AMERICAN OPINION

Dems vote for higher taxes, government dependency

LAS VEGAS REVIEW-JOURNAL

Republicans last Thursday shepherded President Donald Trump's "big, beautiful bill" through the House, using their slim majority. Every Democrat voted against the legislation, preferring to support higher taxes on average Americans, a neutered national defense and government dependency among the able-bodied.

The omnibus proposal includes many useful provisions, including pay raises for members of the military, work requirements for food stamps and Medicaid recipients and financial backing for strengthening border enforcement. But the most notable provision is an extension of the 2017 tax cuts.

Allowing the tax relief to expire would create a drag on the economy and burden millions of Americans and their families who now pocket more of their own money than they did eight years ago. As economist Stephen Moore noted in The Wall Street Journal, history shows that tax increases stunt growth over time while tax cuts foster economic activity. Even a slight boost in annual GDP numbers thanks to the tax cuts will generate billions for Washington.

The House bill leaves the current income tax rates in place, despite calls from Democrats and others to increase taxation in the higher brackets. It also includes a temporary boost in the standard deduction, which will benefit filers of all incomes. The no-taxes-on tips proposal is included, a boon to thousands of Nevadans in the hospitality and other industries. Seniors, many of whom pay taxes on Social Security benefits, will be eligible for an even higher standard deduction.

The tax component boosts America's small businesses by increasing the amount of qualified business income they may deduct from their tax bills. It also includes provisions to encourage business investment and productivity. These are all pro-growth measures that will pay dividends for the Treasury. To "pay for" some of these measures, the legislation reins in handouts for green special interests passed during the Biden administration.

To gain enough votes for House passage, Republican leaders agreed to increase the deduction for state and local taxes, a sop to profligate blue states that soak their own residents with higher levies. That's unfortunate, but political reality necessitated compromise.

Critics site the "cost" of the bill, and it's true that both Democrats and Republicans must start taking the debt and deficit seriously. But Washington has a spending problem, not a revenue shortage. Federal revenues have been remarkably consistent over the years, while spending has accelerated, particularly during the pandemic. Annual federal outlays now approach $7 trillion, double a decade ago.

The House has helped Trump deliver on his signature campaign promises. The Senate should now proceed with urgency to put the measure on the president's desk.

Baby boom, baby bust and the 'Big Beautiful Bill'

JONAH GOLDBERG

As the Senate takes up the "One Big Beautiful Bill" (Donald Trump's name for it) passed by the House last week, there's finally some discussion of the national debt. That's because the bill is estimated to add $3.8 trillion over the next decade to the current debt: $37 trillion, or more than 120% of U.S. GDP.

The bond markets have been shouting their disapproval. Bond investors are demanding higher yields because they're starting to doubt that we can be trusted to pay off our obligations. Interest on the debt in fiscal year 2025 will exceed spending on defense, Medicare and Medicaid. By 2035, it's projected to overtake everything but Social Security.

Rather than indulge in the usual punditry about Republican and Democratic hypocrisy and spending misfeasance, I want to pull back the lens a bit. We can't let Congress off the hook, but it's worth asking whether our problems are more structural than the Washington-centric story about cowardly politicians suggests.

The phrase "demography is destiny" is overused and abused, but there's some truth to it. Consider Thomas Malthus. In "An Essay on the Principle of Population" (1798), the pioneering economist identified what came to be known as the "Malthusian trap." In prosperous times, population grows geometrically but food supplies increase only arithmetically. More babies lead to fewer resources per person, eventually causing a population crash. Malthus gets a bad rap because he was broadly right retrospectively but profoundly wrong prospectively. In other words, he offered a serviceable rule of thumb about how demographics and economics had worked for thousands of years at the precise moment that rule was hitting its expiration date. Since 1800, humans have figured out how to increase food supplies to far outpace increases in population.

But if you were a policymaker in 1800, you'd have been a fool not to take Malthus seriously. The problem today, unlike in 1800, is that we're in uncharted territory when it comes to the population-and-resources calculation. No society has gotten so rich and so old amid such a crash in fertility rates as ours. And while our debt is driven by many factors, it is the cost of entitlements, particularly for the elderly, that is by far the most serious across much of the rich world.

In 1940, when retirees first started receiving Social Security benefits, there were 42 workers per recipient. Today there are about 2.7 workers for every Social Security beneficiary. In Japan, the oldest nation in the world (where debt is above 255% of GDP), the number is 2.1. This trend applies across the developed world.

