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Ryan plan raises middle class taxes, cuts social programs, enriches wealthy

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On Tuesday January 25th, House Republicans will debate and vote on instructing House Budget Committee Chairman Paul Ryan (R – Wis.) to cut non-security discretionary spending back to fiscal year 2008 levels or less. Cutting non-security discretionary spending is one part of Chairman Ryan's budget vision, as detailed in his "Roadmap for America's Future," which he argues is a desirable alternative to the federal government's present fiscal path.

In ***Paul Ryan's Plan for Millionaires' Gain and Middle Class Pain***, Economic Policy Institute (EPI) Policy Analyst Andrew Fieldhouse exposes the consequences of the Ryan plan if implemented: a massive transfer of wealth from the middle class to wealthy Americans and corporations and a wholesale dismantling of the social programs that all Americans rely on, including Medicare and Social Security.

- Representative Ryan's plan would raise taxes on most Americans earning under $200,000 while cutting millionaires' taxes in half, and *the wealthiest 0.1% of taxpayers—families making $3 million or more—would see an average yearly tax cut of $1.7 million.*
- It would also replace the corporate income tax system with an 8.5% business consumption tax, which would be passed on to consumers in the form of a value-added tax (that would fall most heavily on low- and middle-income people).

Far from promoting fiscal responsibility, these changes in the tax code would reduce federal revenue relative to where it is now and justify draconian cuts in government programs.

- The Ryan plan would also replace Medicare, Medicaid, the Children's Health Insurance Program and the tax exemption for employer-sponsored health care with a system of vouchers, subsidies and tax credits that would result in higher out-of-pocket costs for consumers and higher state taxes and/or reduced services.
- Finally, the Ryan plan would cut Social Security benefits and give the wealthiest taxpayers an incentive to divert tax contributions to private accounts. This partial privatization would have as a consequence a two-tiered system that would require massive transfers from general federal revenue.

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