

Who Hates the FairTax? Part II

Last week, we discussed how some people don't understand the advantages of the FairTax and oppose it out of simple ignorance. Hopefully, columns such as this are helping to dispel their opposition by providing solid data on the benefits of the FairTax.

Unfortunately, some who oppose the FairTax do so for reasons less noble; because the present system enables them to feed off the financial misery of others.

Many large banking systems oppose the FairTax because they realize the FairTax would reduce their profits. If the FairTax was passed, working men and women would have larger paychecks, and could make more purchases with cash, reducing their need for loans and credit cards. The last thing banks want to lose is the exorbitant profits they currently enjoy from overdraft fees, bounced checks, loans, and credit card interest payments.

Along those same lines, big box retailers offering store accounts with high interest rates don't want to see customers making purchases with the extra cash they'd have under the FairTax. Not only would those customers get the discounts often associated with making a cash purchase, they'd escape the heavy interest payments and "service fees" for years to come.

And let's not forget the "payday lending" industry. Workers who just can't stretch their paychecks far enough end up paying exorbitant interest rates for loans lasting only a few days. Interest rates that then reduce the available cash the worker has to cover the next weeks expenses, perpetuating a vicious cycle of borrowing, interest payments, and shortage. With no withholding under the FairTax, workers would have their extra cash, and have less need for "payday loans".

Now, to be fair, because the present tax system withholds large portions of each paycheck, these groups do provide a service by letting people make purchases sooner than their remaining income would allow. But these groups also know that, with the FairTax, consumers wouldn't need their services, and they'd lose huge portions of easy profits.

For them, the FairTax is a threat, and they are gearing up their advertising departments.

For you, the FairTax is the key to a more stable financial future over which you have control.