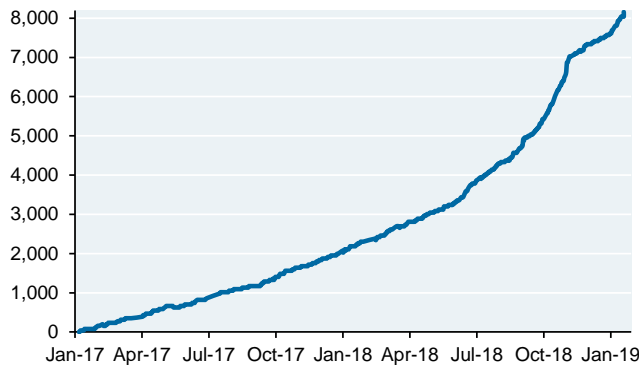




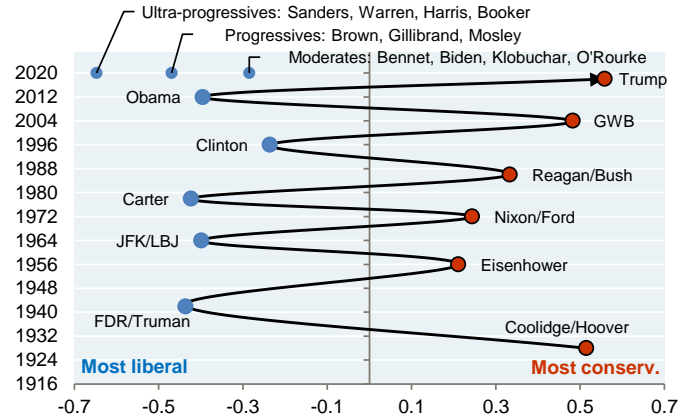
Perhaps one of the most corrosive things the current Administration has done is to lower the bar for false or misleading statements. Given the first chart below<sup>1</sup>, it may be difficult to get people to care very much right now about exaggerations, academic bias and misleading statements on tax related issues. In any case, neither party has an unblemished record for straight talk<sup>2</sup>, and as illustrated in the second chart using empirically derived data<sup>3</sup>, we may be headed into the most ideologically charged Presidential election campaign in 100 years. Bottom line: **don't believe everything you read.**

**Cumulative false or misleading claims by President Trump, as per the Washington Post**



Source: Washington Post Factchecker Database. January 20, 2019.

**Presidential administration ideology and a look at 2020**



Source: VoteView Roll Call Votes database, JPMAM, 2018

**Appendix: On the constitutionality of wealth taxes and de facto alternatives**

The first reaction many people have to idea of wealth taxes: “they’re probably unconstitutional”, since the 16<sup>th</sup> Amendment only sanctions *income* taxes, and prior Constitutional provisions preclude taxes on the states that are not apportioned back in the same ratio. However, some tax scholars have already identified de facto alternatives to a wealth tax using **Wealth Integration Methods**. The simple explanation: instead of taxing wealth directly, wealth is used as an **input** into income tax calculations to get to roughly the same place. This approach might *seem* just like a Wealth Tax, but a recent paper from a law professor at Ohio State discounts possible Constitutional objections to Wealth Integration Taxes, arguing that they are not precluded by the 16<sup>th</sup> Amendment, and that to reject them would require the Courts to overturn settled precedent<sup>4</sup>. The author goes so far as to say that since the Courts are likely to accept Wealth Integration Taxation methods, **they might as well just allow Congress to tax wealth directly**. Welcome to 2019. Likely candidates for a Wealth Integration Tax: deduction phase-outs based on wealth, and/or increasing marginal tax rates based on wealth levels. Furthermore, the definition of wealth could require liquid assets to be valued on a mark-to-market basis, subjecting taxpayers to de facto wealth taxes whether or not assets are sold; and for these households, income and capital gains tax rates will probably be unified at the same level.

<sup>1</sup> Many topics assessed by the Post are not cut and dried facts, and require interpretations and judgments that not everyone will agree with (I didn't). Even so, the spirit of what they found has been seconded by James Pfiffner (author of a dozen books on the Presidency and a Professor of Public Policy at conservative George Mason University), and George Edwards at Texas A&M (a political scientist who edits the scholarly journal Presidential Studies Quarterly).

Related Wash Post FactChecker topic: a NY congresswoman attacked the Post after it contradicted her claims on minimum wage workers, tweeting that the Post's source served “corporate interests”. The study was actually from Jason Furman (Council of Economic Advisors under Obama). The Washington Post response: “Don't always believe what you see on Twitter”. No one's work is exempt from derision if it does not support the desired policy outcome.

<sup>2</sup> President Obama repeatedly said, “if you like your healthcare plan, you can keep it” in regards to the Affordable Care Act. PolitiFact bestowed the 2013 “Lie of the Year” honor to Obama for this statement.

<sup>3</sup> See the December [Eye on the Market](#) for more details on this chart and its implications.

<sup>4</sup> “A Constitutional Wealth Tax”, A. Glogower (Ohio State Moritz College of Law), January 2019. Examples cited by the author of wealth taxes that already exist: the 2017 tax bill, which disallows corporate income tax deductions of FDIC Deposit Insurance Payments based on the amount of bank assets, and also applies different tax rates to foreign sourced income based on the amount of a company's qualified asset investments; and Section 1202, which allows capital gains tax exclusions based on the amount of qualified small business assets.

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