July 27, 2006

Questions: I get dozens of comments back from readers after these emails. Some of you like whatever I write. Some of you don't. Some of you give me your opinions on unrelated matters. And some of you ask questions.

After reading the questions that came in during the last few weeks, I thought that some of them might be of interest to all of you weekly laptop junkies. So, here are the questions and my answers to some of the aforementioned questions. The names of the questioners have been withheld to protect the innocent.

- Do you know about the "Fair Tax" proposal? What do you think of it? The "Fair Tax" is a proposal that would replace the federal income tax with a national sales tax. The idea is that a tax on "consumption" is economically superior to a tax on "production/income." I understand why proponents (including members of Congress) like this, but I respectfully disagree. In order to make sure the United States did not have a sales tax and an income tax too, we would need to repeal the 16th amendment to the Constitution which authorized the income tax in 1913. That is politically very difficult. Secondly, if the "Fair Tax" raised the same revenue as the income tax does now, it would lead to a combined sales tax in California in excess of 30%. That will result in a tremendous incentive to barter and otherwise avoid the tax. The enforcement mechanisms necessary to enforce a 30% tax on all sales would have to be so intrusive as to make today's IRS seem mild and distant. I prefer a flat or a flatter income tax. More on that in the future.

- How can I obtain a flag that has flown over the Capitol? You can request one from my office in Washington. Because of all the requests that congressmen get for flags, it costs money and it takes about three months to get you one. If you are interested, everything you need is on my website at http://campbell.house.gov/html/flags.cfm .
- Any activity taking place in Washington on the minimum wage? There has been significant discussion in Washington about the minimum wage with proponents of an increase arguing that the rate has remained unchanged since 1997 and opponents maintaining that it is a job killer. It now appears possible that there will be a vote, probably in September, on a minimum wage increase. As of now it is not clear how much of an increase would be proposed in the bill. It also appears possible that the bill may include some "small business tax credits" as well. Although the political jockeying on this issue is intense, the actual economic affect of any change is likely to be muted. Only 2.5% of workers are paid the minimum wage now. Furthermore, 19 states

have a state minimum wage law which is higher than the federal. In these states (including California where the current minimum wage is $6.75 vs. the federal law of $5.15) an increase could have no affect at all. I expect I will oppose the increase because it will either have no economic affect or a negative one.

- I know we have a national do not call list, but why do I still get bothered by irritating political telemarketing calls and can I do anything to get my name off of their list? As the co-author of California's do not call list, I wish I could give you encouragement here, but I can't. Political calls are excluded from the do not call list because there are First Amendment constitutional concerns with telling people they cannot express their political opinions with a phone call, unsolicited or otherwise. Charitable calls are also excluded but this is not for constitutional reasons. Elected officials do not want to vote to interfere with the ability of your church or the Cancer Society to raise funds. Therefore, there's not much you can do except hang up.
- Is anything being done about "offsets" to Social Security and Medicare? As I mentioned before, something will have to be done to make major changes in both of these programs, or they will eat up the entire budget or go broke. Changing offsets alone will increase costs which no one wants to do during budget deficits. When President Bush made a broader social security reform proposal last year it was defeated in the Senate. It is called the "third rail" of politics. But we will eventually have to touch that "third rail," or it will surely burn us anyway.

Until next week, I remain respectfully,

Congressman John Campbell