

Fighting Tax Reform. Is It Good Or Bad?

Probably the biggest legislative win for the American people in a long time was the tax reform bill recently passed by Congress and signed into law by President Trump.

This [completes another one of Trump's campaign promises](#), as well as the promise of many Republican lawmakers. Yet not everyone is happy with the tax reform bill.

Actually, the people who are unhappy with it fall into one of two categories: those who have been lied to and those who are doing the lying.

Let's start with those who have been lied to. Sadly, there are a lot of low-information voters in the country.

While those of us who are conservative tend to say that they are on the liberal side of the political spectrum, the truth is that most Americans would fit that description, regardless of where their personal political views fall on the spectrum. The truth is that few Americans are interested in politics anymore, mostly because they feel their interest is futile and their vote doesn't count.

That's a pretty sad indictment on our nation's political system, in and of itself. What started out as a government by the people and for the people has truly become a government by the ruling class and for the ruling class.

Considering that the intent of the Founding Fathers was that there would be no permanent ruling class in our nation, this just shows how far we've fallen from our roots.

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So, what's the lie that's being propagated in this case? It's actually nothing new. In fact, it's the same lie that the Democrat Party has used for years, whenever they wanted to attack Republicans about taxes. That is, the tax reform benefits the rich, by penalizing the poor.

This is an outright lie. To make it work, they have to do some pretty tricky manipulations of the numbers, but as everyone knows, you don't get anywhere in Washington without learning how to do that.

So what's the manipulation? That the tax reform passed by Congress reduces taxes for the wealthy, without reducing it for the lower and middle class.

Technically, that statement is true. It is true because wealthy people will be paying less taxes, while the poor won't. But in order to be true, it has to ignore a much deeper truth.

That is, **the people whose federal income taxes aren't being reduced aren't paying any federal income taxes at all.** What that means is that they're complaining that the tax reform doesn't give these people money.

Democrat talking points are following this manipulation and telling people that the tax reform is going to raise their tax rates, to benefit the rich. Since that's the narrative being followed by the mainstream media, that's what most people think.

In fact, only 15% of the population currently believe that their taxes are going to go down. That's a pretty effective propaganda campaign, no matter how you look at it.

Of course, this is a lie and like any lie, it can only last so

long. Pretty soon people are going to start seeing the truth, either through a bigger paycheck or through their tax returns. When people have more money in their pockets, it's hard to keep telling them that the tax reform has hurt them.

The Unhappy Elite

Democrat lawmakers are unhappy with the tax reform because it benefits corporate America and the owners of those corporations. These politicians have been pushing the narrative of the "evil corporation" and the "evil one percent" for so long, that they believe it themselves. Since those people are evil, anything done which benefits them must be wrong.

We've got to remember that the Democrat Party's major thrust, ever since Donald Trump won the presidential election, has been to RESIST. That has become their byword and they intend to follow it, even if it means that they have to hurt the very people they've sworn to represent. Those people will just have to understand that their political masters understand what's best for them.

This is pure hypocrisy, especially considering that Democrats look to those same wealthy people to foot the bill for their political campaigns and lavish lifestyles. But apparently that's not a contradiction in a liberal's mind. I'm not sure how they work that out, but somehow or other they do.

But there's a much more serious problem for Democrats, one which they don't know how to deal with. That's the long-term fallout from the tax reform.

A former Clinton advisor has come forth, stating that he's unsure how the tax reform will shake out with millennials, a very important voting block for the Democrat Party. They could turn Republican en masse, in response to finding that they have more money in their pockets.

If this were to happen, it would be devastating to the Democrats in the mid-term elections. Not one Democrat in the House or Senate voted in favor of the tax cut, which means that they didn't vote in favor of lowering our taxes.

That's not going to play out well for most of their constituents.

Corporate America

Leaving politics aside for a moment, the true reaction to the tax reform bill isn't what's happening in Washington, but what's happening in the rest of the country. The stock market is reacting very favorably, with the Dow Jones Industrial Average and other key indicators reaching record highs. Corporate America is responding favorably to the tax reforms, which lower corporate taxes considerably.

One hope is that the exodus of American corporations which we've seen throughout the Obama years will come to an end. Even better would be to see some of those corporations who have left turn around and come back home. That's really what the corporate tax cut is aimed at, a calculated gamble that could pay off big.

But even without that, we're already seeing a positive reaction out of America's corporations, with over 100 publically announcing across-the-board raises or bonuses due to the lower taxes. After years of wages remaining stagnant, these raises and bonuses will be seen as a real cause for rejoicing on the parts of many working Americans, especially those in lower-wage jobs.

Understanding the Economics of Tax

Reductions

Tax rates and tax reform is all about government revenue. Basically any government sits on top of society, skimming off the economy. They don't do anything that produces wealth, but they have to have that wealth in order to function. So they tax those who do produce in order to have money.

Conservatives understand that if you kill the goose that lays the golden eggs, you don't get any more eggs. So in an ideal conservative world, the idea is to provide a healthy atmosphere for the geese. That way, you get more eggs. Reducing taxes and reducing regulations are the two key ways that governments are able to provide a healthy atmosphere for the corporate geese.

That's why Republicans push for lower corporate taxes and lower taxes on the rich. Those corporations and people don't put the money they save on taxes in their mattresses, they invest it in making more money. In the process, they hire more people and pay more taxes. So, even though the tax percentage is less, the actual tax revenue is higher.

This may very well be counter-intuitive, which is why liberals have so much trouble understanding it. But past economic history proves it out. When taxes are low, investment increases, creating more profits. That works out to a bigger tax base.

