

Let's put tax cuts in terms everyone can understand.

Suppose that every day, ten people go out for dinner and they all get the same meal. The bill for all ten comes to \$100. If they paid their bill the way we pay our taxes, it would go something like this:

The first four (the poorest) would pay nothing.

The fifth would pay \$1.

The sixth would pay \$3.

The seventh \$7.

The eighth \$12.

The ninth \$18.

The tenth (the richest) would pay \$59.

So, that's what they decided to do. They ate dinner in the restaurant every day and seemed quite happy with the arrangement, until one day, the owner threw them a problem. "Since you are all such good customers," the owner said, "I'm going to reduce the cost of your daily meal by \$20."

So, now dinner for the ten only cost \$80. The group still wanted to pay their bill the way we pay our taxes. So, the first four were unaffected, they would still eat for free. What about the other six, the paying customers? How could they divvy up the \$20 windfall so that everyone would get their 'fair share'? The six paying customers realised that \$20 divided by six is \$3.33. If they subtracted that from everybody's share, then the fifth and the sixth would each end up being 'PAID' to eat their meal.

So, the restaurant owner suggested that it would be fair to reduce each person's bill by roughly the same amount, and proceeded to work out the amounts each should pay. And so -

The fifth, like the first four, now paid nothing (100% savings).

The sixth now paid \$2 instead of \$3 (33% savings).

The seventh now paid \$5 instead of \$7 (28% savings).

The eighth now paid \$9 instead of \$12 (25% savings).

The ninth now paid \$14 instead of \$18 (22% savings).

The tenth now paid \$49 instead of \$59 (16% savings).

Each of the six was better off than before. The first four continued to eat for free. Once outside the restaurant, they began to compare their savings.

"I only got a dollar out of the \$20," declared the sixth, pointing to the tenth diner "but they got \$10!"

"Yeah, that's right," exclaimed the fifth. "I only saved a dollar, too."

"It's unfair that they got ten times more than me!"

"That's true!!" shouted the seventh. "Why should they get \$10 back when I got only \$2? The wealthy get all the breaks!"

"Wait a minute," yelled the first four in unison. "We didn't get anything at all. The system exploits the poor!"

The nine surrounded and beat up the tenth diner.

The next night the tenth diner didn't show up for dinner, so the nine sat down and ate without number ten. When it came time to pay the bill, they discovered something important. They didn't have enough money between all of

them for even half of the bill!

That, boys and girls, journalists and college professors, is how our tax system works. The people who pay the highest taxes get the most benefit from a tax reduction. Tax them too much, attack them for being wealthy, and they just may not show up at the table any more. There are lots of good restaurants in Europe and the Caribbean.