

# FairTax: The Truth

Answering the Critics

**NEAL BOORTZ**

& CONGRESSMAN **JOHN LINDER**

WITH ROB WOODALL

HARPER

NEW YORK • LONDON • TORONTO • SYDNEY

*This book is dedicated to the millions of individuals and businessmen who labor daily trying to cope with our current punishing tax code and who long for relief. We also dedicate this book to the critics of the FairTax. Set your agendas aside, approach with an open mind, and you will become FairTax supporters. As for the thousands of people inside the D.C. Beltway who make their livings gaming the current tax code, we hope one day to force you to seek another more honest line of work.*

# PREFACE: THE BIRTH OF A MOVEMENT

**Y**ou know how these conversations get started. You and a few friends start talking about how to make the world a better place. Most likely, something—good or bad—has happened recently to precipitate it. Maybe one of you has had a stroke of good fortune: a job, a successful new business venture, a wedding or birth in the family. Maybe one of you has witnessed a tragedy and found a new gratefulness for what you have. Maybe you’ve just received a big hug from your spouse and kids, and you just have that “all’s right in the world” feeling you want to share. However it starts, this kind of conversation: How can we spread the feeling? How can we make things better for others, the way they’ve been going for us?—can last for hours.

In the case of the FairTax, the conversation has lasted twelve years . . . and it’s still going.

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We've all talked about taxes at one time or another, and most of us have wished or wondered about improving the mess that is our federal income tax system. Many of us have even wondered about other kinds of taxes—including consumption taxes and sales taxes. It was a group of three men in Texas in 1995 whose thoughts first led them to the idea of the FairTax. Their conversation started that same way: "What's wrong? How can we help fix it?" What made it unusual is that it was a conversation among men of means—each a fabulously successful businessman and philanthropist in his own right.

The three had recently participated in a successful campaign to bring about change in Texas—an effort that saved Texans \$1.5 billion in insurance premiums in its first three years alone. The conversation that day in Texas was about how their experience in Texas could help them to tackle problems nationally.

Let's think beyond Texas, they mused. What are the pressing problems that are hurting our nation as a whole? Too many regulations? Too little participation in the democratic process?

Wait—what about this terrible tax code of ours?

Each of these men had spent countless hours pondering business decisions based not on what was good or bad for their employees, customers, and shareholders, but rather on what would have the best tax implications. Now, instead, they began imagining a system in which decisions could be made based on what's best for the individual or business, rather on what would fly under our convoluted tax code.

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Each knew that the tax code was crippling our economy. Now they started talking about what they could do about it.

There was just one difference between our own idle conversations and this one: These gentlemen acted on their ideas. They resolved to start with a completely blank slate and see where their effort led them.

As they started researching the subject, examining volumes of tax literature, they found an endless trail of ideas for tweaking the current code to achieve specific economic or social goals: If you want to encourage ethanol production, do this. If you want to help marriages stay together, do that. If you want to help keep manufacturing jobs in this country, try the other. All these prescriptions—many of which ran counter to one another—were predicated on changing the current federal income tax code.

As the FairTax founders looked further, however, they found another collection of articles—a smaller, but more intriguing, body of thought—by scholars and theorists who believed that the United States would be best served by broad reform and bigger ideas. It was in these articles that they first lighted on the idea of “optimum reform.”

As they sifted through the information, a group of fifteen brilliant scholars and theorists rose to the top of the stack. The businessmen contacted each of these highly respected thinkers, asking if they would be willing to participate in this new “optimum reform” effort. All fifteen agreed, and after a series of meetings, eight were chosen to participate.

With their business backgrounds, the three men spearheading the fledgling effort knew the value of giving the cus-

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tomers what he wants and needs. So once they assembled their economic team, their next step was to find out what the customer—that is, you, the American taxpayer—wanted.

Now let's digress for a moment. The fact is, we have a very strange relationship with success in this country. Everyone wants it, but a vocal minority insists on denigrating those who have achieved it. Some call this "wealth envy."

