On November 26 Pope Francis issued an “apostolic exhortation,” a document that expresses his personal opinion on a topic but not necessarily that of the Roman Catholic Church as an institution. Much of it touched on secular economic ideas that run contrary to those of many political conservatives. In particular, the pope endorsed income redistribution. That led Rush Limbaugh, on his November 27 radio program, to call the pope’s statement “pure Marxism.”

In section 53 of the exhortation, the pope said, “Today we have to say ‘thou shalt not’ to an economy of exclusion and inequality. Such an economy kills.” In the same paragraph, he said, “Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless.”

In section 56, the pope said, “When the earnings of a minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few.” In section 57, he favorably quoted the fourth-century saint John Chrysostom saying, “Not to share one’s wealth with the poor is to steal from them and to take away their livelihood. It is not our own goods which we hold, but theirs.”

In section 59, the pope said that inequality breeds violence, and in section 60 he criticized excessive consumption, which damages the social fabric. The pope dismissed those who blame the poor for their poverty.

While the pope said little about specific public policies and he mentioned taxes only in passing, with a brief reference to tax evasion in section 56, it was clear that he was building on other church documents that have more to say on the subject.

One key document is the “Compendium of the Social Doctrine of the Church,” which summarizes some papal and other ecclesiastical statements and does not necessarily reflect the church’s official view. Section 355 directly addresses taxation:

Tax revenues and public spending take on crucial economic importance for every civil and political community. The goal to be sought is public financing that is itself capable of becoming an instrument of development and solidarity. Just, efficient and effective public financing will have very positive effects on the economy, because it will encourage employment growth and sustain business and non-profit activities and help to increase the credibility of the State as the guarantor of systems of social insurance and protection that are designed above all to protect the weakest members of society.

Public spending is directed to the common good when certain fundamental principles are observed: the payment of taxes as part of the duty of solidarity; a reasonable and fair application of taxes; precision and integrity in administering and distributing public resources. In the redistribution of resources, public spending must observe the principles of solidarity, equality and making use of talents. It must also pay greater attention to families, designating an adequate amount of resources for this purpose. [Footnotes omitted.]
Section 379 of the compendium cites Jesus as affirming the state’s right to tax. As is well known, Jesus said, “Render to Caesar the things that are Caesar’s.” In section 380 of the compendium, it says that Christians have a civic duty to pay their taxes, citing Romans 13:7: “Pay all of them their dues, taxes to whom taxes are due, revenue to whom revenue is due, fear to whom fear is due, respect to whom respect is due.”

Section 303 of the compendium explicitly endorses income redistribution: “Authentic economic well-being is pursued also by means of suitable social policies for the redistribution of income which, taking general conditions into account, look at merit as well as at the need of each citizen.” Section 353 says that redistribution complements the market economy:

It is necessary for the market and the State to act in concert, one with the other, and to complement each other mutually. In fact, the free market can have a beneficial influence on the general public only when the State is organized in such a manner that it defines and gives direction to economic development, promoting the observation of fair and transparent rules, and making direct interventions — only for the length of time strictly necessary — when the market is not able to obtain the desired efficiency and when it is a question of putting the principle of redistribution into effect. There exist certain sectors in which the market, making use of the mechanisms at its disposal, is not able to guarantee an equitable distribution of the goods and services that are essential for the human growth of citizens. In such cases the complementarities of State and market are needed more than ever.

Lastly, there is the “Catechism of the Catholic Church,” the official statement of church doctrine. Section 1882 says the state is a necessary part of the nature of man. Section 2240 says it is obligatory for all Catholics to pay their taxes.

Section 1883 of the catechism, however, warns that “excessive intervention by the state can threaten personal freedom and initiative.” It says the church supports the principle of “subsidiarity,” which means that a higher level of government should not interfere with those at a lower level unless absolutely necessary. Section 1885 says that the principle of subsidiarity opposes all forms of collectivism and limits state intervention.

Theologian Charles E. Curran noted that historically, the Catholic Church has said very little about taxation and that what it has said has been economically conservative. Pope Leo XIII (1878-1903) warned that the government “would act unjustly if it uses confiscatory taxes to destroy property rights,” said Curran. Pope Pius XI (1922-1939) favored proportional taxes and emphasized that they “should not be so heavy as to oppress private initiative,” reported Curran. Pope John XXIII (1958-1963) also favored proportional taxation, said Curran. Curran summarized church teaching on taxation as follows:

Taxation is one way in which the state can work for a more just distribution of the goods of this world. Distributive justice calls for a proportionate and progressive distribution of the tax burden. Taxation should serve the common good and thus can be used to promote certain activities which promote the common good. In terms of serving the common good, taxation must promote just economic growth and the prosperity of the nation, but in our interdependent world the prosperity of the nation is intimately linked with the whole world.

The Protestant Christian tradition has had even less to say about taxation. A mid-1980s review said, “Taxes have not been a subject of great importance in Protestant ethics.” Nor is there much in the Jewish tradition on taxation beyond saying that tax evasion is contrary to Jewish law; it is essentially theft. However, some commentators have argued that Judaism supports the conservative idea of a flat tax.

In short, in terms of tax policy, the Judeo-Christian view is neutral to conservative, according to pre-2000s literature. But starting in the 2000s, theorists have supported a more progressive view of taxation based on Judeo-Christian principles.

