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Correction, Please!

While Dems Deploy Spending, Taxing Gimmicks as Cover, Pain Will Be Real

Not really about infrastructure: Joe Biden is seen here signing the "Infrastructure Investment and Jobs Act" into law on November 15. The bill contains very little infrastructure spending and will likely cost jobs. *(Photo credit: AP Images)*

Item: *The campaign for monstrous spending bills pushed by the Biden White House and Democrats in Congress has been assisted by the mainstream media. On October 30, for example, ABC News promoted an entry on Twitter about the "framework" agreement for the so-called Build Back Better (BBB) bill. (That proposal changed repeatedly, with a "topline" figure of $3.5 trillion being negotiated to a dubious $1.75 trillion as we write. This was paired with a recently passed $1.2 trillion "infrastructure" bill.)*

The network boosted this Joe Biden claim: "After months of tough and thoughtful negotiations, I think we have an historic — I know we have an historic economic framework.... It's fiscally responsible. It's fully paid for."

Item: *The* New York Times, *in its October 28 print edition, reported on the "three-month push to hash out the most sweeping changes to the international tax system in a century." The account noted that the deal was about to be culminated in an agreement involving Biden and other leaders of the Group of 20 nations in Rome. "The deal," said the left-wing paper, has become crucial to Mr. Biden's domestic agenda, with the White House and Democrats in Congress now relying on revenue from a new 15 percent global minimum tax and other changes to help pay for the expansive spending package still being negotiated."*

The Biden administration was said to be concerned "about a global race to the bottom on corporate taxation, a phenomenon that was viewed as a big obstacle to Mr. Biden's plan to increase corporate taxes domestically."

Item: *The "fiscally responsible" and "fully paid" framework for the social-welfare, climate-change, and tax bill is a cure-all, according to the president. It will, he said on October 28 (as quoted by the White*

House), "create millions of jobs, grow the economy, invest in our nation and our people, turn the climate crisis into an opportunity, and put us on a path not only to compete, but to win the economic competition for the 21st century against China and every other major country in the world." Biden offered empty assurances that various economists had determined that this move would "lower the inflationary pressures on the economy" and that it "will not add to the deficit at all; it will actually reduce the deficit."

Correction: If you believe that, as another infamous con man pitched his swindles, there is a bridge in Brooklyn that he's willing to sell you. That might even double as an "infrastructure" deal, we suppose.

We'd rather trust our own eyes and common sense. And, if you want a free-market economist to rely on, lean on Henry Hazlitt. As Hazlitt observed, "Everything we get, outside of the free gifts of nature, must in some way be paid for. The world is full of so-called economists who in turn are full of schemes for getting something for nothing."

Speaking of being full of it, the occupant of the White House keeps asserting that the planned colossal expansion of the welfare state will cost "zero" and argues that all this additional spending will "reduce inflation, reduce inflation, reduce inflation" — as if dispensing malarkey more than once makes it so.

There have been more false assertions than one can count. Here are a few. Notice that there are no qualifications here, no footnotes about Biden's claims, just outright promises. He's clearly memorized at least some of the talking points written for him. For example: "Nobody making under 400,000 bucks would have their taxes raised, period, bingo" (May 22, 2020); "Under my plan, if you make less than $400,000, you won't pay a single penny more in taxes. You have my word on it" (November 2, 2020); and, "I give you my word as a Biden: If you make under $400,000 a year, I'll never raise your taxes one cent" (September 26, 2021).

Those vows disappear in smoke in several ways — including with the threatened significant increase in tobacco taxes. Data from the progressive Institute on Taxation and Economic Policy indicate how tobacco taxes hit lower-income Americans much more than those with higher incomes. Groups disproportionately affected by the proposed doubling of tobacco taxes, as specified by *National Review's* Jim Geraghty, are the least-educated in the country, the poorest, the disabled, those on Medicaid, and the uninsured.

Spending like there's no tomorrow: Biden's "Build Back Better" plan would ad trillions to the national debt and likely plunge the U.S. economy into a recession. Some suspect this is the intent, preparing America for the "Great Reset." *(Photo credit: Pineapple Studio/ iStock / Getty Images Plus)*

The non-rich would get hurt in many other ways. As pointed out by Issues & Insights in September, a new report from the Joint Tax Committee reveals "that the Biden-Democrat spending plan breaks his promise not to tax anyone under $400,000 income. The analysis found Biden's plan would hike taxes for those making as little as $30,000 a year starting in 2027."

Regardless of how many times the president might say the cost of his BBB patchwork of schemes is "zero," it is not. The proposed legislation, with random ideas thrown into a big pot, is frightening. A "billionaire's tax" was supposed to help float the bill, but that was dropped in just a day. A scary IRS monitoring ruse came and seemingly went. Other chilling and expensive plans were tossed aside — but many remain. These include throwing billions at "tree equity" and the banning of new production of oil and gas off almost all of our coastline.

The Tax Foundation, using then-current numbers about the overall entitlement legislation, concluded that the

> House bill would reduce long-run economic output by nearly 0.4 percent and eliminate about 103,000 full-time equivalent jobs in the United States. It would also reduce average after-tax incomes for the top 80 percent of taxpayers over the long run.

In addition, said the foundation's experts, it "would result in $752 billion of accumulated deficits (including interest payments) during the first decade, leading to an increase in payments to foreign owners of the national debt and a 0.02 percent reduction in long-run GNP."

Other scoring methods produce different results — but assuredly not "zero." The Penn Wharton Budget Model, for instance, also examined the "framework" deal in play before Congress. Even using the bill's phony figures, the model finds that it would reduce economic growth and add considerably to the national debt.

