How to Reform the Tax Code: and Public Subsidies for Corporate Tax Avoidance Strategies.

Mark Saiki

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The main problem in the American Tax Code is that Corporations are allowed to opt out of contributing any federal revenue. On this point Bernie Sanders and the Middle Class already know the score. For average Americans the only two things that are certain are death and paying taxes. However, thanks to decades of tax loopholes, the Tax Code, like politics in general is that odd fishing net, which catches the small fish and allows the big fish to swim through (without contributing anything to the US Treasury). On this point in specific, the American People are vaguely aware. Quarterback and manager John Elway, Tom Brady and LeBron James earn millions of dollars per year. Thanks to Tax loopholes and Shelters, they wind up paying zero dollars to the US Treasury. Instead the John Elway Foundation is labeled as a non-profit corporation Tax Shelter, who contributes to charities run by their wives, that also invest in PACs, which are likewise tax deductible. Instead of paying Three million in dollars in taxes, based upon earning one hundred million dollars per year, they pay three million into their Tax Loophole Foundations, and they are allowed, by law, to opt out of paying their fair share of taxes. The same times three could be said about Jerry Johnson, Mark Cuban and Warren Buffet. The same is a fact of life for Coca Cola, Frito Lays, Pepsi, and Papa John's Pizza.

In this memo, and for my Political campaign, I ask the simple question, "Say it ain't so Joe [Biden]? Then I ask myself is this any way to run a railroad? Among other careers including substitute teacher, Bankruptcy Attorney for 26 years, and temporary laborer, I ask myself has it always been this way or not? Being a Professor of American History, I ask myself whether or not there are better tax codes lurking in our collective memory.

1. Net Income. The current Internal Revenue Code is based on the principle of net income, which is defined as gross income, minus deductible expenses, that yield net taxable income. The downsides are that this is complex, fungible, difficult to check, and it subsides externalities.

The Tax Code is complex. Particularly on the corporate side, it requires intensive labor from accountant, bookkeepers and Tax Attorneys. The numbers are vague, ambiguous and subject to differing interpretations. The

IRS must conduct audits, on their opponents' playing fields (they have home field advantage, because calculation of net income involves confidential and proprietary information). Most importantly, the current Tax Code subsidizes a whole host of unintended consequences.

PAC Contributions are Tax Deductible. Corporations and wealthy individuals receive a dollar-for-dollar reduction of their tax liability, by spending more on: political and religious contributions, advertising, legal fees, and tax preparation, among others. Also, meals and entertainment, standard mileage deductions and a plethora of other categories provide partial relief from paying taxes. The net result is that many individuals and most corporations pay nothing in federal taxes.

This is a particularly acute problem because, as the late Chief Bankruptcy Judge John McGrath used to say, "We have to build roads." Congress features hundreds of professional politicians who wrangle over taxes, expenditures, and the federal deficit. The underlying problem as I see it, is that raising taxes is unpopular. Boosting the federal deficit, by using Uncle Sam's credit card is slightly more palatable, but it still means that our children have to pay for our largesse.

Pork belly projects, boondoggles, waste and inefficiency, are par for the course, even though each new Administration claims that a leaner and more efficient government will go on a debt diet, and solve all of our problems.[1] Unfortunately, this regimen lasts until the next annual budget actually comes out, and then we put the weight back on again.

2. Progressive Tax System. From around 1918 – 1980, the United States labored under the Progressive Tax System, so called because Progressive Reformers, like Teddy Roosevelt and Ida Tarbull designed a tax system, with ladder tiers of income earners, paid a higher rate of tax burden, based on higher earning capacity (ability to pay).[2] As an example, the top income

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[1] It should be noted that Candidate Hillary Clinton was far more fiscally responsible

[2] Kevin Phillips, chief political analyst for the 1968 Republican presidential campaign and later served as assistant to the attorney general. Since 1971 he has been the editor-publisher of *The American Political Report.* Since 1979 he has also edited and published the *Business and Public Affairs Fortnightly*. Phillips is a contributing columnist to the *Los Angeles Times,* a member of the political strategists' panel of the *Wall Street Journal,* and a regular commentator for *National Public Radio* and *CBS Radio Network, Wealth*

bracket, during World War II, was 90%, while 60-70% of a wealthy person's taxes were often calculated according to a graduated tax table. This was an excellent revenue producing streams, which resulted in government surpluses as the norm, instead of as exceptions.

