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Tax Cuts Verses Economic Growth

I've have heard much already about extending or not extending the 2001 and 2003 "Bush" tax cuts and how that will affect our economy and national debt. The Republican candidate, Rob Portman, has already come out and backed extensions of the 2003 cuts, the business related cuts and the capital gains reductions. President Obama recommends extending cuts related to families earning less than \$250,000. Some debt hawks say we need to let them all expire and use the extra money to balance the budget or the debt will increase and we will become unable to pay it back at all.

The real news is that we may be past the point of being able to pay it back already and we better all pray for continued low interest rates and for foreign currencies to continue to drop in value. That is the only thing keeping the current interest on the debt from ballooning out of control right now. This predicament leaves us in a position of not only needing economic growth to create a healthy economy, but also actually requiring it to prevent a debt collapse. The model already exists for creating true growth and we saw it in the mid 80's under Reagan and in 2001/03 under Bush: tax cuts. Only by putting more money back into the workers', tax payers' and investors' pockets will we have a natural cycle of spending, growth and sustainable economic vitality. Reagan's tax cuts reduced a 70% top federal bracket to 39.6% and Bush's tax cuts did the same thing. Both tax cut packages lowered every bracket and created larger brackets at the lower end so that all federal taxpayers benefited. We saw economic growth after the implementation of both of these plans and there are other examples in our nation's history where tax cuts spurred economic growth.

Conversely, we have also seen the increase in taxes as being directly related to economic stagnation. This is of course the same principle, just applied in reverse. When G.H. Bush, Sr. said, "Read my lips, no new taxes" and then raised taxes anyway, we saw a recession set in. More instances of increased taxes and slow growth exist than I could write down here, so I will spare you all the gory details.

We all just need to remember that economic growth is required NOW to ever have a chance of paying off our \$13 trillion debt. The best-proven method to grow our economy has been tax cuts, while tax increases bring about stagnation. It certainly seems that we must follow the Republican model and extend the existing cuts to avoid slowing our already anemic recovery. It occurs to me that these cuts passed under a Republican Congress and a Republican President whose principles said lower taxes are always better. So why were they TEMPORARY in the first place? This shows the Republican's true lack of principles and commitment to a sustainable growing economy. In reality, we must keep in place the changes to the tax brackets and the business tax cuts PERMANENTLY, as well as actually finding more areas to grant further tax cuts. Additionally, new tax cuts must be broad based to put more disposable income into the average American's pocket so they can pay down personal debt and have more money to spend and drive the economy naturally.



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At the same time our Congress should also be considering a complete federal tax system overhaul like the FairTax, which would boost U.S. businesses and make tax burdens controllable for all Americans. (Please see my separate paper on the FairTax to see all of its benefits for our country.) Without a meaningful tax reform our nation will continue to see the IRS tax code used to reward and punish by our Congress. Various segments of our population will be targeted to reward or punish their behaviors and society at large will be pushed to conform to what Washington wants through the tax codes. Special interests and specific businesses will continue to lobby for special tax breaks that do not help the economy at large and instead help only limited groups. The broad based tax cuts such as the 2001/03 cuts are the best way to get money into everybody's pockets to spend as they see fit.

We all must remember the American way of doing business that caused so much growth in our nation that it overshadowed all other economic growth periods through the history of mankind. Our God-given right to private property of both physical and intellectual nature through our patent law made Americans not only work harder, but also smarter. The better mousetrap inventor can get rich from his investment and ideas, while everyone benefits from the new technology. To drive more growth and investment we need lower taxes, besides the fact that the right to private property includes ones finances. Our system of low federal taxes, private entrepreneurial spirit, competition and capitalism grew our nation into the powerhouse we are. Not only could we once build anything we needed, but we also had the highest standard of living and it increased for every generation. The high taxes and socialism that have been perversely instituted in our country over the last 100 years are coming to a head and threaten to destroy the best system of growth and innovation the world has ever seen.

The American way has nothing to do with government causing growth since government is parasitic in nature. The growth comes from the citizens who are driven to take care of themselves because they have to and by those that want to get ahead and bring new technology to market that benefits all of us. We need to throw off these chains of socialism and unleash the American spirit, or as some would say the "American Dream", to grow ourselves out of the debt and mess we find ourselves in. We can create the jobs of the future with the technology of tomorrow, but we must protect these jobs and the new innovation through fair trade agreements. We can't afford to sell any more of our future down the river through bad free trade agreements that not only take our jobs, but also take our technology forever.

I plan to create my own jobs plan for America that will make Rob Portman's look like a doodle book, but I need help in this campaign to make the United States American again. Please contribute to my campaign and volunteer to save our country by helping the best candidates. Principle over party will save our country.

God Bless,

Eric Deaton