

Raise My Taxes, Please

I don't pay enough in taxes, and neither do you. I know this because the federal deficit is now over \$20 trillion and increasing by about \$1 trillion each year.

To put this in perspective, if your house contained 20 trillion ants you wouldn't want to live there.

I suppose you could say no, you pay enough in taxes and that it's federal government's spending which is out of control, but that's crazy talk. This is why we elect multimillionaires to appoint other multimillionaires to positions where they can ensure our hard-earned tax dollars are being overspent wisely.

The current excitement about tax reform is a case in point. Since we're always spending more than we're taking in, our multimillionaires tell us we need to lower our tax rates, which will, uh...what? Reduce revenue? Basic arithmetic must have changed since the University of Iowa accidentally awarded me a degree in finance over 40 years ago.

I think the argument here is that lower taxes will result in enough economic growth to at least offset the initial revenue loss. The older among you may notice this looks suspiciously like Trickle-Down Theory, closely related to supply-side economics and Reaganomics. The even older among you may notice the similarity to what used to be known as the Horse-and-Sparrow theory, which greatly contributed to the panic of 1896. "If you feed the horse enough oats, some will pass through to the road for the sparrows."

Unfortunately, most economists agree that if the goal is to stimulate the economy there are better ways to do it than handing tax breaks to millionaires. They already have all the money they need and won't immediately spend it like us poor folks would.

By "poor folks" I mean the 95% of us making less than \$195,778 per year. Yes, the 5% making more than that - believe it or not - are paying just under 60% of all income taxes collected. I'm not sure what their "fair share" should be, but there you have it. By the way, these are 2015 statistics - the IRS is still mulling over 2016.

In addition, the bottom 50% of all tax filers paid just 2.83% of total federal income taxes in 2015. Like all statistics, this one is a little misleading – that figure does not include Social Security tax payments or refundable tax credits.

As long as we seem to be on the wrongheaded road to tax relief, doesn't it seem fair to give money back to the taxpayers in the same proportion as it was collected? Yes, that means about 60% would go back to people who you and I would probably agree "don't need it" and won't spend it.

Oddly, my definition of "poor folks" above actually includes a fair number of millionaires. If you live long enough and save enough, it's hard to avoid. According to DQYDJ.com (Don't Quit Your Day Job), there are currently almost 15 million millionaires in the U.S., representing almost 12% of all U.S. households. This data include the value of primary homes.

For a scary real-time accounting of a mind-boggling number of debt-related statistics on one page, go to <http://www.usdebtclock.org>. Many of the numbers fly by faster than can be believed.

If there's any good news at all about the national debt, it's that we don't need to repay it, as if that was even possible. We just need to keep it at a manageable level, if anyone can agree on what that is.

To summarize, economic theory is really messy, few people have even a basic understanding of it, and arguably none of them are in Congress or the White House. Have a nice day.

Writers Group member Dave Parsons is valiantly resisting being beaten down by life, often at the business he co-owns on the Coralville Strip.