Our experience with successful people is very different. Our experience is that those who have their economic house in order are the most willing to help others find that same success. Such was the motivation for these founders of the FairTax as they began telling their friends about their quest to develop a better tax code. It wasn't long before offers of help and funding began to come in. Of course, the founders and their friends were receiving nothing for their efforts: no salary, no expense reimbursements, no perks, no profits. On the contrary, *they all made contributions* to the effort. They all had their financial houses in order; they had lawyers and accountants to sort out their tax bills and to keep them as low as possible within the law. In fact, one of the men was both a lawyer and a CPA, who had made a living for years helping others access the benefits available to them in the tax code. Abolishing the very tax code he utilized for the benefit of his clients—as the FairTax would ultimately do—offered him no special personal benefit. These men gave of themselves and their resources simply because it was the right thing to do. (Please remember that later, when we come to the subject of charitable giving: the beneficiaries of these men's efforts are the working men

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and women of America . . . and their children and grandchildren.)

Okay, end of digression: back to the customer and what he wants.

A man named Philip Carroll, the CEO of Shell Oil, offered to help. He put the group in touch with Shell's in-house opinion researchers and Shell's outside consultants. And so the effort began.

Of course it sounds a tad optimistic in retrospect, but the group decided that a \$4.5 million budget and an eighteen-month window would allow them to (a) research what was needed, (b) take the solution to Congress, and (c) help get it passed into law. Well . . . they tried. But of course these Washington outsiders never dreamed of the buzz saw they would run into when they brought the idea of comprehensive tax reform and simplification inside the Beltway. Perhaps it was better that they didn't: if they'd known the effort would take closer to eighteen years than eighteen months, they might have thought twice about the whole idea.

But begin they did.

First they did a little national polling to find out how Americans viewed the tax system and what they wanted to change. They then asked their economists to start designing an optimum tax system around the wishes of taxpayers. They set up focus groups in four major cities, delving into the wants and needs of Americans in great detail; the results of each focus group were sent back to the economists as they refined their tax proposal.

Notice anything missing here?

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That's right: politics. They were looking for solutions, not more problems.

Nope, there were no politicians here. These were private-sector economists and tax experts and private citizens. This new tax plan was developed not by politicians but by the people of this country.

It was in the very first focus group that it became apparent that the income tax was only part of the problem. This particular group was held in Chicago, and one of its attendees was a gentleman who worked days at a local manufacturing plant. He talked about the impact of the *payroll* tax—not the income tax—on his life and wages. At the end of the year, he said, he got most of his income tax money back; the payroll tax, on the other hand, was by far the largest tax he paid. It was the payroll tax that confounded his ability to save for the future. Others in the group agreed. This led to one of the major elements of the FairTax idea: We can't just fix the income tax—the payroll tax needs fixing too. For the sake of Americans working for wages—which is almost every low- and middle-income American—the payroll tax would have to be included in this overarching reform.

As the focus groups and economic research continued, it became obvious that the current income tax could never provide a workable foundation for an “optimal” solution. Citizens and experts alike perceived that a new direction was needed to accomplish all the goals that were being developed.

The one idea that addressed all their concerns was a personal consumption tax.

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In another of these focus groups, as the tax reform plan began to take shape, one participant commented that she appreciated the direction in which the tax plan was going—it was a “fair tax,” she said, and it should have a name to reflect that. It was in this group that the name FairTax was born.

By 1997, the FairTax had taken shape. By this time, the trio of FairTax founders had become a larger group of citizens; picking up a cue from the focus group, it took the name Americans for Fair Taxation, or AFFT. (Originally, the group called itself the AFT—until one day a “cease and desist” order arrived from the American Federation of Teachers. Apparently, America is big enough for only one AFT. Not wanting to see the dues paid by America’s teachers spent on such foolishness, Americans for Fair Taxation changed the acronym to AFFT. Another silly American lawsuit avoided.)

Once the initial public opinion and economic research had been completed, it was time to see how Americans would react to it. After surveying public opinion on tax issues in fifteen media markets across the country, the AFFT ran a short advertising campaign introducing the FairTax concept and what it hoped to bring to America. Then, after the ads had made their impact, it took another poll. The results surprised even the most seasoned advertising executives: people loved the FairTax and were gravitating toward it in unheard-of numbers.

To make the FairTax a reality, though, the AFFT needed more. To take the issue to Washington, D.C., it would need people who were willing to put their name behind the plan.

