

🇺🇸 **LETTER TO THE EDITOR**
**AN INCREDIBLE
THEORY ABOUT
REDUCING FINANCIAL
INEQUALITY!**



By Stephen L. Bakke 🇺🇸 October 16, 2014

Here's what provoked me:

I read an article by a Professor Edward D. Kleinhard that asserts: "reducing inequality is not about where the money comes from, but where the money goes, and how much of it is spent ... progressive fiscal outcomes do not require particularly progressive tax systems - just big ones." He actually wants huge increases in social programs, and doesn't think a progressive tax system can do any good. The only thing I can figure out is that he wants to tax the middle class much more heavily or create much more debt! It's an incredible theory!

Here's my response 😊:

An Incredible Theory about Reducing Financial Inequality!

Re: "Tax the rich? No, here's a better way" by Professor Edward D. Kleinhard - October 13. Kleinhard rejects the traditional method of making taxes more progressive i.e. by increasing taxes on the rich. He starts with the correct premise that our progressive system doesn't work. But then he asserts that "reducing inequality is not about where the money comes from, but where the money goes, and how much of it is spent ... **progressive fiscal outcomes do not require particularly progressive tax systems - just big ones.**" He wants huge increases in social programs!

Don't tax the rich but still raise more revenue! Where would these dollars come from? He's clearly suggesting huge tax increases on middle income Americans, or alternatively he's advocating huge increases in the national debt. One or the other!

Inequality is used as justification for the dramatic conclusions, but how does he make measurements? He compares income levels - "inequality in market income - that is, income before subtracting taxes and adding back government benefits." My friends, if that's how one measures inequality, - with government transfer payments and benefits excluded from income, the gap between the poor and the rich will always be overstated and poor people will be officially declared to be "in poverty," no matter what level of social programs they will be benefiting from!

Professor Kleinhard would be well advised to take a look at another comparison before he transforms our economic system. That alternative is to measure "mobility" between various levels of income. **U.S. mobility isn't what it could be, but a review of mobility statistics tells a far more encouraging story than that being spun by Professor Kleinhard!**

