

Opinion: Pelosi's definition of middle class uses funny math

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House Minority Leader Nancy Pelosi has an interesting definition of what constitutes the middle class. She believes it includes people earning anything less than \$1 million a year – at least when it comes to tax cuts.

The California Democrat sent a letter Wednesday to House Speaker John A. Boehner, R-Ohio, calling on him to schedule an immediate vote to make permanent the Bush tax cuts for income below \$1 million annually. President Obama's position has been that the tax cuts should be extended, but only on income of \$250,000 or less. Republicans, of course, insist on maintaining the upper-income tax cuts in their entirety, a move that would cost an estimated \$850 billion over the next decade – \$1 trillion, including the cost of paying additional interest on the debt, according to the Center on Budget and Policy Priorities.

How much federal revenue would be lost by moving the cutoff point to \$1 million? Citizens for Tax Justice estimates it at about 43 percent in 2013, and there is no reason to think that the loss would be any smaller in future years. If anything, as the economy improves and incomes rise, the loss could be larger. And among the biggest beneficiaries of Ms. Pelosi's "middle class" largess would be those earning more than \$1 million a year, because they would enjoy the benefit of paying lower marginal rates on the first \$1 million of income. Indeed, an estimated half of the benefit of the lower rates would flow to, yes, millionaires.

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