However, in 1981, Republican Ronald Reagan declared that wealthy Americans were being strangled by taxes (they did not have enough income), while lower class Americans (Cadillac driving welfare queens), had too much income. As a result, Reagan ushered in the modern tax system. The top tax bracket was slashed down to a cap of 35% or so.[3] Carried interest, capital gains and a host of other tax breaks for the rich, resulted in a situation, which some commentators say is immoral, such as Bernie Sanders. Because it violates the Buffet Rule, that Mitt Romney and Wall Street fat cats, should not be allowed to pay a lower tax rate than their secretaries.

In sum, we find ourselves in this quagmire: raising tax rates and new taxes are so unpopular, that they are seldom proposed. Paying for new expenditures, by putting them on Uncle Sam's credit card, is more palatable, but it still carries a price. While voters support increased expenditures,[4] there is insufficient political capital to pass revenue enhancements (such as the Progressive Tax System), which worked, for six decades, to produce the most robust, real economic growth in the History of our Nation, while at the same time producing governmental surpluses. Unfortunately neither Bernie Sanders nor the Occupy Wall Street movements were able to get rich Americans to pay their "fair share" of taxes.

3. Sales Taxes. As a result, I have stared into a bowl of water, and I have concluded that we need to simply our entire Tax Code, in order to increase governmental revenue, while at the same time, reducing dysfunctional externalities. The working model, which I like best, are city sales taxes.

And Democracy: A Political History Of The American Rich (New York: Broadway Books, 2002), 55.

[3] Gary B. Nash, New Left Professor of History at University of California, Los Angeles, Julie Roy Jeffrey, Goucher College, John R. Howe, University of Minnesota, Peter J. Frederick, Wabash College, Allen F. Davis, New Left Professor of History at Temple University, Allan M. Winkler, Miami University of Ohio, *The American People: Creating A Nation And A Society* (New York: Longman, 2001), 988.

[4] Abraham Lincoln observed, "There are too many pigs for the teats."

Sales taxes are based on gross sales, not net income. For example, Consumers pay 8% of King Sooper's gross cash register receipts, in the form of sales tax. This sum is much easier to calculate than net income. A shrunken IRS would have subpoena powers and could monitor every transaction over $500 per day. The standing mandate would be withdrawing or depositing more than that would be presumed to involve either the purchase or sale of some item in the stream of interstate commerce. Instead of having to prove, through Storm Trooper tactics, that a corporation is actually cheating on their calculations of net income, the IRS would be playing on their home field. By merely pointing to objective numbers, like bank deposits, and 10-K earnings reports, they could then use a calculator to determine a three-percent tax on gross sales.

My tax is not limited to the sale of food, not retail sales. It would cover every type of financial transaction. If Coke bought Google for $10 billion, the IRS' app would automatically deposit $300,000 into a tax fund trust. If Donald Trump sold his $41 million dollar mansion to a Russian Oligarch for $100,000 million dollars, then $30 million dollars would be paid, at the point of sale. Likewise, when a homeowner pays $1,000 per month mortgage payment, then $30 of that sale would be deposited directly into the federal treasury each month.

This gross transaction tax practically eliminates the need for accountants, tax lawyers, tax returns, and auditors. Instead it is replaced by a simple flat tax, based on Gross Transactions.[5] Bookkeepers would merely declare gross monthly sales, calculate 8%, and deposit the money into FDIC Banks' tax trust fund. As an example, in 2016 US' GDP was $18 trillion dollars, while Federal Expenditures were $3.85 trillion. If we budget a 3% flat tax on gross sales, we would cover expenditures and make a good long term start on paying off the National Debt.

Middle American taxpayers pay the vast bulk of income taxes, while wealthy individuals and corporations pay a far lesser percentage of their income in taxes. If we adopted a 3% Gross transaction tax, which is collected at the points of sale, then we would effectively double federal tax revenue. For example, if we held federal spending to $4 trillion dollars per

[5] For individuals, it would be based on gross pay.

year, we would then have more than $4 Trillion dollars per year to pay down the Federal Debt.[6]

Just as State and Federal Gross Transactions Taxes would discourage externalities, beyond those with a true blue business purpose, the value of lobbyists would accordingly be reduced. Both of these governments should adopt "doing business in" gross sales taxes for both companies and individuals, to reduce the benefits of tax shelters, exercised by multi-national corporations. Also, road taxes should be collected at points of entry into our country, based on the weight of freight entering this country. Other nations and corporations would have to bear their fair share of taxes, for the benefit of transporting their goods over our transportation networks. This would also level the playing field, for American Corporations, who have to pay the same gross sales taxes for products they manufacture, as would importers. In addition a death tax would be adopted stating that 95% of each person's estate maybe passed onto others, while five percent would be retained as taxes. In this manner, the death of Donald Trump will some day start contributing to the federal treasury.[7]

