

money come from?

Answer: A VAT. Only a VAT will give the government enough money to let it continue its out-ofcontrol spending — which now seems to be the Democrats' main political goal.

Right now, the poor and the middle class pay virtually no taxes at all. In 2008, 49% of all households paid no taxes, new data show.

Those who had no tax liability at all receive about \$70 billion in benefits and cash a year. In effect, for many, tax day has become an opportunity to collect a giant welfare check.

Yet, despite Obama's pledge that those with incomes below \$200,000 wouldn't see their taxes raised "one dime," the fact is, they're the ultimate target of a VAT.

Yes, Obama is giving them lots of goodies. But he and the Democrats in charge of Congress know they'll have to tax the poor and the middle class to create the cradle-to-grave welfare state they so desperately want. It's the dream of all so-called progressives.

And it's already happening. In the health care takeover just signed into law, there are 13 new taxes — many of which will hit the poor and the middle class.

Still, that's penny-ante stuff. A VAT, as used in 150 countries around the world, would be a real money gusher — a Trojan horse for tax hikes on all Americans, especially the poor and middle class.

A VAT, remember, is really a tax on consumption. And since the poor and middle class spend a much greater ratio of their incomes on consumption than the wealthy, they'll bear the brunt.

A recent report from the liberal Urban-Brookings Tax Policy Center said: "A major concern with a VAT is that it could be regressive, raising tax burdens proportionately more on lower income than on higher income taxpayers."

Even so, many Democrats point favorably to the European Union's welfare states, where VATs as high as 20% have long been a staple of public finance. The U.S., these critics suggest, would do well to imitate our EU friends.

Or not.

As the Cato Institute's Daniel Mitchell recently noted, "real-world evidence shows that VATs are strongly linked with both higher overall tax burdens and more government spending."

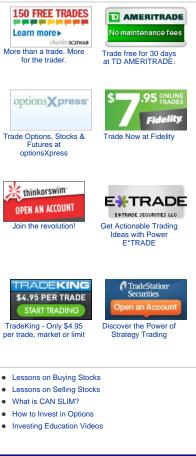
Indeed, in 1965, just before the EU adopted the VAT broadly, the average EU tax burden was about 28%, vs. 25% in the U.S. By 2006, the EU tax burden was 40% — compared with 28% in the U.S.

The VAT tax grew and grew and grew. But Europe's economies didn't. Now, thanks to too much government and excessive taxation, the EU is almost hopelessly behind the U.S. in terms of both innovation and productivity. Is that the future we want?

No. The VAT's a terrible idea. It would bring higher taxes, slower growth, fewer jobs and lower standards of living. But it would do one thing well: give bureaucrats a lot more of your money to spend.



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Ty Coon, corporations are taxed only on their profit. No profit, no tax. So your unsupported statement that "two-thirds paid no tax" is essentially meaningless. Now, where do corporate profits come from? Consumers, that's where. So basically, "corporate income tax" is just another way for the Democrats to ge money out of our wallets. The VAT will be no different. Don't think for a minute that a VAT will go to reduce the deficit. It won't. It will go to pay for more liberal spending programs.	ət
Posted By: sneakers(15) on 4/8/2010 10:32 PM ET	
It looks like Obama has yet another lap-dog. How does he do it? And I once respected Paul Volcker. Right or wrong, Volcker managed to break the inflation spiral created during the mess Carter made and managed the beginning of a long period of sustained prosperity. Part of the governmental policy at that time was a major tax reduction which contributed to growth of the productive economy.	t
Posted By: Ty Coon(40) on 4/8/2010 10:00 PM ET	
I think a good statistic is that only 49% of our citizens paid income tax in 2008. It should be zero income tax for all. I also think that what we should do is only tax corporations. Let them pass it on, at least then we won't have to file and worry about taxes anymore. How many corporation pay zero income tax? How many tax abatements do they get? Where's the data on that? I googled it. Two thirds paid no income tax between 1998 and 2005 according to CBS.	
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