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## FORUM: Federal tax idea would just feed spending

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Once upon a time, spending by the federal government was somewhat rational. Until the Great Depression, the overwhelming majority of American politicians tried to be reasonably good stewards of the people's money.

Even Presidents Franklin Roosevelt and Lyndon Johnson, the two presidents most responsible for the growth of American government in the 20th century, worried about overspending and deficits. It took America more than 200 years to accumulate \$1 trillion of debt.

Passage of the 16th Amendment forever changed the way politicians regarded federal revenues. With the birth of the income tax, lawmakers in America for the first time had access to enormous sums of money.

It took only 23 years for the top income tax rate to leap from a measly 7 percent in 1913 to 79 percent in 1936. When the American economy grew rapidly after World War II, federal revenues increased dramatically.

Unfortunately, so did spending. The vast majority of federal budgets from 1930 to 2000 were "in the red." As a result, American debt stood at \$5 trillion when George W. Bush was inaugurated in 2001.

"Bush 43" spent like no other president before him, doubling the national debt during his eight years in office. President Obama, described as "Bush on steroids" by Dan Mitchell of the Cato Institute, is on track to double the debt again before the end of the next decade. The deficit for this year, some \$1.8 trillion, is nearly four times as big as any previous shortfall. Spending by the federal government has finally reached critical mass, and something has to give.

Better said, someone has to give.

Obama has expressed concern about the rising tide of red ink, yet his solution is not to rein in federal spending but to find new sources of revenue. One of the ideas being considered is a devious monster called the "value added tax." Long a staple of income for European governments, this tax has until recently been "considered unthinkable" in America, according to the Washington Post.

"There is a growing awareness of the need for fundamental tax reform," Sen. Kent Conrad, D-N.D., said in an interview. "I think a VAT and a high-end income tax have got to be on the table."

That sort of thinking means America is at a crossroad. Passage of Sen. Conrad's proposition "would increase the cost of just about everything, from a carton of eggs to a visit with a lawyer." Often described merely as a national sales tax, it in fact levies an assessment at each stage of a product's development.

So when a mining company sells iron ore to a steel mill, the mill is charged a tax. When the steel mill sells its finished product to a manufacturer, the manufacturer is charged a tax. When the manufacturer sells its product to a retailer, the retailer is taxed. And when Joe Average American buys the product from the retailer, the price he pays necessarily includes all those previous assessments and he is taxed again at the point of sale.

In Europe, each step of the process nets the government 19 percent, often doubling the price of finished products.

This tax will place trillions of dollars at the fingertips of government officials, drain the pockets of American workers, ruin the international competitiveness of American business, and turn America into a European-style welfare state. It is under consideration because the federal government has forgotten how to live within its means.

Granting the government the right to take trillions more from us will only guarantee more spending, more waste, more corruption and more vote-buying. It's a terrible idea that has been a millstone around the necks of Europeans for 50 years.

Americans should send a loud and clear message to Washington: No VAT. Not now, not ever.

JERRY POMEROY lives in Sun City.

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