

# THE WALL STREET JOURNAL

## **Tax Hike Omen**

Editorial

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Full marks for honesty to Florida Congressman Robert Wexler, who today will become the first Democrat to propose an alternative to President Bush's ideas for Social Security. The non-surprising news is that he wants a tax increase.

To anyone paying attention, a payroll tax hike has long been the preferred policy of most Democrats and AARP, though they'd rather not have to say so in public. Mr. Wexler has the courage of their convictions. Press reports suggest the Congressman will propose that both employer and worker pay an additional 3% payroll rate on all earnings above \$90,000. They already pay a combined rate of 12.4% on all earnings up to \$90,000, so Mr. Wexler is proposing one of the largest marginal-rate tax increases in decades.

This would have a damaging effect on job creation, since it is a direct tax on labor. But as a political matter the idea has the virtue of candor, since Mr. Wexler is merely showing taxpayers what they can look forward to if Social Security (and we'd add Medicare) isn't reformed. In fact, even greater tax hikes would be required down the road to keep the current promises that politicians have made to seniors, but the Wexler proposal at least gives voters a flavor of the pain to come.

So now we're getting somewhere. Mr. Bush has put on the table personal accounts to build wealth over time, plus a reduction in the growth of future Social Security benefits for higher-income workers known as "progressive indexing." Mr. Wexler says neither of those are needed as long as the government is willing to raise taxes high enough. By all means let's have a debate.