Trickle Down Goes Global: China to Lower Taxes

Contributed by Tom McGregor
Mon, Oct 22, 2012, 10:41 PM

BEIJING: The era of double-digit annual GDP growth rates appear to have ended in China. Hence, the country has entered a new stage of slower growth rates, but with greater potential to raise income levels and upgrade living conditions nationwide. An age of sustainable development could help the Chinese find better jobs, reside in higher-quality housing and breather more fresh air.

For the government to create a better economy, lowering taxes would be an effective long-term solution that could spark a brighter entrepreneurial spirit and boost consumer spending. Lower taxes means higher incomes.

Apparently, China's top officials are moving ahead on tax reforms. Chinese Vice-Premier Li Keqiang stands at the forefront to turn tax cuts into reality. Chinese media reports quote him as saying last Thursday that structural tax cuts can transform the economic growth pattern. He calls for expanding pilot projects across the country that would replace a business tax with a value-added tax (VAT).

Calling for tax cuts holds much symbolic significance. However, some prominent economists have argued that governments should enact progressive stimulus measures to fund large-scale infrastructure projects and provide more social services subsidies for the public. They contend that stimulus spending can provide more temporary jobs and extra spending money for consumers.

To read the entire article from the China Daily, link here:Tmcgregordallas@yahoo.com