

FairTax and Democrats

While the FairTax is strictly a non-partisan issue, Republicans, Democrats, and Independents each find specific elements of it that are particularly attractive. For Democrats, some of those elements include the beneficial effects of the FairTax on the Poor, the elimination of loopholes for the rich and corporations, and the progressivity of the FairTax.

When it comes to the issue of truly helping the poor, the FairTax satisfied almost every element of the popular Democrat agenda. It eliminates the highly regressive payroll taxes that disproportionately effect the poor. Through the prebate system, it totally untaxes the poor. By providing real stimulus for the economy, it creates millions of new jobs that will help the poor find new, high-paying, jobs that provide dignity and a way out off the unemployment roles. It also untaxes education so that the poor can get the training they need to move up the technical and managerial ladders.

The poor, under the FairTax, will see a substantial rise in their standard of living through the combination of tax elimination and the prebate. And instead of being faced with a lifetime of government dependency, the poor will finally have a chance of breaking the poverty cycle, and providing a firm foundation for their children to advance up the economic ladder

The FairTax is, as the name implies, FAIR. And it treats everyone the same. Everyone, rich or poor, gets the same prebate. Everyone, rich or poor, pays the same tax rate on the purchase of new goods and services. Everyone, rich or poor, has the benefits of an untaxed education. And no one, rich or poor, will be able to buy special treatment under the FairTax. Corporations will not be able to hire lobbyists to manipulate the tax code, because Congress will no longer have the power to change rates for a special interest, while denying it to others. The rich will not be able to use high-priced lawyers and accountants to take advantage of special provisions in the tax code to hide income, because those special provisions won't exist, and income won't be taxed, only purchases. And the rich, whether buying a loaf of bread, or a brand new yacht, will pay the same as the working guy standing next to them in the check out line.

And the FairTax is progressive, but it is progressive in a way that is positive and empowering. Unlike the present tax system that manifests progressivity by imposing higher tax rates as more money is earned, thereby discouraging hard work, innovation, and entrepreneurship, the FairTax is progressive in ways that promote liberty and independence, and encourage savings and investment.

Under the present tax system, those who work hard, create new products and services for customers, and who are generally successful, are penalized by our tax system. Not only do they pay more of what they make in absolute terms, they pay higher and higher percentages as they become more successful and earn more money. Not only is it unfair, it discourages the creation of more wealth and lowers the overall national standard of living. It also encourages corruption of the tax system through manipulation by the rich in attempts to protect their wealth for ever escalating taxes and the IRS.

The FairTax is progressive, but in a much different way. The FairTax does not support anyone, rich or poor, paying taxes to the government until they have addressed their own basic needs and those of their families. In other words, the individual and their family comes first, and then the needs of the government. It is only after basic needs are met that taxes are paid on the purchase of new goods and services. This is accomplished through the mechanism of the prebate.

For the very poor, purchases beyond the basic level may be very small, and the total amount of taxes paid will be a tiny portion of their income, and their effective tax rate will be very small, or even negative.

Those with more, on the other hand, will spend well beyond their basic needs, and the amount of taxes they pay will be substantial, as will be their effective tax rate. It is estimated that, under the FairTax, the total dollar amount, and effective tax rate, paid by the wealthy will actually increase compared to the present system. Through this mechanism of a higher consumption tax on purchases above basic necessities, saving and investment, rather than conspicuous consumption, will be encouraged, again helping to stimulate the economy and provide more jobs for American workers.

The progressivity of the FairTax is empowering, instead of self-destructive. It recognizes that the citizen is more important than the government. It promotes successful behaviors instead of penalizing them, and encourages savings and investment to help create jobs and grow the economy.

While real differences may exist between Republicans, Democrats, and Independents on a wide variety of issues, the FairTax shouldn't be one of them. For Democrats, the FairTax addresses core issues of their basic political philosophy, and should be embraced as a way of realizing important political and philosophical goals.

To learn more about the FairTax, visit our website at www.ohfairtax.org and join Five for FairTax.

FairTax: Once you understand it, you'll demand it.

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