

Donald Trump is planning to starve the beast

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It's long been a US Republican dream to get rid of the IRS – the US federal tax authority. Now the goal is within their sights – and they want to starve the US government of funds, whatever the consequences might be. A starved beast does, after all, tend to bite back.

<https://www.youtube.com/watch?v=i5dFtWngptA&si=IKfTaX2TMwPdWYXs>

This is the audio version:

https://www.podbean.com/player-v2/?i=gsv8e-182c0c1-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Donald Trump is planning to starve the beast. The beast in question is, of course, the US government, and what he's trying to do is starve it of taxation revenues.

This is to put it nicely, the Republicans' absolutely favourite idea. After all Republicans, despite the fact that they want to control the government absolutely hate the very idea of government. They see it as objectionable to the extent that it does anything other than protect the boundaries of the USA and protect the property rights of the wealthy people of the country, who are the only people who have property rights that are worth protecting.

That's the only job they see for government. Everything else they argue is excessive and to try to ensure that government is shrunk to the greatest possible degree, they hate taxes. And the way that they want to achieve that shrinking is to remove the ability of the US government to tax.

Now, what we already know is that Trump is cutting the size of the workforce of the Internal Revenue Service in the USA, which is the internal tax collection service that works across the whole of the United States. Individual states will have their own tax arrangements, and they do, but the IRS is a federal agency to achieve this goal.

It has only a hundred thousand staff, which is astonishingly small for a country of the size of the USA. To put it in context, the UK has more than 60,000 staff in its tax authority, HM Revenue and Customs, and the comparison between the two is obvious. The USA is a country five times bigger than the UK, so the IRS already survives with remarkably few personnel.

It also survives with the most outdated IT systems that might be an operation in any organization in the world. They are archaic. They fundamentally don't work. Far too much of what the IRS does is still incredibly paper-based, which is entirely ridiculous in this day and age, but Trump has already proposed to cut 7,000 people out of the IRS, 5,000 of whom will be in the collection and enforcement divisions of the IRS, meaning that there will be fewer tax investigations, which is what the Republicans want to hear because they hate tax audits because they think that they are targeted at the wealthy and the collection agency does of course focus upon literally collecting the money owing, and Trump is trying to undermine that capacity.

This is quite extraordinary. It is causing eruptions inside the US already because the tax return filing deadline in the USA is quite short. For the 31st December year end, the tax return has to be filed by April 14th, whereas for example, in the UK, you get 10 months to achieve the same effective outcome. But now there's going to be less resource to assist those who need it to achieve that result.

This might be good news for tax practitioners, but let's be clear, it isn't really, because the direction of travel here is to actually increase this process of denying the IRS resources. Trump, at his inauguration, said that he wanted to launch a new taxation service. He called it the External Revenue Service - not the Internal Revenue Service - the External Revenue Service.

He was of course talking complete nonsense. That's to be polite to him, because the external revenue service was supposedly the tax that would be paid by foreign companies who wish to sell goods into the USA, when not a single penny of the taxes owed as tariffs in the USA will be paid by foreign companies. All of it will be paid by US-based people who are importing foreign goods into the country. Therefore, this is another Internal Revenue Service, but the US Commerce Secretary, Howard Lutnick, has actually said that the long-term goal of Trump is to abolish the IRS and replace it

just with tariff-based revenues.

Now, again, this is absurd. At best, all estimates show that tariffs, even if they were put to the level of 25% on EU goods, for example, could raise maybe 40% to 50% of what the current IRS taxes do.

So therefore, when I go back to the start of what I said in this video, and I suggested that Trump is trying to starve the beast, I really meant it. He is actually eventually proposing a tax programme that will deny the resources to the US Federal government that will let it operate.

The fact that at present, he's actually going to make such large cuts to revenue, that there will not be enough money to cover the defence programme and the veterans programme, which are core to Republican beliefs, is beside the point. They aren't joining up the dots as yet. Ideas are still more important than reality to these supposed legislators who are actually just there to crash the government.

What is going to happen? We don't know. But that there is an attack on taxation in the USA going on is undoubtedly true.

Trump has shot the first salvo in this by sacking IRS staff; he is reducing its capacity.

The investment that was being made under Biden in that new IT, that was going to be essential to ensure that the IRS could continue to operate effectively into the future, is being denied to it.

And the consequence is that the USA is not just going to starve the beast. It's going to starve the very infrastructure of the state that is the USA. How it survives without a functioning tax authority. I don't know. Nowhere in the world does anyone try to do that. They all do have a tax authority of some sort, unless they're a tiny tax haven, and even then they will collect some form of revenue to keep the government going.

Maybe that is the model that Trump believes in. Maybe he just does believe that the US can be modeled on the Cayman Islands or something like it, but it can't. Its obligations to its people, to defence and to other issues are too great for that to be the case.

So, Trump is pushing the States into a wonderland where no one knows what the outcome will be except for the fact that it won't be wonderful.

Taxation is a fundamental part of life.

We can't avoid it.

The USA has always known this.

It's time for Trump to recognise it, but at present he doesn't, along with a great many

other realities, and the threat to the US as a consequence will be great, as it will be to all its neighbours who might end up having to pick up the pieces.