



The Daily Dish

“A New Approach To Taxes,” Really?

DOUGLAS HOLTZ-EAKIN | NOVEMBER 21, 2023

This [headline](#) caught my attention, especially coming from two of the authors of Bidenomics. Was there really something new they would bring to the tax debate? I drank three cups of coffee and dug in.

The authors begin with a whopper: “The tax system of the 1990s could have financed the government we have today. But two decades of successive unpaid-for tax cuts eroded our nation’s revenue base.” Uh, how do you figure? Historical budget data from the Congressional Budget Office (CBO) show that revenues averaged 18.0 percent of gross domestic product (GDP) from 1990 to 1999. Right now, the CBO baseline budget projections show outlays at 23.5 percent of GDP in 2024, rising to 25.3 percent 2033. If that constitutes “financing the government we have today,” then we can count Evel Knievel’s [Snake River Canyon jump](#) a success.

Misleading budget statements are hardly new, especially for alumni of the Build Back Better era of federal budgeting. Was there anything else? Turns out that there were three proposals regarding the approach to sunsets of the 2017 Tax Cuts and Jobs Act in 2025. I drank another cup of coffee and moved on.

“First, don’t extend tax cuts for the best-off Americans.” Yikes, soak the rich! Why didn’t we think of that before? Oh, wait! That is all the left has proposed my entire adult lifetime. Yawn. Two more cups of coffee.

“Second, any extension of tax cuts should be fully paid for by other reforms to the tax system.” Revenue-neutral tax reform is not exactly a new idea, but getting across the finish line hasn’t happened since 1986. Unfortunately, the suggested “reforms” the authors tout include raising the corporate tax rate, adopting the global minimum tax, a minimum tax on the affluent, and throwing money at the Internal Revenue Service. None of those is new and none is a reform. Keeping the cap on deducting state and local taxes is a base-broadener,

but also not new. Another cup of coffee.

“Third, any new tax benefits should go to lower-income families and workers.” Really? Really? This was getting ridiculous. I adjusted my caffeine IV and read on. What did the authors offer up to flesh this out? The stunningly innovative proposals are expansions of the child tax credit and earned income tax credit. Grading with this standard for originality would make every photocopy a candidate for display in the Museum of Modern Art.

The country has serious fiscal issues and deserves a serious debate on the objectives for tax policy. Let us hope one starts soon.