

VIEWPOINT

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FROM:

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Taxes burden the poor

One strange inequity of the U.S. tax system is that it collects money from millions of people who are classified as poor. Even as some officials bewail the poverty of so many Americans, others are busy siphoning off part of that meager income.

According to the Children's Defense Fund, almost half of all people below the poverty line paid federal taxes in 1982. Worse, says this advocacy group, federal taxes collected from the poor have increased dramatically in recent years.

However, having highlighted a genuine problem, the group falters in assessing blame. Basically, it fingers the Reagan administration as the villain for granting tax breaks to corporations and the rich while neglecting at the same time to adjust personal exemptions, standard deductions and the earned income tax credit.

While this analysis is largely correct as far as it goes, it fails to adequately appreciate longer trends that have left the poor so vulnerable to federal revenue collectors.

Consider the personal exemption. True, its value hasn't been adjusted since 1979, but its real worth has been eroding for decades. Sen. Daniel Patrick Moynihan, (D-N.Y.), pointed this out recently in his call for a "national family policy" to preserve disintegrating family structure.

As Moynihan noted, the \$600 personal exemption of 1948 would be worth about \$5,600 today after inflation. Instead, the exemption is about \$1,000. Republican and Democratic administrations alike have allowed its devaluation.

The poor also pay more taxes because of the growing bite from Social Security payroll deductions. Presidents Jimmy Carter and Ronald Reagan presided over boosts in that tax, as did several of their predecessors.

In any event, fixing blame for pernicious long-term trends is easy. Stopping them, which is what the Children's Defense Fund and Moynihan have uppermost in mind, is

somewhat trickier. As it happens, however, they may have an ally in the White House.

That's because the Reagan administration's original tax simplification package actually doubled the personal exemption, itself a huge step toward fairness. And there is increasing pressure from many of Reagan's allies in the New Right to retain that enlarged exemption in the revised tax package that the president has promised to submit to Congress next month.

Reagan's allies, the Children's Defense Fund, and Sen. Moynihan are all correct: The tax burden on the working poor is scandalous. Doubling the personal exemption is a good first step toward equity.

Village Advertiser Commentary:

Doubling personal exemptions from income taxes would, indeed, be a first step toward relieving a heavy burden borne by the working poor, yet it would do nothing to help single parents now receiving welfare, or their children, to escape the vortex of poverty which threatens to engulf us all.

Welfare recipients are true victims of our system. Robbed of initiative, deprived of any hope of replacing through their own efforts the generous compensations now available to them, an entire sub-culture rots at our very foundation.

If democracy is to survive, ways must be found to bring millions of Americans into the mainstream, to enable them to participate in their country's potential, to encourage them to realize their own value as contributing individuals to their own and their nation's wealth. This democracy—no democracy—can long survive the spreading malignancy of festering AND SUBSIDIZED poverty.