In addition, we would reduce unintended consequences based on taxpayer subsidizing of surplus deductions, like advertising, charity, religious and political contributions. While it is noble that some Captains of Industry, like Andrew Carnegie, donated 90% of his income to charities, in the form of endowments for the arts and public libraries, I would argue that roads still needed to be built. An additional dollar invested in a public library today, is not needed as badly as repairing America's roads, bridges or airports (infrastructure in short). Likewise, one additional dollar contributed toward PACs, candidates and political parties is not now needed, as much as we need to invest in reclaiming oil wells, coalmines, maintaining clean air and water, and renewable sources of energy. In point of fact, one might argue that deduction for political expenditures is fundamentally un-democratic.[8]

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[6] Four Trillion more in revenue is just a wild-eye ballpark guess. However, if proposed, the Congressional Budget Office can make a more accurate calculation.
[7] Possibly for the first time in his life. Although the question of whether or not Donald Trump is mentally an adult is still an open one.
[8] PAC contributions are inconsistent with the famous ideal: One man, one vote. *Baker v. Carr*, 369 U.S. 186 (Supreme Court of United States, April 19-20, 1961). Unfortunately our current Tax Code incentivizes rich persons to reduce their own tax liability, by investing in political contributions, which leads to additional tax breaks through lobbying.

My flat tax gross sales tax achieves the goals of the Progressive Sales Tax system. Millionaires and billionaires will pay much more tax, based on a flat three percent for example, than their lower earning counterparts. As ideological justification, a lower class SES citizen gets one road unit benefit (the right to commute twenty miles on public streets), from our Federal Highway System. By contrast, a Millionaire gets their own personal road unit, plus their spouses, children's, employees, suppliers, and customers each receive one road unit apiece. Wealthy Americans receive synergistic benefits from American Transportation systems. Accordingly they should pay more tax dollars into the system.

Therefore, the net result of shifting from a net income Tax Code, to a Gross Transaction Flat Tax, with out deductions and tax loopholes, is apparent. First, as taxes are calculated based on gross sales, corporations would now have no incentive to invest in surplus advertising, charity and/or political contributions. At the very least, they would no longer be motivated by self-interest, to invest in political contributions, which generate dollar-for-dollar reductions in their tax liability, while at the same time maximizing their political clout in lobbying for additional tax loopholes. This would mean that elections would be depend more on the votes from individuals, and much less on special interests.

Next, my Tax Code would be much simpler and less costly to administer. Every multi-million dollar contingency fee (earned by lawyers), every professional sport and movie star contract, and every point of sales transaction, would generate a reliable, steady and objectively verifiable source of tax revenue. The IRS would merely compare actual sales with monthly report figures,[9] and tax revenue would flow like a mighty stream.

4. Excess CEO Compensation. Just like a Gross Transaction Tax would stop the fire hose of public subsidies for lobbyists and campaign contributions, which our current Tax Code grants to corporations. These business entities are allowed to opt out of paying taxes, by contributing money to PACs. So too, will my suggested transition to a Gross Transaction Tax will end public subsidies for surplus CEO compensation, golden parachutes and/or stock option deals.

Inquiring minds, like mine, wonder why CEO raises and sweetheart deals have out-paced

[9] The IRS could collect treble damages and attorney fees based upon underreporting of gross income.

both the rates of inflation and their alleged added productivity and efficiency. By contrast, rising worker productivity and robots have boosted corporate profits, but they are not accordingly rewarded for their efforts.[10] Maybe Bernie Sanders has a point, the cats have been hired to guard the milk. Rex Tillerson, on the Board of Directors, supports a million dollar per year Golden Parachute and a tidy stock option deal, and when he runs to become the CEO again, the acting Board grants him the same courtesy. In addition, these sweetheart deals put pressure on CEO's to maximize short-term profit, by out-sourcing American jobs, in order to show a paper profit.

