



Written by [Veronika Kyrylenko](#) on March 16, 2021

## Biden's Tax Hike Will Hurt Middle-class Americans

President Biden is reportedly planning to include the first major tax hike in close to 30 years in the next economic spending bill set to follow his \$1.9 trillion coronavirus relief package that he signed into law on March 11.

According to [Bloomberg News](#), the next spending initiative is expected to be even bigger and costing as much as \$4 trillion, won't rely on just government debt as a funding source, and could include an increase in both the corporate tax rate and the individual rate for high-income earners. The planned changes include raising the corporate tax rate to 28 percent from 21 percent, raising the income tax rate on individuals earning more than \$400,000, expanding the estate tax, creating a higher capital-gains tax rate for individuals earning at least \$1 million annually, and paring back tax preferences for so-called pass-through businesses.

This plan comes as no surprise — it mirrors Biden's promise that he made during his so-called campaign. "I will raise taxes for anybody making over \$400,000," [Biden said](#) over and over again. "It's about time they start paying a fair share of the economic responsibility we have. The very wealthy should pay a fair share, corporations should pay a fair share." "First thing I'd do is repeal those Trump tax cuts," [he pledged](#) fiercely.

Was Trump's tax policy that bad? Sure — for the Democrats. Under the Trump administration, low taxes ensured swift economic growth paired with record-low unemployment minority populations and those who were chronically unemployed. It bothered Biden's handlers so much that the low taxes had to be the very first thing to go. Why is that? Because people got jobs, got their own economic footing, got more money after paying taxes, and didn't need government handouts anymore. What's worse, many of them started realizing that their "traditional" party of affiliation of Democrat did not promote their best interests. Such a level of freedom and self-reliance was absolutely unacceptable for the Democrat overlords, so here we are, spending trillions of dollars building a socialist welfare state like there is no tomorrow. And there indeed will be no tomorrow for many Americans, because, as numerous examples show, the only social achievement of socialism is the same — poverty for most. Let's see how it works.

"The rich" that are constantly vilified by top Democrats are supposed to pitch in with their "fair share." It does sound appealing to many, but some questions arise: What is exactly a "fair share," and does "taxing the rich" really benefit the economy?

The Internal Revenue Service (IRS) has just released [data](#) on individual income taxes for tax year 2018,



MCCAIG/iStock/Getty Images Plus



Written by [Veronika Kyrylenko](#) on March 16, 2021

---

where it shows that the top 50 percent of all taxpayers paid 97.1 percent of all individual income taxes, while the bottom 50 percent paid the remaining 2.9 percent. Also, the top one percent paid a greater share of individual income taxes (40.1 percent) than the bottom 90 percent combined (28.6 percent). At the same time, according to the [Tax Policy Center](#), 76.4 million people (44.4 percent) did not pay any federal income tax in 2018. How exactly does this represent “fairness?”

We don’t even have to look for any foreign examples to see that “taxing the rich” hastens the exodus of businesses elsewhere. Just look how the high taxes work for [New York](#) and [California](#)! What happened when economic growth associated with high taxes and regulations collided with COVID-related business shutdowns? Just as the Soviet workers rushed to flee Pripyat, saving their lives from deadly radiation emanating from the meltdown at the nuclear power plant, people flee Democrat cities and states that emit high crime, high taxes, and rapidly worsening infrastructure. Moreover, every few years, [Gallup asks](#) Americans whether they want to leave their states. Remarkably, seven of the eight places that people are most eager to flee rank solidly [Democratic](#) in party affiliation. These results have stayed consistent for years, and migration data reflect that. Why are we applying evidently fallible policies that residents of the Democrat-run states literally run away from?

Then, there are corporate taxes to consider. Before Trump took office, the top corporate tax rate was a whopping 35 percent — the highest in the developed world. Trump reduced it to 21 percent. “The idea that we have a tax rate for corporate America at 21 percent is ridiculous. It should be 28 percent,” [Biden said](#) on a campaign trail. Sure, Biden knows a lot about ridiculous!

Perhaps it is unknown to most Democrat voters (but not to the party elite!) that a corporate tax is included in the cost of producing a product by default, along with cost of raw materials, plant operations, wages, etc. Unless your last name is Sanders or Biden, it’s clear that if the corporate tax goes up, the selling price to the consumer goes up, too. When shopping at Walmart or Target, you as a customer cover the tax expenses of those corporations. But sure, a generous Uncle Joe is about to send you a hefty check, so you can afford it, right? But doesn’t this go against the whole idea of making the “fat cats” pay their “fair share,” if the big corporations just pass the tax along to you and the government uses your tax money to help you pay for the higher costs?

The second consequence of higher corporate taxes is much more serious. If manufacturers cannot compete on price, they look to cut other spending by, among other things, moving manufacturing overseas for cheap labor. Indeed, high corporate taxes have sent tens of thousands of manufacturers overseas while others simply went out of business. Nearly [four million](#) U.S. manufacturing jobs have been lost to China since 2000, and the enormous [trade deficit](#) with China that has been dramatically reduced under Trump will soon increase.

The Biden administration is working around the clock to reverse “Make America Great Again.” Raising taxes is a calculated move in that direction. Xiè xie, comrade Joe!



## Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



### What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

**Subscribe**