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In another round of advertising and polling, the AFFT learned that people were willing to act on their enthusiasm for the FairTax. Yet another round of ads and polls confirmed that they'd be willing to spread the word by sharing their passion with their friends and neighbors. With such a showing of enthusiasm buoying their efforts, the AFFT developed literature, a marketing plan, a volunteer response center, and more. It gathered more than a million signatures on FairTax petitions, launched the [www.fairtax.org](http://www.fairtax.org) Web site, and began the nationwide movement that continues today.

During the years when the FairTax was being developed, Texas Congressman Bill Archer was chairman of the House Ways and Means Committee, which handles all tax legislation in the U.S. House of Representatives. Chairman Archer knew of AFFT's efforts and gave it the names of several House members who might be helpful. One of those men was John Linder (R-Ga.). Another was Collin Peterson (D-Minn.). Linder met with the group in May 1999; by July of that year, he and Peterson had introduced the FairTax Act of 1999. By the end of the year, three more Democrats and three more Republicans had signed on as cosponsors. The bipartisan FairTax reform effort was under way. Since that time, the effort has grown a bit in Congress: From those eight total sponsors in 1999 and the 106th Congress, the number of FairTax sponsors has grown to *sixty-nine* in the House and five in the Senate. By the time you read this, those numbers should have grown.

The FairTax has become a national grassroots phenomenon. And you are now a part of it.

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This book is a sequel to *The FairTax Book*, which was published in 2005. No, that doesn't mean that you have to rush out and read *The FairTax Book* before you read this. Still, we suspect that when you've finished here you'll want to go back to read the original, just to expand your understanding of the history of our income tax, the concept of embedded taxes and tax compliance costs, and the ways that our current system of raising federal revenues hamstring American business, harasses our citizens, and assaults basic common sense.

We hope to accomplish several goals with this book. First, we wish to expand your understanding of just how the FairTax will work when it is implemented. Second, we want to arm you with the ammunition you need to respond to criticisms, both petty and substantive, of the FairTax plan. And finally, we'd like to share with you our vision for the future of our country under the FairTax.

Having spent decades talking over the merits of consumption taxation with one other, it seems like just yesterday that the Americans for Fair Taxation made the FairTax

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an official bill in Congress. Yet 1999 was almost a decade ago. John still remembers having to teach House staffers to describe the bill as “the FairTax,” not “a fair tax”—or, much worse, “the flat tax.” We’ve both corrected literally thousands of callers and questioners by saying “We’re not promoting a national retail sales tax; we’re promoting the FairTax, a personal consumption tax carefully designed to capture the benefits of a national retail sales tax while minimizing the potential shortcomings of such a plan.”

From those beginnings, the FairTax movement has spread across the nation. For a number of years now, for example, it has been nearly impossible to seek election to state or federal public office in the state of Georgia without taking a stand on the FairTax. The voters have demanded it. And now, with the 2008 race for the White House already in progress, George Stephanopoulos—former top adviser to President Bill Clinton, now chief Washington correspondent for ABC News—acting as the moderator of the first national Republican presidential debate, asked the candidates about the FairTax by name, trying to pin down each candidate on exactly where he stood on the issue. Why? Because the Iowa caucus is the first official vote in the presidential primary season—and the Iowa Republican Party has endorsed the FairTax by name.

From “How do you spell it?” at the staff level to “Where do you stand on it?” at the presidential level in less than a decade. Why the success? Because both economists and the voters say that the FairTax is that important. We agree, which is why we spend so much time on the issue our-

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selves. This book is another installment of our passion, which we believe reflects America's passion. Love the FairTax or hate it, we trust that this book will have an impact on your views.

*The FairTax Book* notwithstanding, we understand that the FairTax may be a new concept to you. You may have heard candidates and politicians talking about it; you may even have read a few columns or editorials on the subject and bought this book to find out more about it. Before asking you to absorb all kinds of detailed references to the “prebate” or to inclusive rather than exclusive taxes, though, we should first address a more fundamental question:

What is this FairTax thing, anyway?

