from Phyllis Schlafly

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Clinton's Con Game About Taxable Income

Remember the movie "The Sting" about two good looking womanizers who hustled the gangster with a phony building that looked like a real betting parlor? At the end of the story, Paul Newman said to Robert Redford, "Nice con, Kid."

That's what we should be saying to Bill Clinton after his big February speech about taxes in which he promised that "those earning more than $100,000 will contribute more than 70 per cent of the total new revenue" and that "other income categories up to $30,000 have little net tax change." When he talks about taxes and the economy, make sure you keep your eyes on the "con."

Singing from his class-warfare song sheet, Clinton has apparently convinced a lot of people that "the rich" will do the heavy lifting for his program to revitalize the economy. only those with high incomes, he says, will have to pay higher taxes.

Don't believe it. You are about to find out that Clinton's peculiar mat has elevated the $20,000 wage-earner to the category of "the rich." Instead of getting the middle-class tax cut Clinton promised during the campaign, the middle class is going to be hit with higher taxes (disgruised as "broad-based contributions").

The words Clinton used in his speech were calculated to trick people. That technique is usually called "lying," But he had to do it in order to maintain the fiction that he is increasing taxes only on "the rich."

In order to rationalize higher taxes on middle class Americans (on whom candidate Clinton promised he would reduce taxes), Clinton has turned the $20,000 guy into a "rich" guy who should cheerfully pay higher taxes.

Here is how he does it. Clinton takes wage income and adds employer-paid health premiums, pension contributions, unrealized capital gains, and if you own a house, the amount you could rent it out for. He calls the sum of a1I that your "income."

Let's say you make $20,000, have a medical insurance plan on which your employer pays a premium of, $4,000 a year, you and your employer together contribute $3,000 a year to your pension fund, you own a house that appreciated $3,000 this year, and you could rent your house for $8,000 a year. By Clinton's math, your "income" is $38,000.

Clinton is not going to tax these extra items directly (yet., But he is breathtakingly deceptive in using this inflated definition of “income” when he talks about which “income” levels of American workers will foot the bill for his program.

Clinton HAD to know, when he was making his speech and when he went on the road to sell his plan, that Americans simply would not understand the implications of what he was saying. They still don’t. Knowledgeable lawyers, accountants and businessmen are only beginning to put the pieces together.

Public opinion polls show that Americans generally support the Clinton plan, But what are those polls worth when the American people have been deceived about who will be paying the higher taxes?

Clinton's proposed BTU tax is a con game, too. He claims it will cost the average family only $17 per month. But, to get that figure, he only counts average gasoline use in the family car and the average increase in a family's residential utility bill.

The American Petroleum Institute estimates the indirect cost of the BTU tax for the average family to be $475 a year. Clinton’s figures fail to include, for example, the extra freight costs to ship goods across the country, or the additional manufacturing costs that will result from higher factory utility bills.

In fact, every factory in the country will face higher utility costs. Every farmer will pay more for fuel, fertilizer, and farm equipment. Grocery stores and retailers will pay more in freight charges to get, merchandise to their stores. Newspapers and magazines will cost more because of the higher cost to manufacture paper and ink.

Every car, every chair, every egg, and every orange will be more expensive because of this tax, even though it is almost invisible. These costs, like any others, will be ultimately borne by the consumer.

But George Stephanopoulos will be ready with tris press releases when prices start to rise. To predict his response, simply 1ook at the way the Clinton Administration has trashed ttre drug companies for price

increases that are due largely to government mandates and excise taxes. Clinton will berate business for “profiteering” and “gouging” in the best tradition of Jimmy Carter's assault on the oil companies. Clinton will not tell the public what he knows, which is that every additional cost imposed by the government eventually shows up in the prices you have to pay as consumers.

Ultimately, businesses are not an endless well from which to draw revenue to fund the dreams of big-spending liberals. Taxpayers cannot be fooled forever into accepting policies that cost more than Clinton says they will.