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Subject: OT: Political IQ Test

Posted by [warranto](#) on Sat, 31 Jan 2004 00:48:47 GMT

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Ah, the wonders of economics. The solution to one problem is what causes the next. Raising taxes works fine for a while, but eventually the economy starts to decline. (people can't afford the things, so prices drop to a buyable range, only to have the economy slump because the amount of money being brought in is now less) Lowering the taxes stops this, but brings about it's own problems. People have money to spend, so the economy booms, until inflation catches up, and we're right back where we started. Solve that by raising taxes... and 'round and 'round we go.

Yes, this is only part of a larger picture, but in regards to the raising taxes question, I think it answers it. Same answer applies to bank loan rates as well.

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