

FairTax: Show Me the Jobs

Washington can't stop talking about jobs, but doesn't really seem to be doing much to save the few we have left, or create the new ones we so desperately need. Even the recently proposed "Jobs Bill" is widely recognized as unlikely to create more than a few temporary positions that will disappear as soon as the tax money runs out.

But the FairTax is different. By making deep and permanent structural changes in our tax system, the FairTax attacks the core of the jobs problem by creating an economic environment where job creation isn't just a hope, but rather a natural, inevitable, result of tax policy. Let's look at how and why that is.

Currently, the income tax code forces companies to close down American factories and ship those jobs to other countries by imposing income and business taxes on American corporations that are not imposed on their foreign competitors. Our tax system makes goods produced by American companies and workers about 25% more expensive than their exact counterparts produced outside the US. Even if workers wages and raw material costs are the same, a foreign company can cut their price by up to 25% and still make the same profit as an American company.

This is simply too big a hurdle for American companies to overcome in their battle against imports. In order to stay in business, they simply must move their manufacturing facilities overseas, and American jobs with them. The American tax system is killing American jobs in every industry.

And it gets even worse if an American company tries to compete overseas. Not only do goods produced in American have a 25% tax burden included in their price, when they are sold in another country, they are subject to foreign taxes and tariffs as well. Barriers that foreign companies often don't have to face.

But the FairTax changes this horrible system.

Under the FairTax, all embedded taxes are removed, so American goods, produced by American workers, can drop their prices by up to 25% to compete against imports. This means that many, if not most, of the imported goods would suddenly find themselves competing against American goods that were up to 25% cheaper. Goods made by American workers in American factories finally freed of our oppressive income tax system.

And imports currently account for nearly \$2 trillion dollars, or about 13% of the GDP. If, as a result of the FairTax, the imports were replaced by American goods, it would mean an increase of as many as 17 million new jobs.

And a similar increase in American exports, and jobs related to American exports, can also be expected.

Even if only 50% of imports are replaced by the now cheaper American goods, produced by Americans working for their expanded American corporations, that still means more than 8 million new jobs in the first few years alone after the FairTax is passed.

It is up to us!!

We can continue pretending that the half-hearted proposals coming out of Washington might, someday, somehow, someday, result in a few new jobs, or we can demand Congress go with the most researched, best documented, and fastest job creation legislation in existence.

If you are tired of looking for jobs that don't exist, or are worried that your children and grandchildren will not have the financial stability Americans have come to expect, tell Congress, and the Super Committee, that the FairTax is the only acceptable solution to our floundering economy and our deteriorating financial situation.

To learn more about the FairTax, visit www.ohfairtax.org, and help get the FairTax passed by joining Five for FairTax.

Steve Curtis
State Director, Ohio FairTax