To the contrary, if we this left to the free market, this more entrepreneurs would be concerned about long-term profit. For example, Henry Ford doubled his workers' incomes, so that they could join the middle class and start buying the very cars they were building.[i] Likewise, in the long term, corporations would realize that by out-sourcing American jobs, they are hurting their own markets for those very same goods.[11] This is like Pepsi shipping jobs overseas, which depresses the American market. In turn, the American multiplier is now shipped to Mexico, and then onto China.[ii]

If we turn off public subsidy for Golden Parachutes, by going to a Gross Transaction Tax, we would not end those income transfers from workers to the Top Dogs, but at least we would turn off that fire hose. Corporations would then not have any incentive to grant generous stock deals, because it practically results in a dollar-for-dollar reduction in net income, which allows them to pay zero dollars in federal taxes. Actually the corporation would then be faced with an interesting dilemma, to declare more profit, which would inure to the benefit of shareholders. Or they might spend more money on employee compensation or any other needed expenses. Under the Gross Transaction Tax, with no deductions and no calculation of net income, corporations would then have no incentive to invest so heavily in tax avoidance schemes. Even if they paid 3% of their Gross Transactions into the Federal Treasury, they would still have 97% more disposable income, than they do under the status quo. This sounds like a scheme, which is too good to be true. Federal Tax revenue will go up. The Federal Deficit will go down. And additional surplus revenue, which is presently inefficiently invested in externalities, such as PAC contributions and excess CEO compensation tax avoidance schemes, is now available for other projects and expenditures.

I worked 26 years as a Bankruptcy Attorney. By contrast, my opponent for the US House of Representatives, Steve Pearce, has a degree from NMSU in Economics. Perhaps he should be the one to explain the holes in my fiscal wet dreams. Because as it stands, the current Tax Code makes very little sense to me. If we do not allow for tax revenue enhancements, then we play a zero sum game. Vote for the GOP Tax Cuts for the wealthy because this will lead to 8% growth, or higher. This will magically pay us back for the original round of tax cuts. That is nice, but no nation on earth has been able to sustain 8% growth over the long term, except of course under Kellie Ann Conway's

[10] In addition, American workers are working longer and harder for stagnant wages.
[11] Being the world's leading consumers, the American multiplier builds one's customer base. It also means we have the potential to win every trade war.

alternative facts for an Alternative America.

According to the GOP's mantra, big government means Liberals who tax and spend. Well, this liberal wants wealthy Americans their fair share of taxes, under the Progressive Tax Code. During World War II, taxing wealthy Americans at 90% top tax rates, and median income doubling under a wartime economy, resulted in the longest sustained period of economic growth in the history of the World. Certainly we do not want to make the American economy as great as it was during the 1950s, under the Progressive Tax Code. Heaven forbid, the Reagan tax cuts can never be repealed and replaced with a graduate income tax for individuals, and a Gross Transaction Tax for Corporations. Big money lobbyists and super-PACs will never stand for this.

In point of fact, this is what a substance-light Bernie Sanders was proposing. Let us tax-and-spend liberals return to the Progressive Tax system, which worked so well for decades, to produce governmental surpluses. Why not adopt a Gross Transaction Tax, which is modeled after the efficient retail sales tax model? In the end, the Congressional Budget Office can tell us whether or not this will shrink the Federal Deficit and return us to surpluses or not. And they can tell us how fast we can accomplish this goal. However, if the Establishment of both political parties, is not willing to give it a try, then maybe we should elect a Socratic Philosopher King to office, and run this up the flagpole.

The last time I checked, at least we were a democracy on paper. Where millions of Franklin Roosevelt's "Little Men," could vote to raise taxes on Pepsi, Mitt Romney and Donald Trump. Let me know if you want to send the next Progressive Democrat, named Mark Saiki, to Washington's Second District, to represent the People of New Mexico. However, if you prefer that the Donald Trump rubber-stamp (they were both for Wall and the Muslim Ban, before they were against it, and *vice versa* during the same election cycles), named Steve Pearce, then vote for him. Then, I will be the loyal opposition in my Las Cruces bungalow.

5. Dead Weight Expenditures. This is a shareholder's dream. Money, which a company formerly spent for PACs, is deadweight. Like the Lillies of the Fields, Lobbyists toil not, neither do they spin. Some percentage of the capital, that a Corporation does not spend on PACs, will be declared as additional profits. As an example, Defense contractors spent $28,847,761 in PAC contributions in 2015-2016. If we remove the public subsidy, which encourages them to invest that money, in order to get a dollar-for-dollar reduction in their tax liability, then those corporations would have an additional $14 million dollars of liquid capital, which is available to them to spend, in the form of annual profits.