Instead of trying to explain the FairTax by running line by line through its legislative language, it'll probably be easier to review it principle by principle. After all, the FairTax was created as a matter of principle—as an attempt to pool the wisdom of a collection of economists, citizens, academics, and business leaders and evolve a new set of ideas for fair taxation of the American people. The activist citizens who wrote the FairTax Act captured those principles and translated them faithfully into legislative language, which is found in bills introduced in both the U.S. House of Representatives (where the FairTax is known as H.R. 25) and the U.S. Senate (where it's known as S. 1025).<sup>1</sup> If you

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1. Whenever a new Congress convenes (which happens every January of odd-numbered years), every piece of legislation must be reintroduced. As a result, the number of the legislation sometimes

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want to comb through the legislative language, the FairTax is only 133 double-spaced pages long—a quick read. It can be found at [www.thomas.gov](http://www.thomas.gov) (named for Thomas Jefferson), the Library of Congress Web page that offers citizens access to all congressional legislation. For a nonlegislative perspective, [www.fairtax.org](http://www.fairtax.org) offers a great plain-English explanation of the bill.<sup>2</sup> Further material can be found at [www.johnlinder.com](http://www.johnlinder.com) and <http://boortz.com>.<sup>3</sup>

All of these sources, however, are based on the same core principles. The words of H.R. 25 found in those 133 pages on Capitol Hill? They aren't the FairTax. That language can be changed with a stroke of a pen—and FairTax supporters are always open to new ways to perfect it. The FairTax is the collection of ideas *underlying* H.R. 25. Those principles are immutable.

And what are they?

Perhaps the best way to introduce the FairTax, and the principles behind it, is to share an open letter that was sent to the president and Congress by seventy-six economists

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changes. In the 110th Congress (in the years 2007 and 2008), the FairTax bill has the numbers H.R. 25 in the House and S. 1025 in the Senate. However, the bill numbers were different in the 109th Congress and may be different again in the 111th Congress. Even though the bill number changes, the legislative language in the bill remains substantially the same.

2. It can be found at [www.fairtax.org/PDF/PlainEnglishSummary\\_TheFairTaxAct2007.pdf](http://www.fairtax.org/PDF/PlainEnglishSummary_TheFairTaxAct2007.pdf).

3. Warning: Boortz.com may not be for the faint of heart or those who are easily offended. Log in with caution.

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from across the nation—economists who, like us, have put their names and reputations behind the FairTax.

Dear Mr. President, Members of Congress, and Fellow Americans,

We, the undersigned business and university economists, welcome and applaud the ongoing initiative to reform the federal tax code. We urge the President and the Congress to work together in good faith to pass and sign into federal law H.R. 25 and S. 25, which together call for:

- Eliminating all federal income taxes for individuals and corporations
- Eliminating all federal payroll withholding taxes
- Abolishing estate and capital gains taxes and
- Repealing the 16th Amendment

We are not calling for elimination of federal taxation, which would be irresponsible and undesirable. Nor does our endorsement call for reduced federal spending. The tax reform plan we endorse is revenue neutral, collecting as much federal tax revenue as the current income tax code, including payroll withholding taxes.

We are calling for elimination of federal income taxes and federal payroll withholding taxes. We endorse replacing these costly, oppressively complex,

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and economically inefficient taxes with a progressive national retail sales tax, such as the tax plan offered by H.R. 25 and S. 25—which is also known as the FairTax Plan. The FairTax Plan has been introduced in the 109th Congress and had 54 co-sponsors in the 108th Congress.

If passed and signed into law, the FairTax Plan would:

- Enable workers and retirees to receive 100% of their paychecks and pension benefits,
- Replace all federal income and payroll taxes with a simple, progressive, visible, efficiently collected national retail sales tax, which would be levied on the final sale of newly produced goods and services,
- Rebate to all households each month the federal sales tax they pay on basic necessities, up to an independently determined level of spending (a.k.a., the poverty level, as determined by the Department of Health and Human Services), which removes the burden of federal taxation on the poor and makes the FairTax Plan as progressive as the current tax code,
- Collect the national sales tax at the retail cash register, just as 45 states already do,
- Set a federal sales tax rate that is revenue neutral, thereby raising the same amount of tax rev-

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enue as now raised by federal income taxes plus payroll withholding taxes,

