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Radical individualism and the poverty rate

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?The tax system should be continually evaluated in terms of its impact on the poor.? -- ?Economic Justice for All,? U.S. Catholic Bishops, 1986

The U.S. poverty rate reached 14.3 percent, the largest increase in more than 30 years, according to a Census Bureau report released last month. More than 43 million Americans -- the highest number ever recorded -- are officially ?poor.? That?s one in seven of us. Forty-two years after Lyndon Johnson declared a ?war on poverty,? it appears poverty is winning.

Congress? reaction to this national disgrace? A mad rush, particularly among Republicans on Capitol Hill, to provide further tax breaks to those with incomes over $250,000.

The Republican response seems, at first blush, a stunning non sequitur. But these are not separate issues. No, an accelerating poverty rate and excessive tax giveaways are connected both substantively and ideologically.

Substantively, as most any economist worthy of the name will attest, tax cuts for the wealthiest are among the least efficient means to promote the economic growth that produces desperately needed jobs. It?s easy to grasp: The superrich can park their windfall in government bonds or other such investments or, perhaps, purchase another summer home or travel to some exotic vacation spot. Not the type of economic activity likely to pull the United States out of its doldrums. The notion that the rich will use their tax cuts to hire the unemployed to produce goods for which there is no market or offer services for which there are no customers is, at best, wishful thinking.

By contrast, a government jobs program or incentives for business to hire the unemployed, as the Obama administration has proposed, promote exactly the type of consumer spending -- paying the mortgage, purchasing a needed automobile or a new pair of shoes for a school-age child -- the U.S. economy needs. It really is a ?no-brainer.?

But don?t count on rationality to carry the day, which is where ideology comes in.

Once upon a time, not so long ago, the Republican Party stood for fiscal conservatism. Government revenues and expenditures should be roughly equal was the view.

This wasn?t a particularly exciting fiscal policy. And it certainly had its drawbacks, not least an inflexibility that opposed deficit spending even in the midst of the Great Depression and subsequent recessions, where government was the only engine left to drive recovery. Still, the approach has a certain intellectual honesty and common-sense appeal.

That?s all gone now. Today, the idea that taxes are the price we pay for a civilized society is rejected with near unanimity by the leadership of the Republican Party. In fact, the right to keep ?your money? is the highest moral value. The government, according to this view, is little more than a thief.

Ronald Reagan started the trend by embracing ?supply-side economics,? Vice President Dick Cheney blessed it when he declared that ?deficits don?t matter,? and today?s Republicans, cowed by the Tea Party crowd and enticed by the prospect of taking control of the House and Senate, confirm it as they promote this giveaway to their wealthiest constituents.

Tax cuts, you see, are the one issue that fully unifies the Republican constituency. Moral issues -- abortion, same-sex marriage -- divide, with younger Republicans less than stalwart; and military matters now seem reduced to who is demagogue enough to blame all Muslims for 9/11 and its aftereffects.

The notion, promoted by the U.S. bishops in their 1986 economics pastoral, that tax policy should be a means of ?reducing the severe inequalities of income and wealth in the nation? seems laughably naive in the Ayn Randian world embraced by the Tea Party. There is no ?common good? according to this radically materialistic outlook, only the good that adheres to the individual, which, if we?re lucky, will have a benign impact on the rest of us.

Which brings us back to poverty.

It is within our power as a society to greatly reduce the poverty rate. Wise public policy would go a long way to achieving this goal.

There?s an election next month. Don?t kid yourself. The results matter. Vote accordingly.

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