So, skimming a smaller percentage of a bigger tax base works out to be more profitable for the government. At the same time, it produces a more positive atmosphere, which helps encourage investing in the economy.

Liberals, on the other hand, don't understand economics in anywhere near the same way. To start with, they ignore who the wealth producers are. In their minds, it is the government, not private industry, which produces both jobs and wealth. All

that private industry does is provide them with money to operate on.

Because of that, in their worldview, companies that keep their profits are evil, because the elite in government service could obviously make better use of that money, helping their constituents. So, the only evil thing about those corporations is that they want to keep their profit and decide how that profit is spent. If it is spent on helping people through social projects, they want to get credit for it, not allow some politician to take credit for it.

But isn't this Economically Dangerous?

With the huge debt our country currently has, it would seem that reducing taxes is a risky move to make. Without that tax revenue, how is the country going to continue paying its bills, let alone not racking up more debt?

[That's a very good question](#), and one that has been raised in many quarters. The fact is, there is some risk in this move. Historically however, reducing taxes, especially corporate taxes, boosts the economy. This results in more overall revenue for the government, even with the lower tax rate.

President Trump and the Republicans in Congress are counting on this. But that's not all that Trump is counting on. Ever since taking office, he's been aggressively seeking to cut the federal budget and the federal workforce. While Congress hasn't fully cooperated with him on this, there is still time.

One of the ways that Trump is reducing federal spending is by an effective hiring freeze. This doesn't hurt anyone, as there are no actual layoffs happening. Rather, the federal workforce is being reduced by attrition, as people quit or retire.

So the increase in employment that we are seeing under Trump's presidency is happening in spite of the number of federal employees diminishing. This is in direct contrast to Obama's

presidency, where the federal workforce increased dramatically.

If Trump can succeed in lowering federal expenditures significantly, while increasing revenues, he will have accomplished something big enough to qualify him as one of the greatest presidents in our nation's history.

The Hypocrisy Goes On

The biggest hypocrisy in this whole debate (a debate that's still going on, even though the issue is settled and the law has been passed) is that Democrat controlled California and New York are scrambling to protect the wealthy in their states.

The one group who suffers the most under this new tax package are people who have to pay over \$10,000 per year in state income taxes. Under the new plan, they are only allowed to deduct the first \$10,000 of their state income taxes from their income on their federal income taxes. This increases the amount of federal income tax these people are paying slightly.

You would think that this would make Democrats happy, as they are constantly trumpeting how the "one percent doesn't pay their fair share," something that in and of itself is a lie. Yet, both New York and California are seeking means to protect their one percenters from the evils of tax reform.

<https://www.youtube.com/watch?v=Zw88SzhGCqE>

Video first seen on [Fox Business](#).

The only people affected by these protections are those whose incomes are well above average. In California, you have to be making \$140,000 per year, in order to have to pay \$10,000 in state income taxes. New York is even higher, with residents needing to make over \$170,000 to reach that threshold.

So these measures clearly aren't to protect the poor, or even to protect the middle class, the people who the Democrats are claiming are hurt by the tax reform.

California

In California, plans are hatching for a political shell game. The covering idea is that the maximum state income tax that anyone will be required to pay is \$10,000, to match what the new law allows in deductions. The rest of the state income tax can be paid as a "charitable contribution" to the state's Excellence Fund. The state would then issue a tax receipt for their "charitable contribution."

If this isn't outright illegal, it should be. There is no way that this can be called a charitable contribution, especially since it is mandatory, not voluntary. The shell company being created for this is literally nothing more than a tax dodge.

It is no different than someone setting up an offshore banking account to hide their income and avoid taxes.

New York

New York is seeking a different way of protecting their wealthy, by replacing state income taxes with a "payroll tax" paid by employers. This one should be interesting, as over \$60 billion of the state's revenue comes from income taxes.

So, where is that \$60 billion plus going to come from? The businesses; somehow, they have to come up with that much money, rather than people paying their own income taxes. This could be seen as a boon to the individual, but apparently New York's Governor is suggesting that businesses lower people's salaries, on order to be able to pay the payroll taxes.

Once again, we have Democrats contradicting themselves. The same political party who is pushing for a \$15 per hour minimum wage, is telling employers to lower wages. The only way I can

read this is that they're expecting employers to do is lower the wages of everyone but people who are making \$15 per hour or lower. While this will hurt upper management (part of the evil one percent), the people it will hurt the most are the middle class.

Congratulations Democrats, you've done it again!

Speaking of the Middle Class

Perhaps one of the best parts of the tax reform is something that should make just about any middle-class family happy... the individual mandate from Obamacare has finally been repealed. Of all the onerous legal mumbo-jumbo that Obamacare included, this has been the most odious to most people.

What this means is that the legal requirement to have health insurance or pay an annual fine is finally coming to an end. This should thrill countless middle-class families, who can't afford health insurance, but are being forced into buying it anyway or pay the fine. Personally, this is the best part of the new tax plan for me.

I live close to Mexico, so my wife and I go to Mexico for all my healthcare needs. While there may be a few things that they can't do for us, by and large, I've found the healthcare that we've received in Mexico to be excellent. It's also a lot cheaper. That's why I go there. But for the last few years, I've had to pay a fine, just to have that right. Now I will no longer have it.

While the Republicans in Congress haven't yet fulfilled their promise to repeal Obamacare, this is a major step in the right direction.

I'm glad to see it happening and I hope to soon see more.



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*This article has been written by **Rich Murphy** for Survivopedia.*

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