



# The Phyllis Schlafly Report

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## How To Spend the Peace Dividend

A combination of President Bush's "read my lips" determination to veto any tax increases plus the shadow of the federal deficit has kept the liberal Democratic Congress from initiating any new spending program. But now, rash talk of a "peace dividend" has raised hopes in the hearts of liberals who see a new federal bureaucracy as the solution to all problems.

U.S. taxpayers have been maintaining our troops in Western Europe for years for the specific purpose of deterring an invasion by Soviet and Warsaw Pact armies. Since the Eastern European countries have been telling Soviet troops to go home, the prospect of an invasion of Western Europe has dropped low enough to cut our troops in half.

This could yield a peace dividend of up to \$150 billion and the liberals have already made up their "wish list" of expensive new programs. They want a repeat of Lyndon Johnson's strategy of the mid-1960s called "reordering priorities," under which LBJ diverted billions from our strategic defense budget into a series of handouts to targeted constituencies.

We don't yet know how much the peace dividend will be, and it would be prudent not to spend it until we have banked it. But since the liberals are already planning how to spend it when we get it, and are even planning to legislate authorizations so they will have the bureaucracies in place, conservatives should stake out our demands now.

Conservatives should demand that any "peace dividend" belong to the people, not the politicians (who just surreptitiously voted themselves a fat pay raise, defying the wishes of the overwhelming majority of the American people). The peace dividend should be used at least one-half for tax cuts (NOT new spending) with the other half used to reduce the deficit. Those clamoring for tax reduction should determine the battleground of debate.

Some are already lining up for tax cuts, particularly in the capital gains tax and the Social Security payroll tax. While I never met a tax cut I didn't like, one type of tax cut would be the fairest of all: a tax cut on families with children.

This should be accomplished by substantially increasing the Exemption for each dependent child. The Exemption should be increased from its present figure of \$2,000 to \$6,000 in order to give a child the same value in the income tax system that a child had 40 years ago.

It is shocking the way that the federal tax burden has been dumped on the backs of the most hard-pressed, hard-working,

socially-productive element of our society: employed parents who are supporting dependent family members, raising young children, and paying taxes, too. Income taxes have increased dramatically on this group out of all proportion to taxes on every other segment of our society.

Congress skewed the tax burden against parents of minor children without any public discussion or debate. Parents were made to carry a disproportionate share of the costs of everything from the Vietnam War to foreign giveaways to the HUD scandals to the Savings and Loan bailout.

Redressing past inequities is not the only reason why families with young children deserve a major tax cut. Look to the future and see that families with young children are the "capital" of the Social Security system.

Even if the excess Social Security tax revenue about which Senator Daniel Patrick Moynihan complains were put into a "trust fund," that would be only a small part of what is needed to provide retirement benefits for the Baby Boomers. The lion's share will be paid out of the wages earned by their children, since benefits are always paid out of current revenues.

It follows that the most productive as well as the most equitable thing we can do to Social Security is to cut taxes now on those who will be inescapably hit for heavy Social Security taxes in the near future.

Equity demands a \$6,000 tax Exemption for every dependent child; it can be phased in at a \$1,000 increase a year until the goal is reached, and as the peace dividend becomes available. The revenue loss would ultimately be about \$40 billion a year.

Converting the peace dividend into tax exemptions for dependent children is not only an idea whose time has come, but it would solve other problems, too.

Increased child Exemptions would cost much less, and be far more equitable, than the Moynihan proposal to cut Social Security payroll taxes. It's the workers with children who deserve the cut because they are incurring the heavy expenses of raising the children who will pay the taxes to provide the retirement benefits not only for their parents but also for all the others who did not have any children or had only one child.

Increased child Exemptions answer the plea that the Federal Government should "do something" to help parents cope with child care costs. Increasing the Exemption from

**Step 1**

**Label**

Use IRS label. Otherwise, please print or type.

