

OUR ECONOMIC MESS

Warren Buffet says he thinks rich folk like himself should pay more taxes -- and President Obama would be glad to oblige with a millionaire surtax.

Before I continue, I need to correct what the President said in his State of the Union message. He said, "It isn't right for Warren Buffet's secretary to pay more in taxes than he does!" That would certainly be a crime! What Buffet said was, "It is just plain wrong for my secretary to pay taxes at twice the rate I pay." There is a world of difference between these two statements.

Obama and his friends are purposely throwing statistics around that are simply wrong. To claim that normal American taxpayers pay 35% while billionaires pay only 15% is designed to get people agitated and has no relationship to truth. Warren Buffet may possibly be able to get by paying only 15% because of all the tax loopholes for hedge fund operators, CEOs and other billionaires, but not many manage that. Buffet doesn't need to fear that his taxes will go up anytime soon. He is what they call an "insider" and a friend of Obama.

The President is just throwing up a smoke screen to cover his gigantic Ponzi scheme to bankrupt America. A few of the wealthy are profiting by it and everyone else is getting ripped off. If you don't believe me, keep reading and then do your own homework. The information is out there!

Here is the truth based on facts. The maximum tax deduction is 35% and nobody pays that amount. That is before deductions and everyone has deductions. The average tax paid by those in the top 1% that Wall Street protesters keep talking about is 29% and the average rate of those in the 99% is 8%. In fact, the top 1% pays 37% of all taxes received while the 99% pays the other 63%.

Of course President Obama wouldn't be content with a surtax on those earning over a million because few earn that much. In 2009, 1,470 of those who earned over a million paid no taxes whatsoever! This is of course unfair, but it is absolutely legal. Unpaid taxes are not legal, but it is another hard fact and there is little the IRS can or will do about it. Benjamin Harris, a research economist at the Brookings Institution estimates a gross tax gap of \$410 - \$500 billion in 2010.

Applying the surtax to the upper 1% would include anyone earning more than \$343,927. As already stated, this group already pays 29% or 37% of all taxes collected. If the government took 60% of what these people earn, it wouldn't balance the budget!

But Obama talks about increasing taxes on millionaires, not just those earning a million or even those in the upper 1%. Who is a millionaire? Millions of Americans are worth more than a million dollars. A business owner can easily have that much tied up in real estate or equipment and a shop owner may have stuff on his shelves worth a million. Many Americans have a million in their retirement funds and if they own an average home, it is worth a quarter to half a million dollars. When the government is tossing trillions around like paper airplanes, a million doesn't go far. It won't even cover many lawsuits these days.

The problem in Washington is not too little money, but too many expenditures. If government

spending is not decreased drastically, there is no way we can ever recover. I attest that it can be done and no essentials would suffer. Just cutting senseless spending and waste would go a long way.

Most Americans think that income taxes collected are used to run the government but this is not true. The IRS collected 2.345 trillion in taxes in the 2010 fiscal year and paid out 467 billion in rebates, leaving 1.878 trillion. The IRS, like our federal government, is largely incompetent. It costs 53 cents to collect \$100 in taxes.

So what happened to that \$1.878 trillion the IRS collected? All of that money went to Private Banks who loan the government money for its operations. The President's budget request for 2010 totaled \$3.55 trillion, making a budget deficit of \$1.67 trillion. The total debt is now over \$15 trillion and interest on that debt takes a sizable chunk of collected taxes! 1% of \$15 trillion dollars is \$150 billion and not \$15 billion. The IRS Data Book for 2010 gives \$165 billion in interest payments, over twice what the Department of Transportation received (\$72.5 billion). But I am pretty certain that nobody loans the US money at such low interest rates. There have to be special conditions or benefits that make the loan interesting.

Nearly half of all households pay no federal income tax or they receive more from the IRS than they pay. Most of these are households that have low incomes and senior citizens on Social Security. Social Security is non-taxable income. Most who earn under \$35,000 can find enough deductions to get out of paying taxes. These make up at least three fourths of those not paying into the system. Unemployed and incarcerated persons make up two more segments of non-payers (children and students are included in households). Undocumented persons and underworld operators are other large groups.

The above only pertains to federal income tax. There are also payroll taxes, State taxes, sales taxes and many other taxes which most of us pay.

If all taxes were incorporated in sales taxes with no possibility of dodging them, this would seem like fair taxation. If a person spends money, he gets taxed and if he invests or saves it, he is only taxed for interest earned. That sounds great, but what can keep that person from spending or investing his money overseas?

Another problem, and most likely the real problem here, are loopholes in the tax laws that only benefit the rich. What good does it do to raise taxes if they are not going to be paid? Our tax system is so complicated (corrupt), that only the best lawyers understand it. But the wealthy can afford the best, and their lawyers know all the loopholes.

Another factor that plays a big role in our economic mess is the matter of government hand-outs. Some are called entitlements and others are called subsidies. Super entitlements are called stimulus and super subsidies are called bail-outs. Basically, the poor get entitlements and the rich get subsidies, but the result is the same. It spreads the wealth of hard-working taxpayers -- either downward or upward.

Those who have money can figure ways to obtain subsidies which help counter taxation. Not a

few buy farms for raising race horses. Unless or until a horse wins races, it is a losing proposition, so the "farmer" gets farm subsidies. If a horse wins, the owner doesn't need to pay those subsidies back. Some of these "farmers" also get paid to not plant certain crops or to plant trees on their property! There are few loopholes for most taxpayers, but many are available to the wealthy and non-payers.

The only real solution to our economic woes would be to get back to where we started as a nation. Not politically or economically, but spiritually. If a majority of the people live by biblical principles, they elect the same kind of people. They seek the good of all and work collectively to combat unethical practices. They care for the poor and make life difficult for those who try to get rich at the cost of others.

Martin Luther King had a dream. I have a vision. If I was as well-known as King, I would likely be assassinated.