

Townhall

Liberals Were Very Wrong About Tax Cuts. Again.

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May 10, 2019

For those of you who survived the Great GOP Tax Cut Massacre, things are finally looking up. The unemployment rate fell to 3.6 percent last month, the lowest level since 1969. We've now experienced over a full year of unemployment at 4 percent or lower. The economy beat projections, adding another 263,000 jobs in April. Wages are rising.

It was Larry Summers, Bill Clinton's former treasury secretary and Barack Obama's White House economic adviser, who warned that tax reform would lead to over 10,000 dead Americans every year in December of 2017. Summers, considered a reasonable moderate by today's political standards, was just one of the many fearmongers.

The same month, after cautioning that passage of tax cuts would portend "Armageddon," then-House Minority Leader Nancy Pelosi explained that the 2017 Tax Cuts and Jobs Act, a reform of corporate tax codes and a wide-ranging relief, was "the worst bill in the history of the United States Congress." Worse than the Fugitive Slave Act? Worse than the Espionage Act? Worse than congressional approval of the internment of Japanese Americans? That's a *really* bad bill.

The tenor of left-wing cable news and punditry was predictably panic-stricken. After asserting that the cuts wouldn't help create a single job, Bruce Bartlett told MSNBC that tax relief was "really akin to rape." Kurt Eichenwald tweeted that "America died tonight." "I'm a Depression historian," read the headline on a Washington Post op-ed. "The GOP tax bill is straight out of 1929," proclaimed the same writer. And so on.

None of this is even getting into the MSM's straight news coverage, which persistently (and falsely) painted the bill as a tax cut for the wealthy. "One-Third of Middle Class Families Could End up Paying More Under the GOP Tax Plan" noted Money magazine. An Associated Press headline read, "House Passes First Rewrite of Nation's Tax Laws in Three Decades, Providing Steep Tax Cuts for Businesses, the Wealthy." "Poor Americans Would Lose Billions Under Senate GOP Tax Bill" reported CNN. Yahoo News ran one piece after the next predicting doom.

The GOP tax cut's "unstated goal is to leave the poor and vulnerable in America without the support of their government," an ABC News "analyst" alleged. "It's not enough to give money to rich people. Apparently, Republicans want to kick the poor and middle class in the face, too," a columnist at Washington Post noted, leaning hard into two of the stalest canards about tax policy.

Of course, the notion that allowing Americans to keep more of their own money is tantamount to "giving" them something is just transparently specious. Does any liberal really maintain that government owns all your income, and anything you keep is a gift? Tax rates were not handed to

us on Mount Sinai, they were cooked up by economists. In truth, you only "give" taxes, you never keep. And the government only spends.

In any event, the idea that the poor or middle class are being shaken down by the cuts was even more of a dishonest claim. As Chris Edwards of the Cato Institute has pointed out, the TCJA's largest percentage tax cuts went to the middle class. Even the liberal Tax Policy Center estimated that 65 percent of Americans paid less last year (6 percent paid more) due to tax reform. More than 44 percent of Americans pay no federal income tax. (Though corporate taxes are also a tax on consumers, so cuts benefitted nearly everyone.)

That hasn't stopped former vice president Joe Biden. "There's a \$2 trillion tax cut last year. Did you feel it? Did you get anything from it? Of course not. Of course not. All of it went to folks at the top and corporations," the presidential hopeful claimed the other day. It's a fabrication.

Whenever you hear people bellowing about the wealthy benefitting most from across-the-board tax cuts, they always leave out the fact that wealthy pay the vast majority of income taxes: The top 20 percent of income earners paid over 95 percent of individual income taxes in 2017, the top 10 percent paid 81 percent and the top 0.1 percent paid nearly a quarter of all federal income taxes.

Supply-side economics isn't a panacea. We're racking up debt and continuing spending as if it doesn't matter. Not all the underlying numbers are positive. There are thousands of economic unknowns that can't be quantified or computed by economists, which is why the central planners and technocrats are almost always wrong. And yes, when the recession finally comes, as it always does, liberals will once again blame tax cuts and deregulation. But to be this wrong this often deserves recognition.