



Written by [William P. Hoar](#) on February 17, 2020

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Correction, Please!

Middle-class Gains Threatened by Profligate Spenders, Overtaxing

Item: *The Des Moines Register for January 15 carried a transcript of the previous night's debate among Democratic presidential candidates in Iowa. Former Vice President Joe Biden, in his usual muddled fashion, claimed that he couldn't wait to face off against Donald Trump. He said, obliquely: "Where I come from, the neighbors I come from, they're in real trouble, working-class people and middle-class people."*



He continued: "When the middle class does well, the working class has a way up and the wealthy do well. But what's happening now? They're being clobbered. They're being killed." Biden insisted that "the wealthy are the only ones doing well."

Item: *Massachusetts Senator Elizabeth Warren, during the same debate, promised that her (extremely expensive) version of "Medicare for All" would not raise the taxes of the middle class. "My approach to this," she said, "is that we have to get as much help to as many people as quickly as possible. I have worked out a plan where we can do that by not raising taxes on middle class families by one thin dime."*

Item: *The New York Times for November 9 cited the claims of the various candidates, including that of socialist Vermont Senator Bernie Sanders. He has repeatedly said (as he did in October on PBS), "The average American will pay less for health care under Medicare for All." The Times also took note of Warren's comment (in a Twitter post in November) about her healthcare scheme: "It puts \$11 trillion back in the pockets of American families, and doesn't raise taxes on the middle class by even a cent."*

Item: *CBS News on December 31 carried a deceptive article entitled "Two years after Trump tax cuts, middle-class Americans are falling behind." The CBS piece was misleading enough that it was the first one touted by the official Democratic Party site "War Room" in a January 10 entry emblazoned, "Trump's Tax Law Still Hasn't Helped Working Families." Said the website: "Trump promised that his tax law would benefit the middle class, trickle down to workers, and significantly boost economic growth. None of that happened. Middle-class families, who Trump promised would be the focus of his tax law, are instead falling further behind."*

Item: *The headline on the December 22 D.C.-based Hill newspaper read: "Two years in, Trump tax cuts face big test with reelection bid." It maintained: "Democrats believe that their calls to roll back the 2017 law and raise taxes on the wealthy will resonate with voters and help them win back the White House next year. 'We have to eliminate [a] significant number of these god-awful tax cuts that were given to the very wealthy,' former Vice President Joe Biden said during [the December 19] Democratic*



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presidential debate."

Correction: Though a *Washington Post* article dated January 12 by two "budget experts" (Eric Harris Bernstein and Ben Spielberg) correctly pointed out the general position that Democrats are taking on taxation, saying, "On the question of raising taxes, and for whom, most Democratic candidates have hedged to an all-too-familiar position [and] ... asserted their opposition to tax increases on anyone but the very rich," the two know Democratic policies can't run on taxing the rich alone.

In the view of the writers, such a stance is "misguided." The two contend that it is "long past time to reverse this trend by embracing tax-positive politics." Their article is called "Democrats won't raise middle-class taxes. They should." The writers are clearly not seeking office, where real consequences of policies are rarely discussed.

Misguided is the belief that the government can give to some without first taking it from others. The oft-hidden but inevitable target for bleeding is the middle class — because that is where most of the money can be found.

The con game, played repeatedly, is to dupe the multitudinous rubes to exchange their support and votes for empty assurances that only the stinking, full-pocketed fat cats will be dunned.

Here is just some of the bait being offered by the Democrats leading in the polls: single-payer healthcare, with the government replacing private insurance; a Green New Deal that will end the use of fossil fuels while curing "climate change"; free college tuition for some or all as well as the forgiveness of existing student loans; millions of units of "affordable housing"; universal pre-school and child care support for all; a trillion dollars or so of spending to build infrastructure across the land; guaranteed jobs; and more.

That needs money, you undoubtedly recognize. A lot! So here's one of the imaginary solutions: a massive wealth tax — not aimed at you, of course, and not at me, but (as the saying goes) at that rich guy behind the tree.

When that turns out to be insufficient, which is preordained, you can be sure that the same progressive candidates who feigned being our "friends" will quickly see us as "taxpayers." Much more will be needed than one of Elizabeth Warren's "thin dimes."

Ask Europeans where the money comes from to fund their welfare state. The rich simply don't have enough to support endless socialist pipe dreams. Europe shows how the Warren-Sanders agenda really works, as the *Wall Street Journal* summarized in November. Among the levies are the payroll taxes that are there called "social insurance contributions." For a single American, noted the *Journal's* editors, earning the average wage, the employer and employee payroll taxes for Social Security and Medicare average 16% of gross labor costs, according to the OECD [Organization for Economic Cooperation and Development].

In Britain the share for similar social-benefit payroll taxes is a little over 20%, and in Sweden and Germany about 40%. Such middle-class payroll taxes account for 35% of government revenue in Spain, 30% in Italy, and 37% in France and Germany, and without them Europe's welfare systems would be bankrupt.

Senator Warren, continued the *Journal*, "has figured this out." Warren's version of "Medicare for All," for example, includes



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an expanded payroll tax for employers that she says isn't a tax on the middle class, but Europeans know better. Employer payroll taxes for social insurance account for as much as 25% of revenue in France or 20% in Belgium. This is a hidden tax on the middle class because it reduces the cash employers can offer in salaries.