By comparison, under the status quo they invest $14 million dollars per year in PAC contributions, because they receive a dollar-for-dollar reduction in their tax liability.[12] Not only is this deadweight on corporate earnings, but these tax-avoiding investment strategies are publicly subsidized. Because government has to build roads, and most

[12] It is practically, not actually, a dollar-for-dollar reduction, because they are taxed only a percentage of their net income, after deductions.

major corporations pay no income taxes, this means that Middle Class Americans have to foot the additional bill, for Federal Revenues, by paying to build the highways, which benefit those very companies.

In point of fact, social class is a pyramid. Wealthy individuals and corporations form just a small minority, while the American middle class is broad and wide. The largest classes form the tax-paying base of the pyramid. The Beauty of our Democratic system is that a majority of voters can pass legislation, which makes the Mitt Romeys pay his fair share of taxes (largely in accordance with both their greater ability to pay, and the exponential benefits they receive from the Federal government.

6. Two Tract System: Corporate Gross Transaction Tax, and Progressive Personal Income Taxes. There are Two Tracts in my Proposed Tax Code: a) Corporations and Businesses will all pay a "doing business in the United States Sales Tax of Three Percent on each Gross Transaction where money, is exchanged. b) Individuals will pay Federal Income Tax based on a five tiered Progressive Tax Code.

Each tier is determined by one standard deviation from median income in the United States	Percentage of their gross income will be paid toward Federal Taxes
Top 20% Earners	75%
Next 20% of Earners	55%
Middle Class	30%
Fourth 20% of Earners	20%
Bottom 20% of Earners	10%

In my Progressive Tax system a blue-collar worker and his wife, who commutes let us say an average of twenty miles to work and back each day. Accordingly they will pay around 20% of their gross income, to the Federal Treasury, based upon their use of two road units from the public transportation network.

By contrast, in this Progressive Tax system a "billionaire" like Donald Trump earns more money, which means that he has a substantially greater earning capacity, accordingly he should be asked to contribute more for the public's good (their ability to pay is greater).[13] In addition, "the Donald," and his employees, suppliers and customers each benefit from the Federal Highway System and from public roads. Were it not for airports, streets, alleys, highways, traffic lights, air traffic controllers, public water projects, fire protection, health care, an educated workforce, courts, judges, and police, there would not

[13] Paul from the *Bible,* To whom much has been given; much will be expected.

be a single mega-Hotel or Motel. Nor would there be large manufacturing plants nor shopping centers.

The benefits, which Wealthy Americans, receive from the Federal Government are immense, and they are exponentially greater than even white-collar workers receive. This justifies them paying a higher percentage of their income in taxes. This is the new fair share of taxes, which they should be paying.

American experience during World War Two strongly suggests that Rich People work much harder, under 90% top tax rates. They want to get ahead. They want to add extra bathtubs (with gold feet), terracotta title, and buy more yachts and Holston dresses. Because 75% of their income goes to pay federal taxes, they have an incentive to sell, sell and sell, in order to net a million dollars of annual income. Obviously this boosts the economy.

By contrast, giving them tax breaks, corporate welfare and/or crop subsidies gives them zero incentive to produce more, more and more (Andrea True Connection). Their goal is to maximize profit. If you grant them a tax loophole, they net 100% profit. However, if they invest their wealth in their businesses, on an average, they earn a mere 10% profit. Is it any wonder that wealthy Americans buy foreign yachts, Mercedes Benz's, Van Gough paintings, platinum bars, and they invest in tax shelters, with their Government handouts?

By contrast, with bottom up economic packages blue-collar workers buy groceries, pay rent, and purchase beer with their stimulus money. They consume nearly 100% of every dollar that comes their way. They live paycheck-to-paycheck. Each purchase in turn stimulates sales, manufacturing and the multiplier effect. Overt the course of World War II, median income increased dramatically.[14] The US economy was humming like a well-

