IT'S TIME TO GIVE TAX REDUCTION TO FAMILIES

By Phyllis Schlafly April 6, 1995

Among the many changes that have taken place in America over the past 40 years, the change in taxes is one of the most dramatic. It is difficult to avoid the conclusion that the federal tax code has been waging a silent war on traditional families, the kind of families that stay together, work hard, raise their children, and pay their taxes.

When I was having my children, the typical couple with two children paid two percent ofits annual income in federal taxes. Today, the same type of family pays almost 25 percent of its annual income in federal taxes. That means one-fourth of everything they earn goes, right off the top, to the government here in Washington.

When we hear wives and mothers assert that today's economy "requires two incomes," that they "have to take a paid job in order to maintain a reasonable stan dard ofliving," and that they therefore "need subsidized daycare," let's be blunt about what this means. Mothers don't "have to work" in order to support their families; they "have to work" in order to pay their taxes and support the federal bureaucracy.

Of course, we all know that everybody's taxes have gone up. But the tax bur den on traditional families has risen out of all proportion to taxes on all other seg ments of society. This skewing of the federal income tax came about because of the change in the way that children are valued and treated.

When I was having my children in the 1950s, each child enjoyed a $600 income tax exemption, which then amounted to 17 percent of the median family income. A family consisting of a father, a mother and two children thus had exemptions of $2,400, or 72 percent of the then median family income.

When my grandchildren were born in the 1980s, a child had an income tax ex emption of$1,000. Factoring in the changes in the median income, the value of money and tax rates, the $1,000 child's exemption was then only four percent of the median family income. The per-child exemption had been devalued by three fourths.

Since 1982 when pro-family groups and scholars started exposing this discrimi nation, the per-child exemption has been slowly raised to its present level of$2,450. But if a child were to have the same worth in today's income tax code as it did 40

years ago, the child's exemption would have to be at least $7,500. Furthermore, the per-child exemption starts to be phased out at the $83,850 income level.

Meanwhile, the federal tax code has been powerfully skewed to favor single parent families. The "head-of-household" tax status provides single mothers virtu ally the same benefits as the joint return. That status and the huge expansion of the refundable earned income credit have tended to make a wage-earning father irrel evant.

The Democrats falsely call the earned income credit a "tax reduction," but it is actually cash payments ofup to $2,528 to single mothers paid by the taxpayers.

Also, families that use hired daycare for their children instead of in-home mother care are favored with the dependent-care tax credit ofup to $960. This is available to parents without any income cap for wealthy parents (incidentally, the only tax benefit that is not capped).

This means that higher-income two-earner couples get a credit for hired child care, but in-home mothers are even deprived of the ordinary child exemption.

These factors have resulted in the situation that traditional families, the ones who are keeping their families together and raising their children, have borne an enor mous and discriminatory share of the great expansion of government spending over the last 40 years. This result is not only unjust and unfair, it is counterproductive for society because all data confirm that children from traditional families cost the taxpayers less in remedial social programs than children from broken families.

The $500 per-child tax credit promised in the Contract With America is a first step toward fairness for families. It should be just as available to upper-income families as the dependent care tax credit. There is no justice in capping the one but not the other.

The $500-per-child credit is the answer to the bleeding-heart liberals who have been all over television accusing Republicans of taking food out of the mouths of children. This credit is an out-and-out recognition of the fact that all children are equally valuable and that the best way to help them is to let parents spend their own money for the care of their own children (rather than letting federal bureaucrats spend tax dollars to provide care chosen by the government).

The Congressional election of last November contains many lessons, and one of them surely is a loud cry for tax reduction. The $500 per-child tax credit is one step along the way to tax relief for all Americans.