

Trump Whacks the Middle Class

\$4.5 Trillion Tax Cut for Them; \$1.5 Trillion Tax Hike for the Rest

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In 2016 Trump promised tax cuts for the middle class. Now it's clear Trump's 2018 tax cut is making the middle class pay for corporations, businesses, investors and the wealthiest 1% households historic tax cuts totaling no less than \$4.5 trillion over the next decade.

A massive redistribution of income favoring the capitalist class—at the expense of everyone else—is underway. Only now approaching April 15 'tax day' in the US are the dimensions becoming apparent.

Polls show 80% of the 170 million taxpayers in the US are saying they're paying much more this year.

And 17% indicate they used to get refunds in the past but are now writing the IRS checks for \$ thousands more this year. That's 17% of 170M, or almost 30 million households no longer getting refunds! And 136 million saying they're paying more! So that's a middle class tax cut?

\$4.5 Trillion to Capital Incomes

Conversely, capital incomes are getting a tax cut of no less than \$4.5 trillion, under the Trump 2018 tax cut. Their big payday is due largely to cuts in corporate tax rates, the new 20% off the top business pass through deduction, the elimination of the Alternative Minimum Tax for corporations and reduction of the AMT for individuals, the halving of the Estate Tax, favorable changes in personal income tax brackets, levels and rates, more credits for private school tuition and child care costs, no upper limits on itemized deductions, and many other measures.

But the biggest tax break of all, more than \$2 trillion over the next decade goes to US multinational corporations: the foreign profits tax and all territorial offshore taxation for US multinational corporations are now eliminated altogether. And if they repatriate their \$4 trillion in profits held offshore they can bring it back at a 10% one time corporate tax rate instead of the prior 35%. The big beneficiaries of the \$2 trillion tax cut for multinationals are the tech, banking, oil & energy, big pharmaceutical, and telecom companies. (See my blog, [jackrasmus.com](#), postings during early 2018 where I previously documented these details of how much capital incomes will gain from the Trump tax cut).

The Ideological Cover-Up of 2018

The corporate press and media throughout 2018 refused to accurately report the \$4.5

trillion historic income transfer. Instead, they fed the public the phony calculation that the cost of the Trump 2018 tax cut was 'only' \$1.5 trillion over the coming decade. That calculation was made based on ignoring the \$4.5 trillion in reporting, and the \$1.5 trillion tax hike on the middle class, and estimating that the tax cuts would generate 3-4% economic growth annually for the next decade every year. And thus there would be no recession for another decade! The \$4.5 trillion in this manner got reduced to the official, press reported \$1.5 trillion. (\$4.5 trillion for business and investors minus \$1.5 trillion tax hike on middle class minus the phony growth assumption of \$1.5 trillion more tax revenue = the phony \$1.5 trillion hit to the US budget deficit and claim the Trump tax cut was only \$1.5 trillion!)

In true supply side phony economic ideology, by giving investors and corporations trillions of dollars more, academic hacks for business argued corporations would invest it in the US, creating more jobs and production from which more government tax revenue would follow. This neoliberal argument has been used to justify tax cuts for corporations and rich investors since Reagan. And its been wrong ever since. There's no shred of empirical evidence showing a direct causal relationship between business-investor tax cuts and economic growth or jobs. For example, in 2018 real investment (in plant, structures, equipment, etc.) in the US in 2018, after the introduction of the Trump tax cut in January, continued to decline over the course of 2018 by more than two-thirds, reaching a low point at the end of the year.

Instead of corporations investing in the US and creating jobs after receiving the tax cuts, the Trump tax cuts produced a windfall profits gain to their bottom line. How much?

The Trump tax cuts, it has been estimated, account for 22% of the 27% profits gain by the Fortune 500 companies alone.

The \$1.5 Trillion Tax Hike on the Rest of Us

So where is the \$4.5 trillion go in 2018? It didn't go to the US Treasury. Corporate tax revenues alone are off by several hundred billions of dollars so far. The hundreds of billions tax windfall for corporate America instead has been diverted into financial markets, into merger & acquisitions of other companies, into offshore expansion by US multinational corporations and into speculation in foreign currencies, stocks, dollarized bonds, and derivatives markets. Or just hoarded on corporate balance sheets in anticipation of the next recession, now around the corner.

And how is the \$1.5 trillion tax hike on the middle class occurring? Unlike the manner change in provisions benefiting capital incomes by hundreds of billions in 2018 (continuing to provide \$4.5 trillion over the coming decade), middle class taxpayers are now seeing how much more taxes they are beginning to pay (to make up the \$1.5 trillion over the decade).

The main changes and provisions that are now 'whacking' the middle class include ending the personal exemptions (\$16,200 for family of four), eliminating more than a dozen deductions for those who itemize their taxes, changing the tax brackets and levels of the personal income tax, making singles pay more for the AMT, ending or phasing out at lower thresholds various tax credits, and so on.

So the middle class now finds itself writing larger checks to the IRS than they had in the past, much larger! Meanwhile, corporations, businesses, investors, and the wealthiest

households enjoy a massive reduction in their tax.

While the Trump government, Congress, and media focus on the 'Great Distractions' (Trump on immigrants as cause of our problems; Democrat leaders on Russia intervention in US elections—neither of which the average American gives a damn about), Trump continues to 'pick their pockets'—big time.

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