

U.S. Fiscal & Economic Policy

Year after year, most voters say the economy is the most important issue. Americans and their political parties fundamentally disagree on how government policy will help or hurt the economy. A good rule to remember is that the Right-Wing (RW) generally wants to have low taxes, low social spending, and high military spending because they believe it will help the economy grow and provide security, while the Left-Wing (LW) favors “progressive taxation” (very high taxes on those with the highest income, none for the poor, and moderate taxes for the middle class who are the majority of the population), high social spending to work toward socioeconomic justice, and low military spending.

The Facts: The U.S. has a very large and growing national debt, estimated to be \$19.3 trillion by the end of 2016, mainly due to having a budget deficit (spending more money than it receives in taxes) almost every year. The U.S. can do this because other countries (China!) lend it money by buying U.S. bonds, considered a very safe investment. For many years, the U.S. has had a large trade deficit with China and many other countries. GDP growth under Obama has been positive but slow, at about 1% for most of recent years. The 2015 tax rate for individuals making over \$400,000 per year was about 40% and about 30% for corporations, both lower than in past decades, and what's actually paid is even lower. America's infrastructure (roads, bridges, schools, etc.) are in poor condition. Unemployment (about 5%) & inflation (about 1%) have been fairly low, but workers have not seen the average wage rise, after inflation, since the 1970s. Among 34 OECD countries, the USA is nearly the most unequal at #31, with the richest 1% owning 35% of the country's wealth. (See Wikipedia for sources.)

Policy Options by Presidential Candidate: 1) Largely maintain Obama's policies which have led to a slow but generally successful recovery from “The Great Recession.” Reduce “tax havens” & close tax “loopholes” for individuals & corporations, make sure the rich pay at least 30% income tax. Set estate tax at 40-65%. Spend \$275 billion to repair infrastructure. Spend \$10 billion to encourage domestic manufacturing. Make public universities “debt-free.” Impose “exit tax” on corporations leaving the U.S.A. Increase military budget & military operations outside U.S. (Hillary)

2) Reduce taxes on rich individuals, corporations' profits outside U.S., and middle-class individuals as a “pro-growth” tax plan. Reduce corporate taxes to 15%. Eliminate the estate tax. Spend \$500 billion to repair infrastructure. Generally reduce government regulation of corporations, use more coal & nuclear energy as part of job-creation plan, cancel “green energy” programs. Generally reduce social spending. Label China a “currency manipulator” & renegotiate most int'l trade agreements. Financial gains made by corporations, individuals, and overall GDP growth will “trickle down” to the middle class and poor. Reduce immigrants from Mexico by building a wall on the border. Reduce welfare spending, including an end to Obamacare. Make countries allied with the U.S. pay more for protection. Target some Middle-East enemies (ISIS!) with more aggressive military operations, but end nation-building & regime change strategies. (Trump)

3) Balance the federal budget by eliminating deficit spending, because national debt is the U.S.'s largest security threat. Replace income tax with “consumption tax” based on what you buy (i.e. sales tax) to increase savings & investment. Generally reduce government regulation of corporations. Close tax “loopholes.” Instead of limiting immigration, make non-citizens pay taxes. Reduce overseas military spending. Legalize marijuana & end “The War on Drugs.” De-nationalize education to let each state decide its own policies. Greatly reduce welfare spending. (Johnson)

4) Raise tax rate on richest 1% back to level of Reagan's 1980s (70%) to increase gov't income by . Raise corporate taxes & remove their “personhood” status. Renegotiate most int'l trade agreements which have benefitted large corporations. Make \$15/hr. the national minimum wage. Create single-payer national health insurance program similar to Canada & the EU. Prioritize poverty reduction by greatly increasing welfare spending and address the economic legacy of slavery on African Americans. Make all public schools through university tuition-free. Legalize marijuana & end “The War on Drugs.” Cut military spending by at least 50% & close 700+ foreign military bases. Generally favor a socialist economy like Northern European countries. (Stein)