The primary reasons for it are pretty simple: We are making fewer babies and old people are living a lot longer. In 1940, life expectancy at birth for American men was 61.4; for women it was 65.7. If you made it to 65, most people had about a dozen years left. Today life expectancy at birth is close to 80. Not only do more people reach 65, but when they do, they also can expect to live nearly 20 more years.

Oh, and contrary to a lot of political rhetoric about how Social Security payments are simply "your money" paid in to the system by you over a lifetime, a majority of beneficiaries receive far more than they paid in.

The "dependency trap," as economists and demographers call it, is the ultimate First World problem. And it is a profound challenge, particularly for democracies. Old people vote. The biggest voting bloc in America is people over 65: 7 out of 10 of them vote, and they vote their economic interests.

Of course, the imbalance between workers paying in and retirees isn't just a challenge because of Social Security, but it's telling that Social Security is the only program that is so expensive that it will continue to outpace interest payments on the debt if current trends hold — one reason why it's projected to be insolvent in eight years. Medicare, the old-age health care program, is projected to be insolvent in 11 years. This leaves out the enormous private costs of an aging population. Many families spend vast sums on the last years of their parents' lives.

Again, we don't know how this will end because societies haven't been here before. But if we do nothing, some kind of debt crisis seems inevitable. There are things politicians could do to mitigate the worst-case scenarios. Both the U.S. and Germany have incentivized later retirement to help mitigate the problem. But I for one do not find much comfort in the idea that our current politicians will suddenly find the wisdom and courage required to do much more.

Another source for hope is the same one that ended up rendering Malthusianism moot: technological innovation. Medical breakthroughs could make old age more affordable. Artificial intelligence could boost productivity to make the worker-per-retiree burden lighter. Large-scale immigration would temporarily have a similar effect.

But the most indispensable prerequisite for dealing with the debt problem would be for voters to care about it. Alas, I don't see much hope for that either.

Jonah Goldberg is a national columnist whose work is published weekly in the Grand Forks Herald.

AMERICAN OPINION

A blatant attack on academic independence

NEW YORK DAILY NEWS

For Harvard University's admirable standing up to the Trump administration's attempts to dictate its campus policies, the White House is now trying to punish the school by revoking the Ivy League university's ability to enroll international students through the Student and Exchange Visitor Information Program that enables foreign students to utilize their visas.

That program has specific rules around when certifications can be revoked, and noncompliance with the president's political agenda is not one of them. A federal judge has now issued a temporary restraining order to block the action after Harvard swiftly sued.

This is yet another example of the Trump administration's firm belief that every aspect of the federal government is there for them to use at will to explicitly advance an ideological agenda. There is no administrative independence, there are no limitations, there are no regulatory constraints in this government's view, only tools to be used as necessary.

To its credit, Harvard has demonstrated the correct response to this onslaught, which — unlike its Ivy peer Columbia — is not wide-ranging and immediate capitulation in the hopes that Trump and his team will leave them alone.

Columbia shamefully surrendered to Trump's demands and for its base and cowardly action Trump has only increased his attacks against the uptown school, as any bully does when the victim doesn't fight back.

Trump and his henchmen and henchwomen are not going to stop; they will continue to find avenues to try to subjugate institutions of higher learning and turn them into subservient organizations that at the very least don't cause trouble, and at worst become active participants in the government's designs.

This effort to weaponize SEVIS against Harvard would probably have read as unimaginable or wildly far-fetched just a couple of months ago. Practically every single one of the administration's efforts to target universities would have. Yet happen they did, and it should shake all of those who care about our world-class academic sector, one of this country's undisputed global strengths, out of any lingering complacency we might have, as well as the clearly misguided belief that appeasement is possible.

That the plainly illegal move was expeditiously blocked by a judge is both good and predictable, but it doesn't mean that no damage is done. It is one more in a long list of circumstances that will have the litany of international students who every year consider where to bring their money and talents wondering if the United States — long the biggest draw — is worth the trouble.

Whatever people like White House aide Stephen Miller — the anti-immigrant zealot — may think, these relationships are symbiotic. The loss of the students — not just the current crop, but the many who will opt to instead go to Canada or Australia or Europe or Latin America or China or wherever over the next few years — will be an enormous loss for the United States as a whole.

Trump and his team are fine with all this destruction for one reason only: they believe that these institutions are creating free thinkers that can oppose their agenda. They are correct, and they must be stopped.

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CONTACT US

Administration
Korrie Wenzel, publisher/editor
701-780-1103
kwenzel@gfherald.com

Advertising
Staci Lord, advertising director
701-780-1156,
slord@gfherald.com

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