

Leadership Needed on Tax Cuts for the Rich

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Largely because of conservatives like Ronald Reagan, the lowest income Americans pay almost no federal income tax. To win tax cuts from a Democrat majority congress, Reagan promised to virtually remove the lowest income Americans from the federal income tax rolls; good politics and economic policy at the time, but with some serious long-term consequences. Now, 96% of income tax revenue comes from the top fifty percent of income earners. The top three percent pay as much as the other ninety-seven combined!! Yet there is little or no direct response to the demagoguery about 'tax cuts' for the rich!?

We'd better make the economic case for tax cuts to the remaining few that pay most of them. Accelerated economic growth always follows. The increased investment facilitated by lower taxes on successful, entrepreneurial people directly benefits average Americans through increased productivity and higher wages. We'd better make that case because for most of the electorate, we've virtually eliminated the normal basis of interest in income tax cuts. You can't cut taxes on people that are barely taxed.

We've stumbled into politically dangerous territory that even the most determined, talented leadership will struggle to extract us from. Most of the electorate sees no direct cost to increased federal spending. They're shopping for government goodies with someone else's credit card. It's hard enough to argue for tax cuts for the rich. But tax hikes on the poor!? Wow! But that's the only way to restore the responsibility that comes with paying more when you want more.

The founding fathers were wise to call for uniform taxation in the constitution. To foster responsible political behavior, every citizen needs to bear some of the burden of government spending. It will be a struggle to get back to that. For prosperity, the government, and taxes paid by everyone, need to be kept small. Many countries have lost their prosperity and freedom to government intervention and high taxes.