LABEL HERE	Your first name and initial <b>John B. Smith</b>	Last name	Your social security no.
	If a joint return, spouse's first name and initial <b>Mary C. Smith</b>	Last name	Spouse's social security no.
	Home address (number and street). (If you have a P.O. box, see page 15 of the instructions.)		Apt. no.
	City, town or post office, state and ZIP code. (If you have a foreign address, see page 15.)		
	<b>For Privacy Act and Paperwork Reduction Act Notice, see page 3.</b>		

**Presidential Election Campaign Fund**

Do you want \$1 to go to this fund?  Yes  No  
 If joint return, does your spouse want \$1 to go to this fund?  Yes  No  
*Note: Checking "Yes" will not change your tax or reduce your refund.*

**Step 2**

**Check your filing status**

(Check only one.)

- Single (See if you can use Form 1040EZ.)
- Married filing joint return (even if only one had income)
- Married filing separate return. Enter spouse's social security number above and spouse's full name here.
- Head of household (with qualifying person). (See page 16.) If the qualifying person is your child but not your dependent, enter this child's name here.
- Qualifying widow(er) with dependent child (year spouse died ▶ 19 \_\_\_\_). (See page 17.)

**Step 3**

**Figure your exemptions**

(See page 17 of instructions.)

If more than 7 dependents, see page 20.

Attach Copy B of Form(s) W-2 here.

**6a**  Yourself If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 6a. But be sure to check the box on line 15b on page 2. } No. of boxes checked on 6a and 6b **2**

**6b**  Spouse

c Dependents:		2. Check if under age 2	3. If age 2 or older, dependent's social security number	4. Relationship	5. No. of months lived in your home in 1989	No. of your children on 6c who:
1. Name (first, initial, and last name)						
<b>Jennifer</b>				<b>daughter</b>		● lived with you <b>3</b> ● didn't live with you due to divorce or separation (see page 20)
<b>Lisa</b>				<b>daughter</b>		
<b>Mark</b>				<b>son</b>		
						No. of other dependents listed on 6c
d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here ▶ <input type="checkbox"/>						Add numbers entered on lines above <b>5</b>
e Total number of exemptions claimed.						

\* This Exemption was raised in 1989 to \$2,000 (under the Tax Reform Act of 1986). The increase from \$1,000 to \$2,000 was due principally to the educational, lobbying, and political efforts of Eagle Forum (working for this since 1982). We are now lobbying to raise the Exemption for Dependent Children from \$2,000 to \$6,000. Please join our cause and tell your Congressman this is what you want.

**1989 Form 1040A**

**Step 6**

**Figure your standard deduction,**

**exemption amount, and**

**taxable income**

<b>14</b> Enter the amount from line 13.	14	
<b>15a</b> Check <input type="checkbox"/> You were 65 or older <input type="checkbox"/> Blind <input type="checkbox"/> Spouse was 65 or older <input type="checkbox"/> Blind } Enter number of boxes checked ▶ 15a <input type="checkbox"/>		
<b>b</b> If someone (such as your parent) can claim you as a dependent, check here ▶ 15b <input type="checkbox"/>		
<b>c</b> If you are married filing separately and your spouse files Form 1040 and itemizes deductions, see page 29 and check here ▶ 15c <input type="checkbox"/>		
<b>16</b> Enter your standard deduction. See page 30 for the chart (or worksheet) that applies to you. Be sure to enter your standard deduction here.	16	
<b>17</b> Subtract line 16 from line 14. Enter the result. (If line 16 is more than line 14, enter -0-.)	17	
<b>18</b> Multiply \$2,000 by the total number of exemptions claimed on line 6e. $\times 5 =$ 18 <b>10,000 -</b>	18	
<b>19</b> Subtract line 18 from line 17. Enter the result. (If line 18 is more than line 17, enter -0-.) This is your taxable income.	▶ 19	

**Form 1040**

Department of the Treasury—Internal Revenue Service  
**U.S. Individual Income Tax Return 1989** (0)

For the year Jan.—Dec. 31, 1989, or other tax year beginning 1989, ending 19 OMB No. 1545-0074

**Label**  
 Use IRS label. Otherwise, please print or type.

**L A B E L H E R E**

Your first name and initial Last name  
**James A. Jones**

If a joint return, spouse's first name and initial Last name  
**Sally B. Jones**

Home address (number and street). (If a P.O. box, see page 7 of Instructions.) Apt. no.

