

Sales tax may be savior of future

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(Due to recent breakthroughs in the field of quantum-tachyon physics, we were able to reach directly into the FUTURE and bring you this article from the April 15, 2000 Daily Reveille.)

Although the national sales tax — which replaced the federal income tax ten years ago under ex-President Bush — was seriously questioned and bitterly attacked at the time, it has outlasted its critics and has emerged triumphant. Today, even the liberals reluctantly acknowledge the wisdom and efficacy of the sales tax.

In April, 1990, the national sales tax became law. Along with this, the federal income tax was abolished, as were all corporate income taxes. To prevent the government from going broke, and also to prevent the public from having to pay higher taxes than before, the sales tax needed to raise exactly as much money as the federal income tax had. So the total percentage of Gross National Product (GNP) that the income tax had garnered was simply transferred to the sales tax.

It turned out that a sales tax of 23 percent would generate just as much revenue as the income tax had. Therefore, the national sales tax became 23 percent in 1990. This was, of course, added on to any existing state sales taxes, which is why Louisiana had a sales tax of approximately 30 percent in 1990.

"But it is unfair," the liberals (and some conservatives) whined, "because it is flat." That is, *everyone* — whether rich or poor — had to pay the same percentage of tax. Not the same *amount*, mind you, but the same percentage.

The capitalists and free-market supporters — not to be confused with conservatives — quickly countered that, since the income tax was by then almost completely flat anyway, the sales tax surely could not be any worse. In fact, the tax-breaks given under the income tax system to the extremely poor have been continued under the present sales tax system.

And, although prices of all goods would rise by 23 percent, the federal income tax would now be abolished; people would now have their *entire paychecks to spend* so that, on the average, they would have just enough extra money to offset the rise in prices.

"Well, then," countered the cornered liberals, "if the government will take in the same amount of revenues, and the people will effectively pay the same in taxes, and be able to spend the same amount on goods, *what's the point?*"

Again, the crafty capitalists had an answer.

"First of all," the capitalists said, "we won't need an IRS to collect income taxes any more. The same method that works so well with sales taxes will merely be extended. And then the IRS can be eliminated. Which will save taxpayers millions annually — which will allow taxes to decrease."

"Also, all the people who now 'cheat' the IRS — either illegally or with loopholes — will no longer be able to do so. This extra money will *again* allow taxes to decrease."

Secondly, argued the capitalists, the elimination of corporate income taxes would have all sorts of benefits. The business decisions of corporations and companies would no longer be motivated by the desire to evade or reduce taxes — therefore a company's decisions would be based solely on *economic* reasons. This would lead to more efficient and productive use of capital.

The proponents of the sales tax argued that a valuable by-product of removing corporate income taxes would be the dispersal of an illusion. The taxes that a corporation pays are *always* passed on to the consumer — that's you — because no corporation can operate (for long) at a loss.

The illusion arises because the consumer does not see these taxes for what they are; to him, they are merely higher prices charged by the company.

"But the ultimate benefit of the national sales tax," said the free-marketeers, "is that taxes will be visible. Furthermore, *every single time* an individual makes a purchase, that 30 percent bite will remind him of just how much he pays to the government — and it will keep him *aware*."

"This will result in a lot of people 'waking up' and voting more intelligently. The sales tax will make people so aware of the taxes they pay that it will be very difficult for politicians to sneak in extra taxes, or even to support wasteful programs."

And now, in 2000, as America faces the dawn of the 21st century, we see that the capitalists were right. Industry has expanded so much that unemployment has reached all-time lows. Salaries, benefits and the standard of living are higher than ever.

Because of the public's heightened level of awareness of government actions, bureaucrats and politicians are being very careful now to act more responsibly. As a result, government spending and waste have decreased so much that the sales tax is now only 15 percent (down from the original 23 percent).

People are now starting to listen to the capitalists again. The result is a steady return to (and discovery of) capitalism and the values of reason, individual rights and self-interest that once made America great.

Indeed, all Americans of the 21st century should be very grateful for the wisdom and foresight of the thinkers of the late 1980s.