At Last Somebody's Talking about Real Tax Cuts

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At last somebody in government has stepped out from the crowd and said what Americans have been waiting to hear, namely, that he has a plan to cut and simplify our oppressive tax burden and let us spend our own money any way we want to spend it. That's what Senator John Ashcroft (R-MO) did this week when he announced that the way to spell reform is R-E-D-U-C-E.

All the recent talk about taxes that we've been hearing out of Washington has missed the mark. The debate about a flat tax versus a national sales tax is, to use an overworked metaphor, just rearranging the deck chairs on you know what. The transition to a completely new system would be agonizing, and there's no assurance that total taxes would be lower than they are today.

"Abolish the IRS" is a cheap applause line in any politician's speech, but it's an empty promise. Federal taxes are not going to be abolished, so what difference does it make what is the name of the agency?

Bill Clinton's tax-cut proposals are all "targeted." That's the liberals' code word for saying "We'll give you a slight reduction on your federal tax bill just so long as you spend the difference the way the government tells you to spend it."

Clinton's much ballyhooed daycare initiative is a case in point. "Targeted tax cuts" require spending them on hired daycare, but no tax cut is available to those who spend their money on mothercare.

We're surfeited with talking heads on TV speculating on how the politicians are going to spend the alleged budget surplus. It's not theirs to spend, thank you; we'd like to spend our money ourselves.

The big question is, as Ashcroft pointed out, why are Americans "paying higher taxes than virtually any time in history"? Why is our non-defense federal spending 17 percent of our Gross Domestic Product compared to only 10 percent in the 1960s?

We're not at war, no enemy is clamoring at our gates, and the economy is booming. So why are we continuing to support the Washington politicians in the rich style to which they've become accustomed (while they posture about compassion for the "middle class")?

The American people are fed up with carrying this enormous tax burden on our backs. The two-earner median-income American family pays a shocking 38.2 percent of its income to the government in 1998.

For starters, John Ashcroft's proposal would allow taxpayers to deduct the Social Security and Medicare taxes they pay (known as the payroll or FICA tax). This simple change would put money in the pockets of more working Americans than any other proposal.

It's also a matter of simple fairness because half of the payroll tax is paid by employers, who can fully deduct those payments as a business expense. It's only fair to allow employees to deduct the half that they pay, too.

This proposal is especially advantageous because its benefits would go to middle-class taxpaying workers, not to people who live on interest, dividends, loopholes, welfare, or tax credits. It would relieve the burden of high payroll taxes without taking a dime out of the trust funds that pay Social Security and Medicare benefits.

Ashcroft's plan would help senior citizens by eliminating the income tax on Social Security benefits and by eliminating the earnings test for Social Security. The 10-point Ashcroft proposal has something in it for all Americans and offers a complete answer to most of the arguments that the Democrats make against Republican tax-cut ideas.

Ashcroft's tax overhaul is designed for tax relief, simpler tax returns, correcting inequities in the tax code, and enhancing core American values. His plan would reduce the number of tax brackets from five to four and substantially reduce the rates for most Americans.

Ashcroft's plan calls for doubling the IRA contribution level to $4000 and for eliminating the marriage penalty in a way that would protect families and be fair to both two-earner and single-earner couples. By contrast, other Republican plans being floated would discriminate against fulltime homemakers.

Initial cost estimates suggest that Ashcroft's plan would cut the tax bill of a married couple with two children 55 percent if their income is $40,000, and 86 percent if their income is $30,000.

The naysayers are already complaining that the Ashcroft proposal would "cost too much." But we must not allow the liberals and the spenders to control the language of the tax debate.

The liberals' language operates from the assumption that the politicians own the tax revenues and that it "costs" them to give any of that money back to the taxpayers. On the contrary, the starting point should be how much the taxpayers are willing to give to the politicians.

Criticizing the "timid, anemic tax package" passed by the Republican Congress last year, Ashcroft points out that federal spending is projected to increase by $1.5 trillion over the next five years. The Ashcroft tax cut looks very reasonable by comparison: $985 billion over five years.

Senator Ashcroft warns that "we simply don't have time to wait." We have to cut taxes "before the President and the governmentalists in the GOP use the budget surplus on new entitlements."

The Ashcroft tax-cut plan is a winner. Is the Republican Congress listening?