Europe also imposes a value-added tax (VAT) with a flat rate averaging 21% on almost all consumption. These taxes account for up to a quarter of total government revenue in many countries. They're regressive since lower-income households devote a larger share of income to consumption taxed by a VAT.

There's plenty more, but you get the idea. The editorial's title says it all: "The Middle Class Always Pays."

Sanders' planned totals are also horrendous. Even Larry Summers — who was the chief White House economic adviser for Barack Obama and Bill Clinton's treasury secretary — appears agog over the sums. According to Summers' calculations, the Vermont socialist has already proposed spending increases that are about 15 times larger than Obama ran on in 2008 and around 30 times the amounts put forward by Hillary Clinton in 2016.

Maya MacGuineas, president of the bipartisan Committee for a Responsible Federal Budget, in examining what Bernie has planned for us, concludes: "We are literally talking about increases in government spending that would double the size of government as a share of gross domestic product." MacGuineas also has commented — in an analysis carried by CNN — that there are not enough "resources that you can credibly collect to pay for spending of that size [from the rich]. When you are talking about a doubling in the size of the government, you are talking about significant tax increases on the middle class."

At the same time of the campaign to socialize the U.S. economy more completely, with those in the middle class playing the fall guys, there is another operation in play. It is run by so-called progressives and their media soul mates. This effort disguises and demeans how much those in the middle- and lower-income sectors have already benefited from the president's tax cuts and stand to gain over time. This is a defensive move for the Democrats. After all, it's not easy to run against the message: President Trump cut your taxes, Democrats will raise yours.

An interesting piece on such taxes appeared in the *New York Times* in mid-April 2019 (near IRS filing-deadline time) — one that could be characterized as an argument against self-interest for that left-wing paper. Or perhaps it was bragging. The *Times* cited an independent analysis that acknowledged that about 65 percent of Americans had in fact paid less under the new Trump-driven law and that just six percent had paid more. (The others experienced little change.) Yet surveys showed that most Americans felt they had not received a tax cut, said the paper. And a large minority thought their taxes had actually risen (though not even one in 10 households really had their taxes increased).

As the *Times* piece conceded, "The gap between perception and reality on the tax cuts appears to flow from a sustained — and misleading — effort by liberal opponents of the law to brand it as a broad middle-class tax increase." The mass media certainly played an important part.

Counterfeit "centrist" Joe Biden has been saying that "workers are delivering more, and they're getting a lot less," as well as expounding on the need to eliminate those "god-awful tax cuts that were given to the very wealthy."



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The facts say otherwise. Columnist Deroy Murdock, in a recent piece called “Wages Soar Fastest Among Those With the Least,” panned such “liberal lies.” He pointed to how data released by the Atlanta Federal Reserve Bank’s monthly Wage Growth Tracker demonstrate “that Americans are making more money, particularly those who have been forgotten for decades.” Murdock summarized:

Between November 2018 and November 2019, overall median wage growth climbed 3.6 percent, a healthy pace that should lift spirits, too. Those in the bottom 25 percent saw wages advance 4.5 percent, while the top 25 percent lagged, with pay rising just 2.9 percent. This is the 180-degree exact opposite of what Democrats relentlessly bellow. They have equal access to the Atlanta Fed’s website. This confirms their rank dishonesty.

Economist Stephen Moore, who assisted in the design of the Trump tax cuts, has also pointed to those data. In addition, he has blasted the CBS account (cited above) that misconstrued “the surge in middle class incomes since President Trump took office and his tax cuts took effect, with middle class incomes increasing at least five times faster than under President Obama.”

CBS, he said, mangled what was “universally good news” to come up with the “opposite conclusion.” There was, Moore wrote, a “classic head fake” in this account. As he explained, the middle class is “falling behind” only relative to the gains of the wealthiest 1 percent. Even though the middle class has had a bigger income boost under Trump than any time in 20 years, the middle class is allegedly now suffering a decline since the rich saw even faster gains. This appears to be an intentional distortion of economic reality.

Moore also has noted (in a recent letter) that the “historic surplus in job openings, about seven million today, has allowed low- and middle-income workers to bid up their wages and salaries.” And the “income gains from the median-income household since President Trump took over and as measured by the Census Bureau are close to \$5,000. That’s almost \$100 a week of added take-home pay for working-class families.... This was the objective of tax reform, and so far it is working like a charm for all income groups.”

There is plenty of good news that you don’t hear on the network news accounts — which shouldn’t be a surprise because it might reflect positively on the president. Still, there has been more balanced coverage elsewhere. The *Wall Street Journal* did report in late December that the “wages for rank-and-file workers are rising at the quickest pace in more than a decade, even faster than for bosses.”

How about dreaded “income inequality?” Of course, the Left points that finger of blame on Trump. The “income inequality” trope is not what many would have us believe. Consider recent findings by the White House’s Council of Economic Advisers (CEA): During the current administration, the “net worth for the bottom 50 percent of households has increased at an annual rate 15 times higher than the average growth seen under the three prior administrations’ expansion periods.” Since Donald Trump’s election, according to the CEA, “the working class has seen the largest growth: Net worth held by the bottom 50 percent of households has increased by 47 percent, more than three times the rate of increase for the top 1 percent of households.”

On the other hand, there is the doomster view of, say, Joe Biden, who has been bemoaning about the “god-awful tax cuts that were given to the very wealthy.” You can always tell who is a pessimist: When he smells flowers, he looks around for the funeral.



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