[14] Wartime taxes on the rich were close to punitive. The bite on family heads earning the average $40 to $50 a week was not. After the deprivations of the thirties, wartime rationing, not taxes or lack of money, was what limited public buying. Purchases of expensive clothing and jewelry soared. Used cars were at a premium. And despite food rationing, the number of supermarkets climbed from 4,900 in 1939 to 16,000 in 1944. At war's end, Americans were rolling in cash. Average weekly pay had been boosted from $24.20 in 1940 to $44.39 in 1945, not just by high wage rates but by huge overtime and the earnings of 6.5 million women, mostly middle-aged and married, new to the workforce. Kevin Phillips, chief political analyst for the 1968 Republican presidential campaign and later served as assistant to the attorney general. Since 1971 he has been the editor-publisher of *The American Political Report.* Since 1979 he has also edited and published the *Business and Public Affairs Fortnightly.* Phillips is a contributing columnist to the *Los Angeles Times,* a member of the political strategists' panel of the *Wall Street Journal,* and a regular commentator for *National Public Radio* and *CBS Radio Network, Wealth And Democracy: A Political History Of The American Rich* (New York: Broadway Books, 2002) 75.

oiled machine. Growth was astronomical and real income rose.[15] The bottom line is that stimulus investments should be made bottom up, not top down (trickle down).
7. Lobbying Surcharge. Political contributions to PACs, parties, lobbyists, pressure group, interest group, and/or to individual candidates must be fully disclosed according to amount, date given and name of the entity donated to. Each such political contribution carries a 50% tax surcharge penalty. Each and every undisclosed political contribution is subject to treble damages plus attorney fees. There is a private right of action to enjoin, and to enforce this tax penalty. This is a legislative reversal of Citizens United, in part due to the principle of one person, one vote. Regarding individual persons, companies, corporations and business entities of all types, everyone who contributes to any political funds, must fully disclose this information. This is a tax penalty, which applies to every transaction, where persons pay to play and lobby in the political arena. Unreported political contributions, shall be subject to treble damages and attorney fees, which may also be awarded, at preliminary hearings, and also to private rights of action to enforce these tax penalty surcharges.
8. CEO Compensation. Companies who pay (including stock options, golden parachutes, incentives, commissions and benefits) their CEOs more than twenty times the wages and/or pay of plant, factory workers, and blue collar employees, shall pay a tax penalty surcharge, in the amount of 50% of that surplus compensation. Increases in corporate and business compensation to white-collar workers and mid-level management above ten percent per year, shall pay a tax surcharge of 50%. Increases in corporate and business compensation to CEOs, above ten percent per year, shall pay a tax surge penalty of 75%. Decreases in CEO excess compensation, above fifteen times the wage average wages paid to employees, below the rank of management, shall be declared on every tax return, and increases in compensation for blue collar workers, minimum wage workers, clerical, secretarial and administrative workers shall not now, nor shall they ever be subject to such tax penalty surcharges. Unreported excess CEO compensation, shall be subject to treble damages and attorney fees, which may also be awarded, at preliminary hearings, and also to private rights of action to enforce these tax penalty surcharges.

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[15] The new taxes on both wealthy and average Americans would come nowhere close to meeting the war's insatiable appetite for revenue. In fiscal 1943, the government still had to borrow $60 billion.[214] Congress would respond, in 1944, by upping the tax rate on the wealthy still again. The new rate schedule would place a 94 percent top rate on all income over $200,000, a rate that significantly exceeded the very highest rates in effect during War 1 (77 percent on incomes over $1 million) and the Depression (81 percent on incomes over $5 million).[215] The years 1944 and 1945, concludes John Witte, would be "the most progressive tax years in U.S. history." Sam Pizzigati, *Greed and Good: Understanding and Overcoming the Inequality That Limits Our Lives* (New York: Apex Press, 2004) 441.

214 Randolph Paul, *Taxation in the United States* (Boston: Little, Brown and Company, 1954), 318.

9. Exporting Jobs. Corporations shall fully disclose every plan to ship American jobs overseas, on their tax returns. Such projects shall pay a 50% tax penalty surcharge, based upon the non-deductible expenses and costs involved in those projects. Unreported excess job exports, outsourcing, and relocating plants overseas, shall be subject to treble damages and attorney fees, which may also be awarded, at preliminary hearings, and also to private rights of action to enforce these tax penalty surcharges.

For example, the Finance\Insurance and Real Estate Industries spend $1,069,266,928 in tax avoidance dollars, for PAC Political Campaign contributions, from 2015 – 2016. Source: Center for Responsive Politics, OpenSecrets.org, "Interest Groups," Open Secrets website: https://www.opensecrets.org/industries/

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Under a flat tax, gross sales tax model, they would have paid $32,780,000 in taxes, on that portion. Accordingly, they would have $1,036,486,000 surplus income, for which they would receive no taxpayer-funded subsidy, for purchasing lobbyists and PAC contributions. In other words, they would pay $32 million more in federal taxes. They would net over One Billion Dollars in corporate wealth, by not investing so heavily in tax avoidance dollars.

