

English.news.cn



Search

Advanced Search



Editions

Services | Database | Markets | Weather | Site Index | RSS | Feedback

Global Edition | China | World | Business | Culture & Edu | Sports | Entertainment | Science & Technology | Health | Travel | Odd News | In-Depth

Home

Most Searched: •Air crash •Economy •Gansu •Floods •Expo 2010

To tax or not to tax: U.S. Congress gearing up for major debate

English.news.cn 2010-09-16 10:43:53

Feedback | Print | RSS | RSS | [Icons]

by Matthew Rusing

WASHINGTON, Sept. 15 (Xinhua) -- A debate is revving up in Congress over whether to extend the tax cuts implemented by the previous administration, which are due to expire Dec. 31, 2010.

In its last session before the November elections, many expect Congress to vote on the issue -- and perhaps only this issue -- before what many predict will be a mid-term election that shifts the political landscape.

On one side are U.S. President Barack Obama and Democrats in Congress who favor extending the cuts for all but the nation's top earners -- those raking in 250,000 U.S. dollars or more yearly.

On the other side are GOP lawmakers who want to continue the cuts across the board, arguing that taxing higher income earners will hurt the segment of the population most likely to create jobs in this worst recession since the 1930s.

ECONOMISTS DISAGREE

Some economists contend that any type of tax hike could damage the still fragile recovery, while others argue that Obama's proposal is unlikely to negatively impact the economy.

"At this stage of the game, the additional cost of extending the tax cuts for one year is probably worth the risk, given how fragile the recovery is," said Diane Swonk, chief economist at Mesiraw Financial.

Andy Busch, a global currency and public policy strategist at BMO Capital Markets, said the cuts should not only be extended, but that lawmakers should extend them permanently and for everyone.

That includes earners at the top of the tax bracket, as they comprise a significant chunk of consumer spending in the United States, he said.

Indeed, the financial sting of the European debt crisis and the subsequent drop in the U.S. stock market put a dent in the wallets of high earners, causing the value of their stock portfolios to slide. As a result, they pulled back on spending, which contributed to a sluggish 2010, he said.

Some have argued that taxes and regulation on businesses also creates uncertainty in the business world, since companies are unsure of what is going to come out of Washington next.

Some experts have pointed to a statistic from the Federal Reserve that the nation's 500 largest non-financial companies are sitting on more than 1.8 trillion U.S. dollars. Those firms are afraid to hire anyone because they are ill at ease over what kind of regulations or taxes could come from the federal government, some have argued.

1 23 Next >>

Editor: Wang Guanqun

Related News

Video >>



Positive signs emerging from Mideast talks



China closely monitors US hearings

Photos >>



Druze pilgrims from Israeli-occupied Golan visit relatives in Syria



Breath-taking scenes: Basilica of Our Lady of Peace

Special Reports >>



China Fights Against Floods



Global Financial Crisis



Afghanistan Situation



Palestine-Israel Conflicts