



News Analysis: Tax Cuts for Rich? Actually, They Go to Middle Class

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Nearly all of the commentary — with the notable exception of Fox News — about the Tax Cuts and Jobs Act is negative.

“Tax cuts for the rich” and “corporate welfare” are common refrains about President Trump’s signature accomplishment.

But while initial polling indicated that Americans opposed the tax cuts, a new national Politico survey found a nine-point plurality supporting the GOP plan (44/35). The people polled also predicted by substantial margins that tax cuts will help the U.S. economy, corporations, small businesses, and high-income families.

It’s worth remembering that Democrats also characterized President Ronald Reagan’s tax cuts of 1981 as being “for the rich.” Initial polling at that time showed a majority of Americans opposed to Reagan’s plan. But the tax cuts became popular as the economy, which had been in a recession, added 10.5 million jobs over the next five years, according to the Bureau of Labor Statistics.

In addition, the CNBC All-American Economic Survey published Dec. 18 found that for the first time in at least 11 years, more than half of respondents to the survey rated the economy “good” or “excellent.” And 41% expected the economy to improve even more in 2018.

Rich Will Shoulder Bigger Share of Tax Burden

Economist Chris Edwards, who is director of tax policy studies at the Cato Institute and editor of www.DownsizingGovernment.org, said this week that Trump/GOP tax reform isn’t what critics claim it is.

“Republicans have enacted the Tax Cuts and Jobs Act, the largest tax overhaul since 1986,” writes Edwards in a Dec. 20 blog post. “While many people seem to think that the legislation favors the rich, it actually delivers the largest relative tax cuts to the middle class. That is clear if you dig beneath the surface of estimates from the liberal Tax Policy Center (TPC).”

“I think it’s a great bill.” — Brandon Arnold, National Taxpayers Union

Edwards faults the methodology of the TPC’s analysis and concludes: “for 2018, the tax changes will make the federal tax system more progressive. The GOP tax bill will result in higher earners paying a larger share of the overall federal tax burden.”

Veronique De Rugy of National Review cited Edwards analysis and added, “. . . the middle class only shoulders a tiny part of the federal income tax. Over 70% of the tax is paid by the top 10% of earners. That means any reform of the income tax is probably going to affect them the most. Yet, this tax plan managed to make the income-tax system even more progressive than it already was.”

National Taxpayers Union Praises Tax Reform Package

Moreover, Brandon Arnold, National Taxpayers Union executive vice president, said that the plan will be beneficial for ordinary people.

“I think it’s a great bill,” Arnold told InsideSources.com. “The lower rates will kick in at the start of the year so there will be a change in their paycheck right off the bat, and then going into filing season in early 2019, when they sure up their taxes, they’re going to see a big benefit, especially in regards to the child tax credit. Beyond that, I think the economic effects will be pretty quick.”

The Tax Foundation, a nonpartisan research group, found in an analysis Dec. 18 that the legislation will create an additional \$1 trillion in federal revenue from the economic growth it stimulates. What are the other expectations? Wages will increase by 1.5% and 339,000 full-time jobs will be created.

We’ve already seen how American businesses are reacting to the tax-reform package. Boeing announced \$300 million in employee-related and charitable investment as a result of the tax bill. And AT&T is giving a \$1,000 bonus to 200,000 workers.

Cuts Could Supercharge Economy

Closer to home, Rep. David Valadao, R-Hanford, told KSEE’s Evan Onstot that 83% of tax filers in his district will benefit from a doubling of the standard deduction.

“The Tax Cuts and Jobs Act will create jobs, grow our economy, and increase the amount of money Central Valley workers take home to their families. This is the tax relief we need,” Valadao tweeted.

However, Rep. Jim Costa, D-Fresno, opposed the tax cuts.

“Although there are some good things in this bill, overall the bill does more harm to Americans and to the American economy than it does good. I simply could not vote for a bill that we all

know is fiscally irresponsible, and that we all know will hurt so many people in our Valley,” Costa said in a news release.

Rep. Devin Nunes, R-Tulare, played a major role in the final bill that was passed and signed by Trump. Nunes, who is a senior member of the House Ways and Means Committee, was one of nine Republicans selected by Speaker Paul Ryan to serve on the House-Senate conference committee on tax-cut legislation.

There are no “sure things” in economics or business. Clearly, this tax-reform effort is far from perfect.

But the basics — more money in the pockets of the poor and middle class, cutting the corporate tax rate to spur investment — could accelerate economic growth and provide prosperity for millions more Americans in the years ahead.