

Tax Cut Compromise or 2010 Stimulus?

Michael Sean Winters | Dec. 8, 2010 Distinctly Catholic

While liberals are weeping in their beer because the President agreed to a two-year extension of all the Bush tax cuts, they should take a moment to look at the rest of the deal. Because, the deal as a whole sure looks like a Stimulus Bill to me and, if the GOP wants to sign on to a Stimulus Bill, that's fine by me.

True, \$79 billion is going to the super-rich, but \$280 billion is going to middle class tax cuts. Additionally, there is \$56 billion in unemployment benefits.

My favorite provision is the payroll tax holiday which comes in at a cool \$120 billion and which obviously only applies to middle class tax payers, seeing as the wages subject to the tax are capped at \$106,800. and the tax does not apply to investments, only wages.

There is \$21 billion for refundable tax credits, things like the child tax credit, and the earned-income tax credit, both of which are directed at low income workers.

And, finally there is \$146 billion to allow companies to write off capital investments, which encourages companies to purchase equipment now, which, in turn, will hopefully require the manufacturers to add more jobs.

Now, no one on Capitol Hill or in the White House will call this compromise a Stimulus Bill because that became a bad word. But, if this is not a triumph of Keynesianism, what is it?

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