

The two-step solution

(to Making America Great Again)

Curing the country's economic ills will require two things:

First, we have to grow our private sector GDP, so that there is more money available to pay in taxes. Our current GDP hasn't been able to bring in enough tax revenues to completely pay the nations bills for over 60 years.

Second we must revise our tax system so that:

1. Every citizen pays an equal percentage of their income toward covering the (necessary) expenses of the country.
2. Every citizen earns enough to afford paying some taxes at the same rate as everyone else.
3. Foreign merchants pay a market access fee to sell their goods in America.

For specifics regarding how such a tax system could be established, see the essay on "Taxes"

In this website.

The present national tax system in the United States is a joke. It is designed to do three things concurrently that are mutually exclusive:

1. Raise enough money to pay all the nation's bills by only taxing the middle class. The poor and rich get a free ride.
2. Allow the richest citizens to "shelter" the great bulk of their income from taxation annually (and with a bit of finagling, maybe forever).
3. Pay all of the nation's bills, including paying down the national debt, without borrowing.

These three things have never once been accomplished at the same time in the history of the present tax system. Not even **once**.

The federal tax system can be revised to accomplish payment of all our bills annually, including making principal payments against our national debt without further borrowing. The citizen-based GDP will need to be significantly expanded first, as below:

\$ 1.6 trillion additional tax dollars: from increased earnings being paid to members of the poorest and middle class citizens ...composed of: **\$3.9 trillion** in increased wages to workers from good paying jobs annually, plus another **\$3 trillion** in increased income to businesses the workers buy goods and services from...the multiplier effect...plus the income from 15 million low paying jobs that will be freed up estimated to be another **1.5 to 2.0 trillion dollars**...and don't forget the reinvestment by the government of **the \$1.6+ trillion dollars they would collect in additional tax revenues** that would go right back into the economy (assumes a 15% total federal income tax rate) .

\$ 1.2 trillion additional tax dollars: from taxing foreign merchants. Approximately 40% of our GDP comes from goods imported free into the USA. 40% of our debt supported GDP (presently about 22 trillion dollars) is about \$8 trillion dollars. If the imports were to be assessed a market access fee of 15% it would add an **ADDITIONAL 1 trillion to tax** receipts going to the government with which to pay the nations bills.

\$ 1.2 trillion additional tax dollars: from taxing currently “excluded” income earned by the wealthiest citizens in the top earner brackets: Approximately 40% of our private sector & debt supported GDP (about another 8 trillion dollars) represents income going to individuals (mostly the very wealthy)that does not get taxed. The bulk of this income is “sheltered” in “tax shelters” designed for the very wealthy and put into special accounts that are presently, because of the way the tax code is structured not subject to regular income taxes. Subjecting these “excluded” amounts to the same 15% tax as everybody else pays could add an additional \$1 trillion to the treasury every year that could be used to help pay the nation's bills.

\$.9 trillion additional tax dollars: from an 8% national sales tax supplement: on discretionary items (only) that would attach to approx. 30-40% of all consumer goods sold.

Add these all up and they show an increase in tax revenues paid into the Treasury of about \$ 4.9 trillion dollars annually.

Currently the national treasury receives about \$4 trillion in tax receipts each year, and each year that turns out to be about \$1 trillion (or more) short of what we need to pay the nation's bills (more of course in a pandemic year). So, thinking right now, at this point in time, about something like implementing a national health program or national retirement program that treats all citizens equally is pretty much out of the question. There would presently not be enough money to do either, let alone to do both.

And of course, we can also presently forget about paying down the \$ 27 trillion (+) national debt. The United States of America has not paid a single dollar against the principal due on the national debt since 1957.

Make America Great Again (MAGA)

Good idea. We should do that. None of the politicians to date have been able to do that. Maybe the **citizens** should give it a try.

The MAGA catch phrase originated with Franklin Roosevelt during the depression period of the 1930' and 1940's. It was resurrected by Ronald Reagan in the early 1980's when the United States was again suffering through another economic depression. Most recently it has been resurrected again, this time by Donald Trump, and again the United States is fighting its way through another economic depression...and a virus induced pandemic to boot.

Each of these presidents used the MAGA slogan to whip up excitement in the desperate, disenchanting, and disheartening troops that followed his lead. Each of these presidents claimed that the economy was doing great on his watch. Each of these presidents was lying through his teeth. When they left office in each instance two things were true:

1. The wealthy were doing better than ever.
2. The poor and middle classes were doing less well than ever.

But given the above parameters as a backdrop, is it possible that the politicians views that the gains of the wealthy somehow more than offset the losses of the poorer segments of society, so that on balance the economy overall should be seen as doing great?

Some questions to test the MAGA hypothesis:

If our economy is doing so great, why can't we as a nation, come up with even \$1 to pay against the principal due on our huge and ever-expanding national debt over a 63-year period of time? Why can't we afford the two to three trillion dollars annually needed to create healthcare and retirement programs that treat all citizens equally? Why can't we restructure our educational institutions to be affordable for average citizens? Why can't we solve the homeless tragedy, or provide for the mentally ill, or take care of our disabled veterans when they come home, including having meaningful paying jobs waiting for them?

4.9 trillion additional dollars coming into the treasury every year could go a long way toward making things like these possible Especially if it can all be done in a way that LOWERS average citizens overall federal tax burdens.

When it comes to growing the nation's private sector GDP, most of the heavy lifting will, as usual, fall on the shoulders of the working class. That means more money has to come from these people, who are already responsible for paying all of the nation's bills every year and have been for almost 70 years now. If they are to be expected to pay even more into the government, it will be necessary for them to receive substantial increases in income so that the extra taxes won't be a burden. The overall goal should be to make things better, not worse.

Contrary to popular belief, the problem is not just that there are too few high paying (GOOD) jobs in America today. Just as big a problem is that more than half the jobs in America pay workers FAR too little for the work that they do. Both of these conditions must be coupled with the fact that the number of GOOD paying jobs continue to shrink as work is "exported" to other countries. And, further combined with these conditions, we are attempting to provide an entry into America for still more people from other countries needing good paying jobs. **SO.....**

First the working sector GDP (not the bankers, government, or wall street, but the private "working" sector GDP) has to be grown significantly so that there is a lot more money than at present available to send into the treasury to pay the nation's bills, with all citizens paying the same per cent of their total income into the treasury each year.

Second, we have to restructure our tax system so that everybody pays their fair share (uniform and equal for all percent of total earnings), and so that the average citizen still ends up paying in less every year than we are doing now under the present abysmal failure of a tax system.

This is grade school stuff. It is not at all difficult to understand how the national economy works, and how we can make it work in a fair, equal, and 100% efficient way. So, why doesn't it happen like that?

Could it be that our elected officials are misleading us about how fantastic our economy is doing (they are dishonest), or could it be that they just don't know what's going on (they are ignorant), or might it be that they just don't really give a damn about those kinds of things (they are totally self-absorbed), or maybe some combination of these, or maybe even all of the above?

Whatever their reasons for playing it dumb, if we as citizens want to make the economy great for **everyone** in the country, not just for the most well off among us, we will need to **reset the balance points of power between the citizens and the government** in order to make it happen.

There is a game plan for doing just that to be found in the website :

www.americaai.org

The piece you will be looking for is a 69 page book entitled: "Common Sense – Revisited".

Thanks for looking in.

Jack