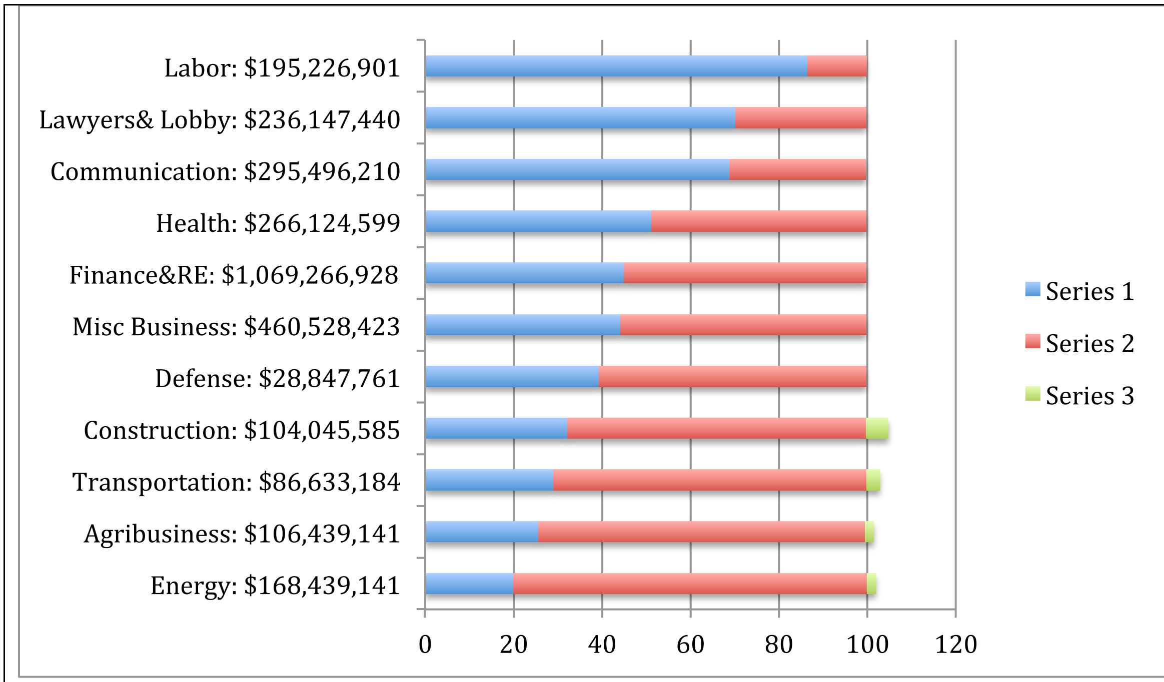

Table 2
Political Party Constributions
Stacked by Polarization
Chart by Mark Saiki
Source: Center for Responsive Politics, OpenSecrets.org, "Interest Groups," Open Secrets website: https://www.opensecrets.org/industries/

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Attached Chart 2.5 The Top Fourteen Federal Income Taxpayers of 1924

Name -Business	Taxes Paid
John D. Rockefeller (oil)	$6,278,000
Henry Ford (autos)	2,609,000
Edsel Ford (autos)	2,158,000
Andrew Mellon (finance, oil)	1,883,000
Payne Whitney (oil)	1,677,000
Edward Harkness (oil)	1,532,000
Richard Mellon (finance, oil)	1,181,000
Anna Harkness (oil)	1,062,000
Mrs. Horace Dodge (autos)	993,000
Frederick Vanderbilt (land, railroads)	793,000
George F. Baker (finance)	792,000
Thomas Fortune Ryan (urban transit)	792,000
Edward J. Berwind (coal)	722,000
Vincent Astor (land, railroads)	643,000

