

TAX REFORM? or COMPOUND INEQUALITY!

The President and his Republican congressional confederates are promoting their tax code revisions as providing relief for all. They are especially proud of the few dollars that the shrinking middle class will receive.

At a time when economic researchers are showing the growing disparity between the very wealthy and the shrinking middle class, one might think that tax reform would present an opportunity to redress these problems. In fact it appears that a deliberate effort is being made to this will exacerbate it.

How one views the choices in governance turns on differing philosophies of government and its purposes.

- The republicans apparently see it as their responsibility to protect the wealthy and give them even more.
- A compassionate economic philosophy calls for building communities of joint responsibility for one another, an open system which encourages growth and innovation without the uneven playing field which privilege and special interests insist upon, and caring for those who need assistance to grow.

The politicians speak in grand sweeping terms about growing the economy and putting more money in taxpayers' pockets. However, when translated in the current proposed tax reform these goal results in very personal, individual impacts. Tax reform which supposedly reduces the taxes businesses and individuals is only one side of the equation. Paying for the lost revenue is the other. For example one deduction which will be eliminated is interest paid on Student Loan Debt. This is the largest non-real estate debt category and debtors are already burdened by special conditions which can make it difficult to refinance and impossible to discharge through bankruptcy. If education is the path to economic success and borrowing is the only way for many to afford it, this increases inequality by further penalizing those who try to become self-sufficient.

The President's assertion that the imagined resultant growth will grow the economy to such an extent that lower taxes on an increased GNP will fill the government coffers is a fairy tale. It didn't work with the Regan cut. For a current example of the disaster this strategy yields, look at Kansas which has destroyed its public education system and reduced or abandoned many basic government responsibilities.

The Congressional Budget Office has estimated the proposed tax cuts will increase the National debt by almost 2 TRILLION DOLLARS in the decade following passage. However even this debt increase which should be anathema

to traditional Republicans will not suffice. The proposal calls for a \$1.5 trillion increase which means that major cuts in our social safety net will be required. For it is not a matter of profiting one set of people more than others, it is a case of disadvantaging tens of millions of Americans to reap benevolences on a relative few.

When giving more to the wealthy and businesses and the wealthy who invest in those businesses is achieved by adding 1.5 trillion dollars to the debt and cutting Medicaid, housing programs, child care assistance, health insurance for children, health insurance assistance for working folks, the environment – this is not compassionate economics, this is runaway greed and rejection of one of America’s core concepts, ‘that all are created equal.’

FOLLOW THE MONEY

How will individuals and their enterprises fare? We know that the very lowest category of taxpayers is certain to be impacted. That is those whose taxable income is between \$1-19,000. Currently the rate is 10%. Reform would increase it to 12%! We know that those making \$50,000 will see few benefits, and some 30% are estimated to see increases! We can each look at the new system and calculate how it affects us.

If we weren’t certain who benefits, think about this. Upon passage, 50% of the benefits from Republican tax reform will accrue to the 1%ers at the top of our economic totem pole. By 2027 the top 1% will receive 80% of the benefits!

How much will the President and his family and the Trump empire gain from the tax changes? If we can trust his own words, the repeal of the alternate minimum tax will save him millions. Is the real total tens of million –even more? Who will ask, how can we get that answer?

Just a side thought, wouldn’t everybody like to make up the rules so the game enriches us? Funny, that is not illegal when our President and Congressmen do it.

It would be instructive to have a spread sheet showing in real dollars what congressmen and cabinet heads will gain. We could give them ranges so they could easily estimate the largess they will receive.

Less than \$1,000, 1-10,000, 10,001-25,000, 25,001-100,000,

What is your answer Brad Wenstrup, Steve Chabot, Sherod Brown, Rob Portman ?

CALL AND ASK THEM