

LibertyNation

Warren: The Difference Between Two Cents And Two Percent

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“If we put that 2-cent wealth tax in place on the 75,000 largest fortunes in this country, 2 cents, we can do universal child care for every baby 0 to 5, universal pre-K, universal college and knock back the student loan debt burden for 95 percent of our students and still have nearly a trillion dollars left over.”

– Elizabeth Warren (D-MA)

Senator Warren is struggling to get her math straight. Either that or she doesn't know the difference between two cents and 2%. And that's a problem if you want to be the leader of the free world. Her statement at a CNN town hall-style meeting has economists far and wide scratching their heads and average Americans, well, laughing at her.

In a spirit of charity, let's assume Warren's plan involves taxing two cents per dollar and not per person – after all, \$0.02 times 75,000 probably won't pay for much.

Even if one were to assume that the good Senator from Massachusetts knows what she's talking about (and that is quite an assumption), the jury is out about whether her plan of having the wealthy fork over more to Uncle Sam will work.

Just Tax The Rich

Why is it that the answer is always the same with so-called progressives when it comes to solving any economic problem? Just tax the rich. Yep, that will resolve all of our national debt problems. It will pay for everyone's education from the cradle to the grave, forgive all student debt from sea to shining sea, and more.

Except that oh, well, maybe it won't. Warren's tax dream “could potentially fall short of expected revenue targets,” warns Marc Goldwein, senior policy director for the Committee for a Responsible Federal Budget.

Even the most gracious of economists say Warren may be dabbling in voodoo economics. Perhaps George H.W. Bush was prescient or just a few years ahead of his time. A University of California-Berkeley economist (you can guess his political leanings) says Warren's plan is “defensible” but admits it's never been done before – at least in the U.S.

Alan Auerbach told PolitiFact that, “There remains considerable uncertainty about the extent to which the tax would hit its target.”

Even the elite ivory tower brain trust over at *The New York Times* gives Warren's 2% plan a big, fat “maybe.”

A Dose Of Reality

The bottom line here is that the Massachusetts senator's economic scheme is supposed to pay for student debt (an estimated \$640 million) and universal childcare (\$707 billion over a decade, according to the *Times*). But of course, as with all economic plans, there are variables at play. Therein lies the rub.

The rich could start a more active philanthropic scheme to give away a lot of their money before the plan hits. Warren seems to assume that wealthy people and their tax planning staff are imprudent with money. It's as if those with tons of dough can't figure a way around the tax code – please! As commented by Dan Mitchell of the Cato Institute, “Rich people are not stupid. Or, if they are, they generally have clever financial advisers. There would be massive levels of tax planning.”

Despite the wonky equations, Ms. Warren's plan is pretty popular, with polls showing support in the 60-70% range. Taxing the rich is a tried and true way to get public support. But those who consult reality from time to time know that the rich already pay the lion's share of taxes in America. They also understand that merely taxing those with big bucks won't do the job. What will – and what we have watched under the leadership of President Trump these last two years – is to grow the economy. And of course, growing the economy is a difficult thing to do if you are taxing the people who own the businesses.

Ultimately it comes down to naïveté on the part of Ms. Warren. Or as my hair stylist recently said, “Can you believe Fauxahontus is trying to solve all our problems with a 2-cent tax – what a joke.”

Two cents or 2% – it's still a farce.