

Harvard Tells the Truth on Taxes

Harvard University's motto, Veritas, is Latin for 'truth'. Harvard's Alumni magazine (Jan-Feb 2006) featured an article, "The Middle Class on the Precipice" which revealed an important truth. The problem with the home economics of Middle America is taxes. Taxes are why the average family – even with two parents working outside the home - has less left over at the end of the month than 30 years ago – when the average family had one wage earner. Families have less because taxes take away more.

The article compares the average American family in the 1970s to 2004. The same average family makes more money but has less to spend freely at the end of the month. In fact the average family, 50th percentile – median, has \$800 less a year (\$66.67 @ month less).

The average family, two parents and two kids, in the 1970s made \$41,670.00 – adjusted for inflation to today's dollars. There was one wage earner in the family. The average family, two parents and two kids, in 2004 made \$73,770.00 in current dollars. So, where did the money go?

The per cent of money spent on food, clothing, and major appliances went down. The cost of entertainment (including computers), housing and health insurance went up. Others washed out, like more on pets and less on tobacco. But the loss of money for personal choices, economic freedom, wasn't this losing balance sheet. It was taxes.

Harvard Magazine blithely commented that the rate of taxation, from all sources, increased from 24% to only 30%. Stop. Do the math. Here's the truth Harvard revealed even though they didn't revile in it. If the tax rate had stayed at 24%, then the average family would have \$4426.20 more of their own money. They earned more, but kept less because of government greed.

Let's see it again. 24% of \$73,770.00 is \$17,824.80. 30% of \$73,770.00 is \$22,131.00. That's \$4426.20 lost to taxes – for the same income. That's \$368.85 a month the average family is spending on permanent, reliable, sustainable revenues, 'investments', for vital infrastructure and public services. Uh-huh. Bull. Ask the family of firefighter married to a teacher with two kids what an extra \$368.85 a month means to them.

The average family's taxes didn't increase to pay the salaries of the teachers and firefighters on the government payroll. Those meager increases were covered and surpassed by inflation. The growth of local, state and federal governments exceeds inflation.

The additional money the family spent on cars, insurance, dry cleaning, etc. is a function of two parents working outside of the home. The Mom and Dad feel like they both have to work just to keep up. Not to get ahead of their parents. Just to keep up. Yet, they are both working to support government.

Suppose only one person worked. Say the average real wage hadn't increased a penny,

so the income for a family of four is \$41, 670.00 in the 70s and now. If the average tax rate is 24%, then the family paid \$10,000.80 in taxes. The same family, same wage, pays \$12,501.00 when the taxes are an average of 30%. The difference is \$2,500.20 or \$208.35 @ month. Two hundred dollars more money at the end of the month for a family earning under four thousand a month is a lot of money. It means a vacation for the family. It means saving for college or retirement.

Yet, family needs count little against government greed. Are governments doing so much more, better, in 2006 than in the 1970s to increase their wealth on the backs of working families? What government services and products make up the money lost to the average family? What government good is so great that it's worth this burden?

This price, the soaking of the average, let alone the so-called 'rich', Americans is lost on the Big Government Republicans and Socialist Democrats. President George Bush doesn't get it either, or he would have vetoed the budget busting, tax feeding programs from his two terms. To his, and other Republicans' credit, Bush supports Federal tax cuts. But, he hasn't served the American people rightly when he fails to serve them well with forcing enough real spending cuts - beyond the bogus cuts in the rate of growth.

It's even worse in my Virginia. In a Republican majority state Republicans are the problem. So, Republicans may lose some elections in '06 and '07. So what? Republicans better fix the problem before '08.

James Atticus Bowden