The Washington Post William Raspberry Opinion Columnist

Better, Simpler, Fairer

By William Raspberry

The same day President Bush sent his tax-cut proposal to Congress, Rep. Bernie Sanders (I-Vt.) and the Congressional Progressive Caucus unveiled a tax-cut plan that Sanders says will do everything the president's will do, only better, more simply and more fairly. The funny thing is, he may be right.

The proposal: A $300 tax cut for every man, woman and child in America -- provided the surplus is for real.

That's it. If you're an American, you get the $300 cut (or tax credit) each year for the next 10 years. A family of four gets a $1,200 cut, no matter whether the family's income is $20,000 or $200,000 a year.

But simplicity is just the starting point. "If you cross-reference our proposal with the Wall Street Journal's analysis," says Sanders spokesman David Sirota, "you'll find ours gives more tax relief than the president's for 80 percent of American families. That is, families in the first through 80th percentiles get a bigger tax reduction under our plan -- at least during the five years before the president's increased child credit kicks in.

"Families in the 81st to 95th percentiles get an average cut of $1,447 under Bush's plan, which is in the same ballpark as our $1,200 for a family of four."

It's only the top earners, Sirota says, who would do better under Bush. Families in the 96th to 99th percentiles (with an average income of $183,000 a year) get a $2,330 cut under Bush, and the top one percent (average income of $915,000) get their taxes slashed by more than $46,000 under the Bush plan.

"It's a travesty," says Sanders, "that the president would put forward a tax plan that provides a millionaire family with over $40,000 in tax relief while a family earning $40,000 will only get around $600."

The president's argument, of course, is that the rich deserve to get more benefit from the budget surplus because they contributed substantially more to it -- both in taxes and in their investments in, and leadership of, the economy.
Sanders, an avowed socialist, sees it another way. "The factory workers, sales people and clerical workers contributed to the boom as surely as Bill Gates did," he says. "The rich already have benefited from the economic boom. My proposal would help those who have pretty much been bypassed by the boom."

There's more yet. The Sanders plan would be triggered only by an actual surplus and could expand or shrink depending on the size of the surplus. Says Sirota:

"The Bush people are saying he won't even consider a trigger. His rationale is that we can afford his big tax cut because of the projected surplus -- a projection based on the Congressional Budget Office's assumption of a 3 percent annual growth in the economy. We believe that's too rosy. [Federal Reserve Board Chairman] Alan Greenspan says we're at about a zero growth rate right now."

But at the same time Bush is saying that we can afford the cut because of the surplus produced by the economic boom, he's also saying to be on the lookout for a recession. Indeed the newest rationale for the tax cut (which he first proposed while the economy was doing well) is to prevent a recession.

It makes for a tricky argument. If the economy is in such trouble that we need a $1.6 trillion tax cut to forestall a recession, then how can he count on an economy-generated surplus as the source of the cut?
Bernie Sanders avoids the problem. If there's no surplus, there's no tax cut. But if Bush is right, and there is a surplus, then everybody gets a $300 tax cut.

The Vermonter (and former Brooklyn hippie) figures his plan would cost about $900 billion. "If the president thinks that's too little to stimulate the economy sufficiently, then he could take our plan and bump it up to his $1.6 trillion. That would give every man, woman and child almost $600."

In fact, though, the Sanders approach might prove more of an economic stimulus than the president's. Rich people might decide to salt their tax-break money into savings or splurge on European vacations. With poor people, the one certainty is that they'll spend the money and most likely close to home.