City, town or post office, state and ZIP code. (If a foreign address, see page 7.)

Your social security number  
 \_\_\_\_\_

Spouse's social security number  
 \_\_\_\_\_

**For Privacy Act and Paperwork Reduction Act Notice, see Instructions.**

**Presidential Election Campaign** Do you want \$1 to go to this fund? Yes  No   
 If joint return, does your spouse want \$1 to go to this fund? Yes  No  *Note: checking "Yes" will not change your tax or reduce your refund.*

**Filing Status**

Check only one box.

1  Single

2  Married filing joint return (even if only one had income)

3  Married filing separate return. Enter spouse's social security no. above and full name here.

4  Head of household (with qualifying person). (See page 7 of Instructions.) If the qualifying person is your child but not your dependent, enter child's name here.

5  Qualifying widow(er) with dependent child (year spouse died ▶ 19 ). (See page 7 of Instructions.)

**Exemptions** (See Instructions on page 8.)

6a  **Yourself** If someone (such as your parent) can claim you as a dependent on his or her tax return, do not check box 6a. But be sure to check the box on line 33b on page 2.

b  **Spouse**

c **Dependents:**

(1) Name (first, initial, and last name)	(2) Check if under age 2	(3) If age 2 or older, dependent's social security number	(4) Relationship	(5) No. of months lived in your home in 1989
Tom			son	
Eric			son	
Debbie			daughter	

d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here

e Total number of exemptions claimed **5**

No. of boxes checked on 6a and 6b **2**

No. of your children on 6c who:  
 • lived with you **3**  
 • didn't live with you due to divorce or separation (see page 9) \_\_\_\_\_

No. of other dependents on 6c \_\_\_\_\_

Add numbers entered on lines above **5**

**\*This Exemption was raised in 1989 to \$2,000 (under the Tax Reform Act of 1986). The increase from \$1,000 to \$2,000 was due principally to the educational, lobbying, and political efforts of Eagle Forum (working for this since 1982). We are now lobbying to raise the Exemption for Dependent Children from \$2,000 to \$6,000. Please join our cause and tell your Congressman this is what you want.**

Form 1040 (1989) Page 2

**Tax Computation**

32 Amount from line 31 (adjusted gross income) **32**

33a Check if:  You were 65 or older  Blind;  Spouse was 65 or older  Blind. Add the number of boxes checked and enter the total here. **33a**

b If someone (such as your parent) can claim you as a dependent, check here **33b**

c If you are married filing a separate return and your spouse itemizes deductions, or you are a dual-status alien, see page 16 and check here. **33c**

34 Enter the **larger** of:  
 • Your **standard deduction** (from page 17 of the Instructions), **OR**  
 • Your **itemized deductions** (from Schedule A, line 26).  
 If you itemize, attach Schedule A and check here

35 Subtract line 34 from line 32. Enter the result here **35** **10,000-**

36 Multiply \$2,000 by the total number of exemptions claimed on line 6e. **x 5 =** **36** **10,000-**

37 **Taxable income.** Subtract line 36 from line 35. Enter the result (if less than zero, enter zero) **37**

**Caution:** If under age 14 and you have more than \$1,000 of investment income, check here  and see page 17 to see if you have to use Form 8615 to figure your tax.

38 Enter tax. Check if from: a  Tax Table, b  Tax Rate Schedules, or c  Form 8615. (If any is from Form(s) 8814, enter that amount here **d** \_\_\_\_\_.) **38**

39 Additional taxes (see page 18). Check if from: a  Form 4970 b  Form 4972 **39**

40 Add lines 38 and 39. Enter the total **40**

\$2,000 to \$6,000 per child would be far fairer and more generous than anything that could be provided by a baby-sitting bureaucracy, and furthermore would allow parents 100 percent freedom of choice in child care.

Child Exemptions are a much fairer way of dealing with the minimum wage issue because they help wage-earners supporting children. Raising the minimum wage throws teenagers and thousands of low-income people out of work and, of those who keep their jobs at a slightly higher rate, the big majority have no dependents.

Baby Boomers of the world unite! You have nothing to lose but the chains which entrap you in an unfair federal tax system. Demand a \$6,000 income tax Exemption for every dependent child!

