

investors enjoy tax-free living under a 1993 law President Clinton signed. It lets “professional” real-estate investors use paper losses like depreciation on their buildings against any cash income, even if they end up with negative incomes like Trump.

Frank and Jamie McCourt, who own the Los Angeles Dodgers, have not paid any income taxes since at least 2004, their divorce case revealed. Yet they spent \$45 million one year alone. How? They just borrowed against Dodger ticket revenue and other assets. To the IRS, they look like paupers.

In Wisconsin, Terrence Wall, who unsuccessfully sought the Republican nomination for U.S. Senate in 2010, paid no income taxes on as much as \$14 million of recent income, his disclosure forms showed. Asked about his living tax-free while working people pay taxes, he had a simple response: Everyone should pay less.

5. And (surprise!) since Reagan, only the wealthy have gained significant income.

The Heritage Foundation, the Cato Institute and similar conservative marketing organizations tell us relentlessly that lower tax rates will make us all better off.

“When tax rates are reduced, the economy’s growth rate improves and living standards increase,” according to Daniel J. Mitchell, an economist at Heritage until he joined Cato. He says that supply-side economics is “the simple notion that lower tax rates will boost work, saving, investment and entrepreneurship.”

When Reagan was elected president, the marginal tax rate for income was 70 percent. He cut it to 50 percent and then 28 percent starting in 1987. It was raised by George H.W. Bush and Clinton and then cut by George W. Bush. The top rate is now 35 percent.

Since 1980, when President Reagan won election promising prosperity through tax cuts, the average income of the vast majority — the bottom 90 percent of Americans — has increased a meager \$303, or 1 percent. Put another way, for each dollar people in the vast majority made in 1980, in 2008 their income was up to \$1.01.

Those at the top did better. The top 1 percent’s average income more than doubled to \$1.1 million, according to an analysis of tax data by economists Thomas Piketty and Emmanuel Saez. The really rich, the top tenth of 1 percent, each enjoyed almost \$4 in 2008 for each dollar in 1980.

The top 300,000 Americans now enjoy almost as much income as the bottom 150 million, the data show.

6. When it comes to corporations, the story is much the same – less taxes.

Corporate profits in 2008, the latest year for which data is available, were \$1,830 billion, up almost 12 percent from \$1,638.7 in 2000. Yet, even though corporate tax

rates have not been cut, corporate income-tax revenues fell to \$230 billion from \$249 billion — an 8 percent decline, thanks to a number of loopholes. The official 2010 profit numbers are not added up and released by the government, but the amount paid in corporate taxes is: In 2010 they fell further, to \$191 billion — a decline of more than 23 percent compared with 2000.

7. Some corporate tax breaks destroy jobs.

Despite all the noise that America has the world’s second highest corporate tax rate, the actual taxes paid by corporations are falling because of the growing number of loopholes and companies shifting profits to tax havens like the Cayman Islands.

And right now America’s corporations are sitting on close to \$2 trillion in cash that is not being used to build factories, create jobs or anything else, but act as an insurance policy for managers unwilling to take the risk of actually building the businesses they are paid so well to run. That cash hoard, by the way, works out to nearly \$13,000 per taxpaying household.

A corporate tax rate that is too low actually destroys jobs. That’s because a higher tax rate encourages businesses (who don’t want to pay taxes) to keep the profits in the business and reinvest, rather than pull them out as profits and have to pay high taxes.

The 2004 American Jobs Creation Act, which passed with bipartisan support, allowed more than 800 companies to bring profits that were untaxed but overseas back to the U.S. Instead of paying the usual 35 percent tax, the companies paid just 5.25 percent.

The companies said bringing the money home — “repatriating” it, they called it — would mean lots of jobs. Sen. John Ensign, the Nevada Republican, put the figure at 660,000 new jobs.

Pfizer, the drug company, was the biggest beneficiary. It brought home \$37 billion, saving \$11 billion in taxes. Almost immediately it started firing people. Since the law took effect, it has let 40,000 workers go. In all, it appears that at least 100,000 jobs were destroyed.

Now Congressional Republicans and some Democrats are gearing up again to pass another tax holiday, promoting a new Jobs Creation Act. It would affect 10 times as much money as the 2004 law.

8. Republicans like taxes too.

President Reagan signed into law 11 tax increases, targeted at people down the income ladder. His administration and the Washington press corps called the increases “revenue enhancers.” Among other things, Reagan hiked Social Security taxes so high that the government collected more than \$2 trillion in surplus tax by the end of 2008.

George W. Bush signed a tax increase, too, in 2006, despite his written ironclad pledge to never raise taxes on anyone. It raised taxes on teenagers by requiring kids up to age 17, who earned money, to pay taxes at their parents’ tax rate, which would almost always be higher than the rate they would otherwise pay. It was a story that ran buried inside *The New York Times* one Sunday, but nowhere else.

In fact, thanks to Republicans, one in three Americans will pay higher taxes this year than they did last year.

First, some history. In 2009, President Obama pushed his own tax cut — for the working class. He persuaded Congress to enact the Making Work Pay Tax Credit. Over the two years 2009 and 2010, it saved single workers up to \$800 and married heterosexual couples up to \$1,600, even if only one spouse worked. The top 5 percent or so of taxpayers were denied this tax break.

The Obama administration called it “the biggest middle-class tax cut” ever. Yet last December the Republicans, poised to regain control of the House of Representatives, killed Obama’s Making Work Pay Credit while extending the Bush tax cuts for two more years — a policy Obama agreed to.

By doing so, congressional Republican leaders increased taxes on a third of Americans, virtually all of them the working poor, this year.

As a result, of the 155 million households in the tax system, 51 million will pay an average of \$129 more this year. That is \$6.6 billion in higher taxes for the working poor, the nonpartisan Tax Policy Center estimated.

In addition, the Republicans changed the rate of workers’ FICA contributions, which finances half of Social Security. The result: If you are single and make less than \$20,000, or married and less than \$40,000, you lose under this plan. But the top 5 percent, people who make more than \$106,800, will save \$2,136 (\$4,272 for two-career couples).

9. Other countries do it better.

We measure our economic progress, and our elected leaders debate tax policy, in terms of a crude measure known as gross domestic product (GDP). The way the official statistics are put together, each dollar spent buying solar energy equipment counts the same as each dollar spent investigating murders.

We do not give any measure of value to time spent rearing children or growing our own vegetables or to time off for leisure and community service. And we do not measure the economic damage done by shocks, such as losing a job, which means not only loss of income and depletion of savings, but loss of health insurance, which a Harvard Medical School study found results in 45,000 unnecessary deaths each year

Compare this to Germany, one of many countries with