In several papers, professor Susan Pace Hamill of the University of Alabama School of Law has argued for a more politically liberal view of biblical
tax policy that emphasizes progressivity. Her analysis relies less on specific biblical statements about taxation and more on the general view that greed and excessive wealth are contrary to Judeo-Christian ethics and that public policy ought to be oriented toward redressing extremes of wealth and aiding the poor whenever possible.\textsuperscript{10}

Hamill’s work is notable for having stimulated a political movement in Alabama to reform the state’s regressive tax system and adopt a more progressive one. Indeed, she convinced a Republican governor, Bob Riley, to put forward an amendment to the state constitution that would have raised net revenues and shifted some of the tax burden from the poor to the rich.\textsuperscript{11} Voters rejected it on September 9, 2003.\textsuperscript{12} But it did not hurt Riley’s political fortune; he was reelected in 2006.

Although her legislative effort failed, Hamill was successful in changing the terms of the debate. As Tax Notes columnist David Cay Johnston put it in a 2007 commentary, “Until Professor Hamill focused on fiscal policies in light of Judeo-Christian moral principles, most scholarly work on religion and taxes was largely devoted to the issue of tax evasion.”\textsuperscript{13} Subsequent research in the area is more sensitive to the broader ethical considerations of tax policy.

In a 2007 article, professor Adam Chodorow of the Sandra Day O’Connor College of Law at Arizona State University examined the Bible’s discussion of specific taxes from a tax lawyer’s perspective. He said that the historical and institutional circumstances of the times make biblical taxes an inappropriate guide to taxes today. “The taxes described in the Bible and Talmud bear the marks of the religious purpose they served or the historical circumstances from which they sprang,” Chodorow concluded. Fairness didn’t really enter the equation.

Still, Chodorow said he believes that the sacred texts of Judaism and Christianity reveal a philosophy that is fully consistent with a progressive view of tax policy:

> When viewed together, it becomes clear that solicitude for the poor is a dominant theme, along with a clear mandate for at least limited redistribution of wealth to ensure the poor have sufficient means to survive. Thus, while certain of these tax systems eschew progressivity, the notion that they preclude or are inconsistent with progressivity seems hard to maintain. To the extent that progressive taxation is seen as redistributive and designed to help the poor, it is consistent with the broad principles found in the Bible and Talmud, regardless of how any one tax system operated.\textsuperscript{14}

In a 2009 article, professor Ajay K. Mehrrotra of the Indiana University Maurer School of Law looked specifically at the development of the American tax system and how religious principles have affected it. He wrote that in particular, the drive for a progressive income tax in the late 19th and early 20th centuries was very much motivated by the Social Gospel movement and the liberal religious beliefs of many prominent tax reformers such as E.R.A. Seligman, Richard T. Ely, and others. But the close connection between religion and tax policy is generally understated by historians because economists of that era thought the economic case for tax reform was more powerful than the moral-religious argument. As Mehrotra explained:

> The reticence of the religiously inclined economists did not mean that they failed to see the hand of providence behind tax reform. It only meant that, in addressing the larger public, they were careful to foreground their allegiance to economic science. In doing so, they inadvertently perhaps facilitated the secularization of religiously inspired tax reform and the privileging of scientific expertise over populist protest. Thus, for the political economists, the moral support behind tax reform was not rooted in religious practices or creeds, but rather emanated from a religious spirituality that informed ethical imperatives, including the ethic of science.\textsuperscript{15}

In short, the lack of references to biblical tax principles in support of progressive taxation is not proof that religious principles weren’t important to its supporters. Mehrrotra proved that by examining the personal religious beliefs of the tax reformers.

Personally, I have always thought that the biblical story about the widow’s mite was a strong
argument for progressive taxation. In the story, which appears in the same chapter in which Jesus discussed rendering unto Caesar, some rich people contributed large sums to the treasury and a poor widow gave two small coins. Jesus said she had contributed far more than the wealthy because she gave all she had, whereas the rich gave only a fraction of their wealth.

That story is an obvious illustration of what economists call diminishing marginal utility. It’s why the second doughnut doesn’t taste as good as the first, and it is a basic argument for progressive taxation. Because an additional dollar isn’t worth as much to a millionaire as to a poor person, progressive tax rates are necessary to equalize marginal sacrifice.

In conclusion, viewing narrowly what the Bible says about taxation tells us little about the tax policy that is most consistent with biblical principles. The specific references to taxation in the Bible are too dependent on particular historical circumstances to serve as a guide to taxation today. Rather, we must look at its broader philosophical, moral, and ethical principles, which are undeniably progressive because they represent that inequality and the welfare of the poorest members of society are paramount considerations.

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In this column, Furchtgott-Roth suggests that if the courts do not allow tax subsidies for healthcare premiums in the 34 states that have federally operated exchanges — a very real possibility — the exchanges would collapse, leading to the end of Obamacare in most of the country.

The troubled Healthcare.gov website is running more smoothly, but another cloud threatens the Affordable Care Act: Will judges find that premium subsidies for individuals on the federal exchange are illegal?

Under the letter of the Affordable Care Act, tax subsidies for healthcare premiums are available only for state exchanges. But in May 2012 the IRS issued regulations (T.D. 9590) extending subsidies to federal exchanges.

Section 1401 of the act states that people who buy health insurance from state exchanges get subsidies if they earn less than 400 percent of the poverty line, currently $94,000 for a family of four. Most applicants will qualify for some subsidy.

According to the law, subsidies are available to those who get their health insurance “through an Exchange established by the State under section 1311 of the Patient Protection and Affordable Care Act,” or to those “enrolled through an Exchange established by the State under section 1311.”

Section 1321 allows the federal government to set up exchanges in states that have not done so, but nowhere does the law say that people on those federal exchanges can receive tax subsidies.

No problem, the IRS said in the May 2012 regs. It extended the subsidies to those getting health insurance on any exchange by defining an exchange as one established by a state, region, or subsidiary, or one facilitated by the federal government.

Congress put state subsidies in place to encourage states to set up exchanges. Still, only 16 states and the District of Columbia took the carrot and set them up, fewer than anticipated.