## AMERICANS JUST DON'T WANT GOVERNMENT CHILD CARE

There's a nasty little secret circulating in the cloakrooms of Congress. While liberal Democrats publicly proclaim that a bill will soon pass to plunge the Federal Government headlong into the business of babysitting preschool children, these same Congressmen whisper that there is NO public demand for such legislation.

*Congressional Quarterly* quoted Congressman Timothy Penny (D-Minn) as saying, "Outside of Washington, not too many people care about this bill." Congressman Sam Gibbons' (D-FL) survey of his own constituents provides another case in point. The survey included 17 questions, and most of the answers indicated that he has a generally liberal constituency.

But Question No. 5 asked: "Do you think the government should create a program to fund child care services for working families and ensure high standards of quality for the care that is available?" Even though the question was posed in language most advantageous to the establishment of a federal daycare regulatory bureaucracy, a whopping 61 percent of Congressman Gibbons' own constituents voted No.

So, even the liberal Democrats know that their constituents are NOT demanding federal daycare.

Now comes a study from liberal Stanford University which confirms this. Just released this month, the study was based largely on an exit poll of an election held last June in Fremont, California.

Fremont was the first (and so far the only) city in the nation to give the voters a chance to vote to establish daycare for employed parents. The ballot proposition was predicted to pass easily but, to the acute embarrassment of the city fathers who had so enthusiastically endorsed it, it was crushed at the polls with 77.6 percent of voters rejecting government involvement in child care.

In the post-election recriminations, it was assumed that the proposition was defeated because voters were too cheap to pay a small extra tax for daycare. The measure had called for an extra \$12-a-year property tax.

The Stanford University study, however, turned up a stunning result. The voters rejected the proposals because they viewed child care as the "parents' job," not a public obligation.

According to the poll, 88 percent of those who voted against the measure said they agreed with the statement "Child care should be paid for by parents, not by the whole community," and 58 percent said they voted against the

measure because child care for other people's children is not their responsibility and the government shouldn't get involved.

This exit poll shows why all national public opinion polls on daycare have been so misleading. Half the Fremont voters who voted against setting up municipal daycare said that "child care is a major concern" for them.

But even though child care is a major concern, they still don't want government to assume the responsibility. Typical responses of voters, when asked why they voted down the daycare proposal, were: "Parents should take responsibility for their own kids," "We raised our kids with no tax help," and "I don't think I should pay for people's kids to be baby-sat."

The Stanford study showed that paying more taxes was not the key issue. About 82 percent agreed with the statement, "Taxes are too high already," but only 11 percent said they voted No because they oppose higher taxes.

The Stanford investigators discovered that the daycare initiative grew not from public demand, but from a city-sponsored study that had reached an erroneous conclusion. The task force calculated that there was a massive shortage of daycare in Fremont, but failed to count the majority of daycare providers — the unlicensed, neighborhood baby-sitters.

More and more information is coming out all the time to confirm the American people's intuition that little children are better off when taken care of at home than in government regulated daycare. The January *American Journal of Epidemiology* reported that children in daycare centers have 3.5 times the risk of diarrhea, cramps, upset stomachs and other gastrointestinal illness than those kept at home.

The incidence of illness increases with group size and the length of time spent in daycare. Children who spend more than 41 hours a week in daycare have nine times the risk of children cared for at home.

The November 9 issue of the *New England Journal of Medicine* reported that a stunning 25 to 60 percent of children in daycare acquire cytomegalovirus (CMV), which may show no symptoms in toddlers but can spread to their mothers or caregivers and cause birth defects if the women are pregnant.

It is very risky, therefore, for a woman of childbearing age to be either a daycare worker or a mother who puts a child in daycare because the child may bring CMV home at night.

In reporting the Stanford study, one of the local newspapers called the Fremont child care vote "a philosophical issue." Indeed it is. The American people oppose the whole raft of liberal federal daycare bills not only because they would build a costly baby-sitting bureaucracy, but more importantly because they are just wrong-headed.

The solution to the problem of child care costs is to increase the dependent child's income tax Exemption to \$6,000. Then parents can choose the child care they really want.

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