative Minimum Tax), reduced the value of a joint return to only about 1.6 persons, while increasing the tax benefit of an unmarried "head of household" to about 1.4 persons. Simple arithmetic shows that a single parent with an unmarried live-in "partner" gets more favorable tax treatment than respectable married couples struggling to support their own children.

And by the way, the postwar "baby boom" happened during the 20-year period when married couples were fairly valued in the federal income tax. That's not coincidence; incentives matter, and America's marriage rate and birth rate plummeted after the value of the joint return was reduced.

Although the Perry plan's most striking feature is its anti-marriage bias, his proposal for corporate income is equally pernicious. Perry would shift businesses to a "territorial" tax system, which means that corporations would be taxed only on the profits they earn inside the United States.

We should do exactly the opposite. We should reduce or eliminate taxes on businesses that employ Americans producing goods and services inside our own country, while increasing taxes on the profits that corporations earn by outsourcing or manufacturing overseas.

Above all, we should eliminate the foreign tax credit, a self-destructive provision that allows corporations to pay China or Venezuela or Saudi Arabia the money they would otherwise owe the U.S. government. Let's also cut out the deductions that U.S. corporations take for hiring foreigners to do work that Americans can do.

Those who support a territorial business tax argue that it will encourage multinational corporations to bring home the profits they earn overseas, but that's unlikely so long as it remains more profitable for them to invest in cheap-labor countries. Of Republican presidential candidates, only Herman Cain and Rick Santorum understand that what corporations need is lower taxes on their operations inside the United States rather than on the profits they earn in other countries.