

One Simple Plan to Undermine Socialism

The United States is in the midst of a national intellectual crisis. Popular support for the path to destitution and tyranny—the path followed by Venezuela, Cuba, and the former Soviet Union—is at an [astonishing](#) 77 percent among Democrats. [Most](#) young Americans prefer socialism to capitalism. The next election might not result in a socialist president, but the gains being made by the socialist-utopian Left are impressive and consistent. University faculty [continue](#) to steer the young closer and closer to socialist ideas. The socialists are making more socialists.

Clear-thinking Americans fear a headlong plunge into the same ideological swamp that has ruined so many other economies and lament that there seems to be no way to stop it.

Let's recall a story [Ronald Reagan](#) liked to recount:

Not too long ago, two friends of mine were talking to a Cuban refugee, a businessman who had escaped from Castro, and in the midst of his story one of my friends turned to the other and said, 'We don't know how lucky we are.' And the Cuban stopped and said, 'How lucky you are? I had someplace to escape to.' And in that sentence, he told us the entire story. If we lose freedom here, there's no place to escape to. This is the last stand on earth.

And then, he added:

You and I are told increasingly we have to choose between a left or right. Well I'd like to suggest there is no such thing as a left or right. There's only an up or down: [up] man's old-old-aged dream, the ultimate in individual freedom consistent with law and order, or down to the ant heap of

totalitarianism. And regardless of their sincerity, their humanitarian motives, those who would trade our freedom for security have embarked on this downward course.

We've been here before. In the span between the end of World War II and 1980, the popularity of government-led solutions began to crowd out healthy economic activity. Then in 1980, freedom struck back. Forget about reprogramming the schools, as no immediate solution can come from there. The way to make capitalists of our young people is to entice them to take advantage of our land of opportunity.

Again, [back](#) to the Gipper: "Let us not overlook the fact that the small, independent businessman or woman creates more than 80 percent of all the new jobs and employs more than half of our total workforce." Today, the figure is [closer to 62 percent](#) of new jobs and [just under half](#) of the total workforce.

OK, let's get radical. The future of this country depends on the next generation embracing free markets. Nothing works if the socialists win. All the promises of free education, free health care, job security, and political freedom will [go up in smoke](#) when the market breaks down.

So my proposal: *An income tax holiday for all young people until the age of 28.*

This would cost next to nothing in tax revenue in the short-run but could provide profound dividends in the long-run.

In 2010, the [Tax Foundation](#) published a study that showed 52 percent of people under the age of 26 pay no taxes at all. Of the taxes that are collected from the under-26 crowd, the revenue amounts to a paltry 2 percent of all income taxes (less if you factor in total tax revenue). Although current data breaking down the age of taxpayers does not appear to be available, these numbers likely remain in the ballpark of

today's world. According to [another](#) study, "51 percent of owners of small businesses are 50-88 years old, 33 percent are 35-49 and only 16 percent are 35 years old and under." That's an alarming trend suggesting that the entrepreneurial gumption of Americans needs support.

Under my plan, we could supercharge the careers and the businesses of the young people coming up with virtually no loss of taxpayer revenue. Young people increasingly have [drifted away](#) from the workforce. While under this plan they would be free to continue slacking during their youth, that choice would cause them to miss out on their tax holiday while their friends and peers earn and save tax-free. FOMO, or "fear of missing out," is a powerful motivator. We need young business owners to grow the tax base, to innovate new technology, to save and invest.

Studies have [shown](#) that what a worker earns in his 20s predicts his salary for the rest of his career. "Across the board, the bulk of earnings growth happens during the first decade," write authors of a New York Federal Reserve study. The authors further note, "The plateau [in income growth after the initial gains] is profound: For the median group of lifetime earners, the average earnings increase from age 35 to 55 is zero. This makes the 20s look even more crucial than before."

Imagine an entire generation reaching their early 30s with entrepreneurial momentum instead of socialist envy. And these success stories would sustain their children on the fruits of freedom. We might even have a self-sustaining cycle of capitalists making more capitalists.

It's a solution that's staring us in the face and it's a two-for-one. First, it counters the rising popularity of socialism by increasing the number of living billboards for capitalism. Second, it reduces the demand on the social safety net while bending the revenue curve up. Whatever taxes are lost on the

front end will be more than recuperated as the young people age out of the tax holiday into their peak earning years.

As President Reagan put it: “The best social program is a job.” Unleash our young people and watch the markets do their magic.

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