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TAX REFORM: TOUGH, BUT POSSIBLE, TO FAVOR THE MIDDLE CLASS!

By Stephen L. Bakke  December 4, 2017



Here's what provoked me:

There are competing claims flying all around about whether the middle class is being treated fairly in the proposed tax reform legislation. In my opinion there's precious little analysis going on, and when it is done, there's very little effective presentation to the public. Let me try to provide some information which may shed partial light on why I'm supporting the developing tax relief legislation.

Here's my response:

Tax Reform: Tough, but Possible, to Favor the Middle Class!

We all want to favor the middle class when providing tax relief. Let's ask questions, and then analyze facts:

- Is achieving economic expansion desirable?
- If so, can the middle class receive the bulk of the relief dollars, and still achieve meaningful expansion – i.e. a level of expansion adequate to preclude long-term increases in the national debt?
- Alternatively, can we have meaningful expansion if the middle class benefits proportionally more than the highest earners, even though not receiving the bulk of the dollars?

Facts:

- The top 25% of earners pay about 87% of federal taxes – a huge majority of taxes paid.
- The middle 50% (middle class) pay only about 13% - a relatively minor portion.
- Almost 50% of middle class taxpayers pay no federal income taxes.

Bottom line:

- Economic expansion is not only desirable, but essential to a prosperous future.
- The middle class can be treated favorably while giving across-the-board tax relief.
- The middle class can receive a larger proportionate relief than the highest earning individuals, and still achieve meaningful expansion.
- However, insisting the middle class receive the bulk of relief dollars precludes meaningful expansionary results – there aren't enough middle class tax dollars paid to get it done.

We want tax relief. We want favorable treatment for the middle class. We want meaningful economic expansion. We can have all that if we support the developing Republican legislation. Remember, "perfection" is the enemy of "the good."