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Annual Income	**Progressive Tax Rates**	Tax Liability	Percent	Reaganomics: **Reagan,** Bush, Bush tax cuts	Tax Liability	Percent
	1980 Income Tax Rates of the amount over			2007 Income Tax Rates		
$25,000	39% + $5,367 $23,500	$5,952	23.80 %	$3,363	$3,363	13.452 %
$50,000	55% + $13,392 $41,500	$18,067	36.13 %	$8,930	$8,930	17.86%
$75,000	68% + $20,982 $55,300	$34,378	17.89 %	$15,180	$15,180	20.24%
$100,000	68% + $37,677 $81,800	$50,053	50.05 %	x 28% - $5,889.25	$22,110.75	22.11%
$150,000	70% + $55,697 $106,300	$86,287	57.52 %	x 28% - $5,889.25	$36,110.75	24.07%
$200,000	70% + $55,697 $106,300	$121,287	60.64 %	x 33% - $13,971.35	$52,028.65	26.01%
$300,000	70% + $55,697 $106,300	$191,287	63.76 %	x 33% - $13,971.35	$85,028.65	28.34%
$400,000	70% + $55,697 $106,300	$261,287	65.32 %	x 35% - $20,925.75	$119,074.25	34.99%
$500,000	70% + $55,697 $106,300	$331,287	66.26 %	x 35% - $20,925.75	$154,074.25	34.99%
$1,000,000	70% + $55,697 $106,300	$681.287	68.13 %	x 35% - $20,925.75	$329,074.25	32.90%

Internal Revenue Service 1980 and 2007 Form 1040 Instruction Tax Booklets.

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Payne Whitney (oil)	1,677,000
Edward Harkness (oil)	1,532,000
Richard Mellon (finance, oil)	1,181,000
Anna Harkness (oil)	1,062,000
Mrs. Horace Dodge (autos)	993,000
Frederick Vanderbilt (land, railroads)	793,000
George F. Baker (finance)	792,000
Thomas Fortune Ryan (urban transit)	792,000
Edward J. Berwind (coal)	722,000
Vincent Astor (land, railroads)	643,000

Kevin Phillips, chief political analyst for the 1968 Republican presidential campaign and later served as assistant to the attorney general. Since 1971 he has been the editor-publisher of *The American Political Report.* Since 1979 he has also edited and published the *Business and Public Affairs Fortnightly.* Phillips is a contributing columnist to the *Los Angeles Times,* a member of the political strategists' panel of the *Wall Street Journal,* and a regular commentator for *National Public Radio* and *CBS Radio Network, Wealth And Democracy: A Political History Of The American Rich* (New York: Broadway Books, 2002) 59.

Chart 3-19 The Declining Share of the Federal Tax Burden Paid by Corporations and the Rising Share Represented by Payroll Taxes.

	Corporate Taxes As A % Of Total Receipts	Payroll Taxes (Social Security and Medicare)
1950	26.5	6.9%
1960	23.2	11.8
1970	17.0	18.2
1980	12.5	24.5
1990	9.1	35.5
2000	10.2	31.1

Source: Federal Receipts and Outlays, Economic Report of the President 2001; 2001 OASDI Trustees Report; Operations of the HI Trust Fund, 1970-2010. Kevin Phillips, chief political analyst for the 1968 Republican presidential campaign and later served as assistant to the attorney general. Since 1971 he has been the editor-publisher of *The American Political Report.* Since 1979 he has also edited and published the *Business and Public Affairs Fortnightly.* Phillips is a contributing columnist to the *Los Angeles Times,* a member of the political strategists' panel of the *Wall Street Journal,* and a regular commentator for *National Public Radio* and *CBS Radio Network, Wealth And Democracy: A Political History Of The American Rich* (New York: Broadway Books, 2002) 149.

End Notes.

[i] In 1914, [Henry] Ford startled the country by announcing that he was increasing the minimum pay of the Ford assembly-line worker to $5 a day (almost twice the national average pay for factory workers). Ford was not a humanitarian. He wanted a dependable workforce and understood that skilled workers were less likely to quit if they received good pay. Ford was one of the first to appreciate that workers were consumers as well as producers and that they might buy Model T Fords. Gary B. Nash, New Left Professor of History at University of California, Los Angeles, Julie Roy Jeffrey, Goucher College, John R. Howe, University of Minnesota, Peter J. Frederick, Wabash College, Allen F. Davis, New Left Professor of History at Temple University, Allan M. Winkler, Miami University of Ohio, *The American People: Creating A Nation And A Society* (New York: Longman, 2001) 740.

[ii] A year later, Ford raised the average daily minimum wage from $2.34 to $5 and reduced the workday from nine hours to eight. He figured if he paid his workers more, they wouldn't leave for other jobs and they could buy more in the marketplace - such as new Model Ts. "If you cut wages," Ford said at the time, "you just cut the number of your customers." *Associated Press,* "Ford Motor Company marks 100," *Loveland Daily Reporter Herald,* 6/14/2003, D1-3.