

Jobs are hard to come by. Our economic future is uncertain. Faced with this situation, President Obama and the Democratic controlled Congress have a proposal for the American people: higher taxes and more government spending.

Unfortunately, the President and Democrats in Congress have been trying this method, and failing, for the last eighteen months.

And it now looks like they will only make matters worse by dramatically raising taxes on all taxpayers in January.

Democrats are facing a tough situation. For the past eighteen months, they have spent recklessly, increasing non-defense discretionary spending by over 80% since 2008.

Now, with record deficits, the Democrats want to raise taxes in hopes of increasing the government's revenues.

This is exactly the wrong medicine for our economy.

These tax increases will hurt every American taxpayer, discourage investment that businesses need to grow and add jobs, and in turn hit small businesses particularly hard, which create most of the nation's new jobs, employ about half of the nation's private sector work force, and provide half of the nation's nonfarm, private real gross domestic product (GDP), as well as a significant share of innovations.

Without Congressional action, these increases will affect every American who pays taxes. The lowest tax bracket will jump from 10% to 15%.

The highest tax bracket will reach 39.6%.

Sadly, Americans will not only be hit with higher income taxes.

The marriage penalty will return, the child tax credit will be cut in half, and the death tax will

return.

These tax increases are even before the new taxes imposed by Obamacare go into effect.

While the Democrats want you to believe that these tax increases will only hurt the rich, this is simply not true. Every American who pays taxes will pay *more* taxes next year if Congress and the President do not act soon.

These tax increases will also discourage investment that businesses of all sizes need to grow and add jobs. Instead of encouraging investors to take risks on creative new business ideas, these taxes will have the opposite effect. The tax on dividends in the top tax rate will increase by 164%, going from 15% to 39.6%, and the capital gains tax will increase from 15% to 20%. These increases will ensure that most investors either hold onto their assets or look overseas for better investment opportunities.

If we want to add good jobs to our economy and remain competitive in the global economy, we must encourage investment rather than deliberately discouraging it.

It is important to note that the tax increases coming in January will hit small businesses particularly hard. Small businesses drive innovation and job growth in our country, creating 7 out of every 10 private sector jobs in recent years

- Smart, hard-working Americans develop products or identify a needed service and turn their ideas into small businesses which hire new employees.

Often times, on paper, a small-business owner appears wealthy – but they meet payroll and buy supplies out of the “income” they report on their tax returns. These small business people do not have surplus cash that they can hand over to the government.

Rather, they run on tight margins and will have to pay for tax increases by cutting salaries, benefits or plans for growth, including hiring more employees.

The bottom line is that these tax increases will hurt every American, discourage investment that fuels economic growth, and will kill jobs – particularly jobs created by small business owners. At a time when our country, and Missouri, is facing serious unemployment, these tax hikes will only further weaken our economy.

The federal deficits that President Obama and the Democrats in Congress have run up in the last two years are unacceptable, but the solution is not to raise taxes on every American.

The solution is much simpler, and much better for our economy: cut spending.

---

Originally published on [The Daily Caller](#), July 27, 2010.