It's more realistic to examine what the Democrats really want, so Penn Wharton modeled that as well. Under this scenario, in which all spending provisions in the White House "framework" are permanent (except the clean-energy tax credits), Penn Wharton found that new spending would "increase by $4.26 trillion and new revenue would still increase by $1.56 trillion over the 10-year budget window. The federal debt would be 25.2 percent higher and GDP 2.8 percent lower in 2050, relative to current law."

The debt bomb, with resultant massive interest payments, will explode on our children and grandchildren. That, in part, is why the White House is fabricating. The more inclusive Penn Wharton scenario is crucial, as the *Wall Street Journal* has explained, because the Democrats

> openly admit that their strategy is to pass new entitlements like national child care, disguise their cost by pretending to phase the programs out inside the 10-year budget window, but assume they will become permanent as they always do. This means the real cost of the Sanders-Biden-Pelosi budget is $4 trillion, and it will put the U.S. on a path to European entropy.

Meanwhile, the global "minimum tax" deal, which is supposed to help pay for domestic socialistic designs, is anti-competitive on its face. Writing in the *Washington Examiner*, Bruce Thompson (a former assistant U.S. treasury secretary) warns:

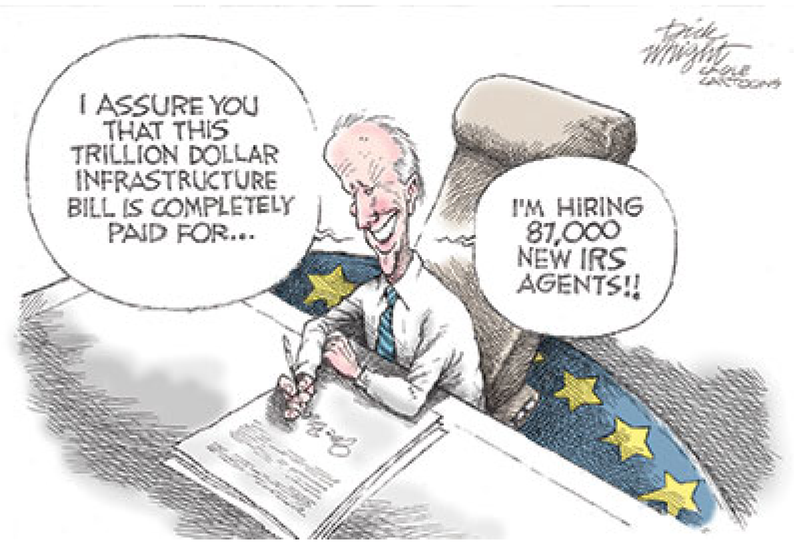
> Study after study shows that higher corporate rates lead to lower wages, higher prices, and lower government tax revenue.
>
> The Biden administration now wants to raise the U.S. global minimum tax to the highest in the world before seeing if any other country acts. This would put our companies at a competitive disadvantage.

Not only is the administration targeting business in general — although subsidizing certain favored firms, including companies involved in "renewables" — it is aiming at investors. (At risk are, for example, your IRA and/or 401(k) accounts.) The pictures painted by the Tax Foundation are not pretty. Its studies show that the United States (under the BBB "framework") would tax capital gains at the third-highest top marginal rate among rich nations, averaging nearly 37 percent. Similarly, the average top tax rate on personal income would reach 57.4 percent, giving the United States the highest rate in the Organisation for Economic Co-operation and Development.

Being on top of those tax mountains is not a good place to be. The global agreement was, as Thompson puts it,

> devised to prevent countries from competing with one another on corporate tax rates. It would be like New York and New Jersey coming up with an agreement that prevented states such as Texas and Florida from reducing taxes to attract businesses and people to their states. It's a government protection plan to keep taxes and spending high.

It is, however, not too late to regain sanity. The preliminary signing of an international agreement doesn't rewrite national tax codes.



But if the domestic rates do rise, the pain will be felt by consumers and small businesses (though the "progressives" pretend otherwise). Biden, meanwhile, has proposed a 15-percent minimum tax for certain U.S. corporations. A report by London-based Ernst & Young finds that the minimum tax could cost the United States up to one million jobs and decrease investment by $20 billion. Even the Business Roundtable, which represents many large companies in this country, is leery about such a move, saying, "Together these proposals would impose $800 billion in tax increases on businesses, one of the largest tax increases in history."

No wonder the Democrats tried to push their bill through so quickly. The more people learn about it, the worse it smells. This is also why the genuine cost is being masked. As the Heritage Foundation notes, the "reconciliation" instructions supposedly put caps on "the 10-year deficit impact of provisions that could be included in the bill. However, the new framework provides partial funding for many programs — creating temporary benefits that are clearly intended to be made permanent." Here are examples offered by Heritage budget analysts Richard Stern and David Ditch:

> **Childcare and Pre-K**: Actual 10-year cost is likely more than twice the reported cost of $400 billion.
>
> **Obamacare Tax Credit:** Actual 10-year cost is likely much more than three times the reported cost of $130 billion.
>
> **Child and Earned Income Tax Credits:** Actual 10-year cost is likely more than 10 times the reported cost of $200 billion.

In total, say the analysts, "these programs would likely cost well over $2.3 trillion above the estimate in this framework over 10 years. This excess would be more than $18,700 of new spending per American household."

With all this concealed taxing and spending, the White House and its congressional cronies are also doing their best to ensure that there is no place where a taxpayer can hide. Ignored is the wisdom of French economist and author Frédéric Bastiat (1801-1850): "Everyone wants to live at the expense of the state. They forget that the state lives at the expense of everyone."