- Continue Social Security and Medicare benefits as provided by law; only the means of tax collection changes,
- Eliminate all filing of individual federal tax returns,
- Eliminate the IRS and all audits of individual taxpayers; only audits of retailers would be needed, greatly reducing the cost of enforcing the federal tax code,
- Allow states the option of collecting the national retail sales tax, in return for a fee, along with their state and local sales taxes,
- Collect federal sales tax from every retail consumer in the country, whether citizen or undocumented alien, which will enlarge the federal tax base,
- Collect federal sales tax on all consumption spending on new final goods and services, whether the dollars used to finance the spending are generated legally, illegally, or in the huge “underground economy,”
- Dramatically reduce federal tax compliance costs paid by businesses, which are now embedded and hidden in retail prices, placing U.S. businesses at a disadvantage in world markets,
- Bring greater accountability and visibility to federal tax collection,

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- Attract foreign equity investment to the United States, as well as encourage U.S. firms to locate new capital projects in the United States that might otherwise go abroad, and
- Not tax spending for education, since H.R. 25 and S. 25 define expenditure on education to be investment, not consumption, which will make education about half as expensive for American families as it is now.

The current U.S. income tax code is widely regarded by just about everyone as unfair, complex, wasteful, confusing, and costly. Businesses and other organizations spend more than six billion hours each year complying with the federal tax code. Estimated compliance costs conservatively top \$225 billion annually—costs that are ultimately embedded in retail prices paid by consumers.

The Internal Revenue Code cannot simply be “fixed,” which is amply demonstrated by more than 35 years of attempted tax code reform, each round resulting in yet more complexity and unremitting, page-after-page, mind-numbing verbiage (now exceeding 54,000 pages containing more than 2.8 million words).

Our nation’s current income tax alters business decisions in ways that limit growth in productivity. The federal income tax also alters saving and in-

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vestment decisions of households, which dramatically reduces the economy's potential for growth and job creation.

Payroll withholding taxes are regressive, hitting hardest those least able to pay. Simply stated, the complexity and frequently changing rules of the federal income tax code make our country less competitive in the global economy and rob the nation of its full potential for growth and job creation.

In summary, the economic benefits of the FairTax Plan are compelling. The FairTax Plan eliminates the tax bias against work, saving, and investment, which would lead to higher rates of economic growth, faster growth in productivity, more jobs, lower interest rates, and a higher standard of living for the American people.

The America proposed by the FairTax Plan would feature:

- no federal income taxes,
- no payroll taxes,
- no self-employment taxes,
- no capital gains taxes,
- no gift or estate taxes,
- no alternative minimum taxes,
- no corporate taxes,
- no payroll withholding,

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- no taxes on Social Security benefits or pension benefits,
- no personal tax forms,
- no personal or business income tax record keeping, and
- no personal income tax filing whatsoever.

No Internal Revenue Service; no April 15th; all gone, forever.

We believe that many Americans will favor the FairTax Plan proposed by H.R. 25 and S. 25, although some may say, “it simply can’t be done.” Many said the same thing to the grassroots progressives who won women the right to vote, to those who made collective bargaining a reality for union members, and to the Freedom Riders who made civil rights a reality in America.

We urge Congress not to abandon the FairTax Plan simply because it will be difficult to face the objections of entrenched special interest groups—groups who now benefit from the complexity and tax preferences of the status quo. The comparative advantage and benefits offered by the FairTax Plan to the vast majority of Americans is simply too high a cost to pay.

Therefore, we the undersigned professional and university economists, endorse a progressive national retail sales tax plan, as provided by the Fair-

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Tax Plan. We urge Congress to make H.R. 25 and S. 25 federal law, and then to work swiftly to repeal the 16th Amendment.<sup>4</sup>

Before we get to the meat and potatoes of the FairTax plan, let's expand on one point contained in that letter, to correct any possible misconceptions.

The letter says that the FairTax creates a “national retail sales tax, which would be levied on the final sale of newly produced goods and services.” However, this does *not* mean that the prices of these retail goods and services would necessarily go up.

If the FairTax has one shortcoming, it's that it's easy to attack. Perhaps the most oft-repeated demagogic attack on the FairTax is that it “will add 23 percent to the cost of everything we buy.” This, as you will learn, is false. Because the FairTax is an “embedded” sales tax—that is, it will be *included* in the price you pay, not *added to* that price—it will not increase the price of the goods or services you buy. As we'll see, the retail prices you pay today *already contain* these embedded taxes; they're merely in a different form. The FairTax merely replaces one embedded tax with another.

