

Achieving Tax Cuts

President Reagan, the Great Communicator, succeeded in pushing through what was then a largely hostile Congress one of the largest tax reductions in American history. He appealed directly to the American people through the medium of television, and the people responded overwhelmingly in favor of the Economic Recovery Tax Act of 1981. That tax cut laid the foundation for decades of economic growth and prosperity. President Trump aims to do the same thing but with even larger tax cuts. In promoting his corporate and individual tax cuts, which his Secretary of the Treasury labels the most significant in American history, he should take advantage of every media opportunity to call for support, appealing to friend and foe alike. Congress will endeavor to neuter his bill through all manner of countermeasures, but those countermeasures will only succeed if the public is either unaware of them or persuaded to agree with them.

The President appears to have a solid 40% of support for his agenda. The remainder is variously persuadable. Everyone in the middle class and all small to medium sized businesses are in dire need of tax relief. They are the audience that can alter the course of history if energized by the President to support his tax reform bill, but they must be educated about the bill and persuaded of the immediate need to support it. He and proxies from all sectors of the economy need to be heard to favor the bill loud and clear, but the President has to lead the charge.

President Trump should appear on nationwide television from the oval office to advise of his delivery of his tax reform bill to Congress, to explain its vital features and effects, and to urge the public to support the measure. The Administration should likewise solicit from friendly political action committees support for a series of advertisements endorsing the bill. The public needs to see that individuals

from small business people to titans of industry want this bill to pass.

All libertarian and conservative think tanks and public policy groups should be urged to support the measure publicly and encourage their members and supporters to contact Congress in support of the bill. A massive public relations effort must reach the American people and impress upon them the urgent need for action in support of the tax reform agenda.

Only if that silent majority which voted for Trump is energized as before, and only if those who did not vote for Trump but appreciate economics are likewise energized, can significant reductions become reality.

At a time when a huge segment of employable Americans are outside the work force and small and medium sized businesses, in particular, struggle under the combined weight of overregulation and over-taxation, there is a crying need to cut tax rates significantly, as the President has proposed. Doing so will spur an economic boom which will swell the ranks of the employed and trigger a great market expansion as goods and services and research and development bring previously unaffordable offerings to consumers.

As Arthur Laffer famously explained, the ironic effect of significant marginal tax rate reduction is an increase in tax revenues as both the economy grows and those who have ferreted money into tax loop holes suddenly pay more in taxes. The likely result of the tax reductions in the long term will be less debt than if the status quo were maintained.

President Trump's re-election prospects in no small measure hinge on his ability to deliver regulatory and tax reforms that revitalize the economy, including domestic manufactures. He aims to achieve a significant rise in the Gross Domestic Product, one not possible without passage of his tax bill and significant reduction in business stifling regulations.

Through Executive Orders and memoranda he has initiated the move to liberate business from costly regulatory entanglement. A lot more deregulation needs to occur to bring about meaningful and lasting results. Those efforts alone will not translate into a significant rise in the GDP unless accompanied by large tax reductions.

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