

## **The 1 Percent (Political) Solution**

Political campaigns, particularly modern ones, tend to revolve around promises. That's as true of Republicans offering tax cuts as Democrats promising to maintain or increase spending programs. When you see candidates from both parties visiting regions hit by hurricanes or drought, you can be sure they are trying to indicate how much they care for those affected. When politicians do venture onto the other side of the balance sheet — how they will pay for all past and current promises — they move much more gingerly.

A candidate for office effectively divides the population into the "deserving," who should get more benefits or tax cuts (or at least should not pay more taxes or lose benefits), and the "undeserving," who are not carrying their own weight. But he or she doesn't want to put very many people in the latter category, since their votes likely will be lost.

That's where the 1 percent solution comes in.

For Democrats, the 1 percent is the wealthy. President Obama stakes a lot of his campaign on going after those with incomes over \$250,000. Many Congressional Democrats often won't go that far; they confine their attacks and suggested tax increases to those making over \$1 million.

For Governor Romney, the latest 1 percent is welfare recipients. Because the Obama administration recently granted waivers from work requirements to some states, more adults can now get benefits without even trying to work, the Romney campaign claims.

OK, "1 percent" is approximate. For you fact checkers, Tax Policy Center calculations indicate that the number of households [facing tax increases under the president's \\$250,000 threshold](#) (slightly less for single people) is less than 1 1/2 percent of tax units, and the number making more than \$1 million (there's really no specific tax plan to estimate against) is probably only about 1/3 of 1 percent.

Meanwhile, adult recipients of Temporary Assistance for Needy Families, the program most identified with welfare, make up less than 1 percent of all adults in the country; household recipients make up slightly over 1 1/2 percent of all households, though only a fraction of those at best would be affected by any state waivers.

The point here is that depending upon how you count, each party is still trying to pander to between 98 1/2 and 99 2/3 percent of us, leaving most of us out of the cost side of the equation. Unfortunately for the country, the nation's fiscal challenges confront us all!

Perhaps some of us count ourselves as moderates because we would be so bold as to tackle our budget situation by going after both the rich and the welfare recipients. We might find sympathy with the Occupy Wall Street and Tea Party crowds at the same time.

There's one tiny complication. Almost everyone receives significant benefits from government, and most pay significant taxes relative to their income, although how they do so (income, social insurance, state, local, fees) varies by the individual. At the end of the day, the middle 98 or 99 percent gets most government benefits and pays most government taxes.

So when the federal government collects only 60 cents for every dollar it spends, it is relatively easy for almost everyone to agree that that situation is both economically untenable and arithmetically unsustainable. It is much harder for us to admit that the problem cannot be solved by targeting the 1 percent on either end of the income scale and that we, too, have to chip in.

During a campaign, I don't want or expect politicians to identify whose taxes would be increased or benefits cut. Such actions would be political suicide and unrealistic, to say the least. Broad-based reform requires more thoughtful analysis than is possible in an electoral process dominated by sound bites and tweets.

Campaigns and politicians, however, should at least identify the types of structures they would construct. God forbid that their media consultants tell them how to specify, piecemeal, the plumbing, engineering and architecture of governance involved. I simply want those running for office to admit that government taxes and spending programs fundamentally have to be restructured in ways that are likely to ask something from all of us, not just 1 or 2 percent.

Like many voters, I'm also tired of being pandered to. I know that political advisers and media consultants like to tell the candidates that they must make their supporters feel superior to the "undeserving" who cause all our problems. Maybe such advice is savvy when it comes to obtaining power or winning each party's nomination. Given how sticky the polls have remained for both candidates in this race, however, I rather doubt its effectiveness in a general election.

And to what ultimate purpose? Elected officials find it hard to govern these days because, in fact, they have just been elected by treating most of us voters as if we are both selfish and stupid.

More and more Americans have tired of that message. We desperately seek and need leaders who will provide a road map for a mutual journey forward, one that makes progress because we, not just 1 percent of others, share in the load.

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**The Government We Deserve** is a periodic column on public policy by Eugene Steuerle, an Institute fellow and the Richard B. Fisher Chair at the nonpartisan Urban Institute. Steuerle is also a former deputy assistant secretary of the Treasury. The opinions are those of the author and do not necessarily reflect those of the Urban Institute, its trustees, or its sponsors.

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