Here's what we've seen: As people begin absorbing these points, coming to understand the FairTax more

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4. You can view the letter—complete with the names of the signatories—at [www.fairtax.org/PDF/Open\\_Letter.pdf](http://www.fairtax.org/PDF/Open_Letter.pdf).

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fully—and as they become familiar with the complaints of the critics and where their logic falls apart—they tend to be won over, and more and more of them join the hundreds of thousands of FairTax volunteers and activists.

The tide is running against the income tax. Change is inevitable. That change will come upon us either chaotically or through a well-thought-out plan that promotes freedom and economic liberty while propelling our economy and our country to new heights.

Let's begin . . .

# 1

## THE BALL IS ROLLING

**B**ooks on taxes usually sell by the dozens.” So said a conservative iconic columnist to Congressman John Linder on the occasion of the release of *The FairTax Book*. But he didn’t mean it as a critique. Rather, he made the statement in utter amazement upon learning that the book had debuted at number one on the *New York Times* best-seller list.

You think the media were surprised?

Trust us, nobody was as surprised as we were when the news came (except maybe our publishers). We can’t think of a book on a subject so seemingly mundane that debuted

at number one. After a few weeks at the top of the list, copies of *The FairTax Book* became scarce—but the presses were put into overdrive, and before long the book became a nationwide phenomenon.

Our experience with *The FairTax Book* was a completely unexpected and thoroughly exhilarating roller-coaster ride. We learned more than we could ever have imagined about the American public and its passion for change.

We learned, for instance, that thousands of people would be willing to drive hundreds of miles just to show their support for an idea. Not for a sports team, not for a political candidate, not for a day at Disney World or the beach . . . but for an idea.

The date was May 24, 2006. The place was Duluth, Georgia, just north of Atlanta. With the help of Neal's flagship radio station, News/Talk 750 WSB, we rented a convention center with room for 4,500 people for a FairTax rally. Sean Hannity arranged to be there, and we lined up other guests like John Stossel, Herman Cain, and Clark Howard,<sup>1</sup> plus a little entertainment from Atlanta's own Banks and Shane.

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1. Just in case you don't tune in to the media much, we'll tell you who these fine gentlemen are, though the fact that they know a good thing when they see it in the FairTax might be testimony enough. Sean Hannity has spent the last decade as the host of his own FOX News show and also hosts his own ABC radio show; John Stossel is an ABC News correspondent and cohost of the *20/20* television show; Herman Cain's history includes time as the CEO of Godfather's Pizza, the chairman of the Federal Reserve Bank of

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Then we sat back and fretted. Here we were, setting up a rally *in the middle of the week*. After a long day at work, wouldn't people want to be home with their families? And there were plenty of other events competing for attention—including a high school graduation taking place next door to the convention center. But it was too late to turn back now—so there we sat, hoping not to be embarrassed by a lot of empty seats.

We weren't.

Hours before the start of the rally, the local police had their hands full with traffic. When the 4,500-seat venue sold out, WSB radio announced that any FairTax supporters still en route to the event should turn around and go home—there was no more room.

Some did . . . many didn't.

They kept coming, even though they knew they couldn't get inside. While 4,500 people celebrated and enjoyed the rally inside the arena, another 5,000 sat in their cars in the convention center parking lot, listening and cheering as the rally unfolded on their car radios. Rob Woodall, Linder's chief of staff and a coconspirator on these FairTax books, was one of those turned away.

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Kansas City, and a candidate for U.S. Senate in the state of Georgia; and Clark Howard is a consumer advocate, hosting his own nationally syndicated radio show and writing newspaper columns, all with the theme of "save more, spend less, and avoid ripoffs." Who better than these gentlemen to support the FairTax?

IN CASE YOU MISSED IT:

“Rally for National Sales Tax  
Draws Overflow Crowd”

—The *Atlanta Journal-Constitution*, May 25, 2006

After the Atlanta rally we received literally hundreds of e-mails from people who hadn't made it inside the convention center and others who had simply turned around and headed home when they heard the radio announcements. One woman who'd come all the way from Louisiana was making her way through Atlanta traffic with her husband and two neighbors when they heard on the radio that they wouldn't be able to get into the building. They turned around and went back to Louisiana but promised to be at the next rally—and early.

