

The 2017 tax law is getting even worse

The law's assistance to lower-income Americans was modest—and temporary.

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In 2017 the Republican Party controlled the White House and both houses of Congress. Four years later the Democrats do, however narrowly. Their to-do list is long. The nation faces new crises of public health, violent extremism, and democratic integrity. Meanwhile, its older problems have hardly gone away.

One problem that has fallen out of the headlines is economic inequality. It persists—in fact, the pandemic has exacerbated it. And it's intricately connected to other pressing issues. Will the new Congress take it on?

The GOP's time in power produced exactly one major law: the 2017 tax cuts. Promoted as tax relief for all, the bill was mostly a gift to corporations, with relief for individuals ranging from modest to nonexistent. And that was just its immediate provisions. The worst of it was designed to take effect later, after the public's

attention moved on.

To ensure passage, the bill was attached to the filibuster-proof budget process. The budget rules allow short-term deficits but not long-term ones. So the bill's authors could slash away at tax revenues—as long as they offset this with increases that kick in later. The specific increases they chose reveal their priorities.

The earliest changes are subtle and technical. A shift in how the IRS measures inflation means that any wage increases will make people's tax rates go up faster than their buying power. And starting this year, the bill's repeal of the Obamacare individual mandate will reduce access to tax-subsidized health care.

The egregious change comes in 2025, when the individual income tax cuts—the ones that apply to ordinary wage earners—begin to phase out. The corporate tax cuts, however, are permanent. While there's an honest debate to be had about optimal tax rates, there's no excuse for a legislative corporate handout that sends lower-income Americans the bill.

And it's no time for them to be paying higher taxes. The economic crisis has devastated small businesses and jobs, while largely sparing the rich and their stock portfolios. People need money in their pockets—to make rent, pay for essentials, and give businesses reasons to hire again. There is a pressing need for an economic equality agenda, and one key element is a fairer tax code.

Newly empowered Democrats face activist pressure on this front. Is bipartisan action possible? Maybe not, but it should be. The populist turn in conservatism has been ideologically incoherent at times and coherently racist at others. But the populists are right that Americans are being squeezed by elites—economic elites. And those economic elites should be concerned about inequality, too, because it breeds political instability and strife.

Perhaps such pragmatic concerns will persuade legislators to walk us back from this gilded age. Would that moral concern could do it. We can't let legislators keep finding savings in vital social programs and valuable public resources. We can't accept tax reform that promises lower-income Americans a mile, delivers an inch, and then quietly takes the inch back when no one is paying attention. American politics has changed a lot in recent years. Will it change enough to make our leaders stop kowtowing to wealthy interests?

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