Now, think about that for a moment. Four people in a car drive hundreds of miles . . . *for a tax reform rally?* Then, when they're turned away, they don't scream, shout, and spin around on their eyebrows—but instead actually write us *to apologize for not getting there earlier* and then promise to make the next rally?

Our Louisiana friends didn't have to wait long. The second FairTax rally was held two months later, on July 29, in the streets of downtown Orlando. That's right: noontime . . . in July . . . in Orlando. Hot? Let us tell you about hot. The temperature on those streets was 97 degrees when the rally began—and the crowd ran as high as 11,000

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people. Despite the heat and the Florida humidity, they came—and stayed—to show their support for the FairTax.

But we learned something else at that Orlando rally: that this new FairTax movement might be in for a bit of stonewalling from the media. Aerial photographs clearly showed the size of the crowd, yet at least one local television station persisted in broadcasting the “news” that only about 2,000 people had attended. We knew how many seats there were, and it was clear from the number of filled seats and the numbers standing behind those seats and down the street that this was a five-figure crowd. Somehow those 10,000 or 11,000 really sweaty people were invisible to this TV reporter.

They were all there to try to do something about *taxes*, mind you. Not for a football game, not for a rock concert, not for the *American Idol* tryouts . . . but for a *tax rally*.

And the momentum kept building. By Tuesday, May 15, 2007, when the Republicans held one of their first presidential debates in Columbia, South Carolina, we rented an arena right next to the debate venue, brought in Sean Hannity, Herman Cain, Banks and Shane, John Stossel, and the crew from Americans for Fair Taxation, and had ourselves another rally. About 8,000 people showed up this time, and just before the debate was to start all 8,000 took to the streets to march around the presidential debate venue with FairTax signs. The media? Well, they completely ignored us; instead they led the news with the exciting story that a small band of antiwar protestors had shown up nearby.

## FAIRTAX: THE TRUTH

Events like this have given us a kind of rolling education in how politics works in America. Here's a short list of what we've learned while America was learning about the FairTax:

- That the FairTax is an idea people love—and an idea the media mostly love to ignore.
- That we still have a lot to learn about the forces that oppose change—but that there's still room in the vitriolic environment of American politics to debate big ideas.
- That political insiders and K Street lobbyists—who make their livings and derive immense power from maintaining and manipulating the current tax system—are thoroughly petrified by the FairTax and will do almost anything to derail it . . . including telling lies. Not ordinary innocent little lies but the boldfaced, through-their-teeth kind.
- That many congressional and campaign staffers who advise their principals on tax issues fear the FairTax—because they fear allowing their bosses to lead.
- That opponents who want to criticize the FairTax often feel compelled to misrepresent its principles—or to lie about it outright—to give themselves something to shout about.
- That the more ordinary Americans familiarize themselves with the details of the FairTax, the more those attempts at demagoguery backfire.

## THE BALL IS ROLLING

Some of the attacks on the FairTax have been rather personal; naturally, partisan politics have also colored the debate. Trust us, the temptation is great to call out the critics by name. That might be personally satisfying, but it would do little to advance the cause. We might let slip an occasional name where there's some personal animus behind that person's critiques. For the most part, however, we feel confident that we can convert many of our critics with clear explanations of what the FairTax really is—and what it is not. Sometimes all it takes is a little gentle nudging.

One reason we'll try not to attack people personally is that it's not always clear where the attacks are coming from. Many of our fellow supporters have written their congressmen and senators asking whether they support the FairTax, and they've forwarded us copies of the response letters they've received. Many of these letters were written by staff members who clearly have no clue what they're talking about—or who have their own agendas they want to protect.

Imagine, then, what kind of response we'd get if we led off a section of this book with something like this:

*Our next criticism comes from Congressman Stern-faulter of East Dakotastan. Judging from the congressman's lack of understanding of the FairTax, we must assume that if you shoved his brains into a pistachio shell they'd rattle around like a BB in a boxcar.*

Land a blow like that, of course, and we'd have to write off any hope of converting Sternfaulter—even if we proved

## FAIRTAX: THE TRUTH

that the FairTax could cure the common cold.<sup>2</sup> But don't worry: if you know anything about the personality of your talk show coauthor, you'll know he's muttering under his breath about the ignorance (feigned or otherwise) of some of these critics. Some habits are hard to break.

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2. We're not prepared to make that claim—yet. But we're looking into it.