



Our ethical tax conundrum

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February 22, 2019

We Americans have created, nurtured and then calcified a strange position regarding our own governance. We correctly require a broad range of public services in the areas of health care, housing, education and poverty remission but consistently demand those services be paid for by federal debt instead of current federal revenues which are derived mostly from taxes.

The result is, of course, endemic annual deficits which are the occasion of our mounting federal debt. This has created an unethical aura where no candidate for federal public office may suggest even a scintilla of the imperative tax increases or reallocations which must be made to return to fiscal sanity. We can pay for such services in responsible and effective ways.

To begin with, over one half of our national health care bill is generated by care for just 5 percent of the patients, mostly terminally ill patients who will die in a few days or weeks no matter what care they receive, and some chronically ill persons. If we re-prioritize that aspect of our health care system we can reduce the bill by at least 40 percent which would release about \$910 billion per year.

Second, our federal income tax rate schedule has been erratic and based on political rather than economic rationale. Thomas Piketty, in his landmark work, "Capital in the Twenty First Century," carefully sets forth the rationale for a top income tax rate of 65 percent in capitalist economies such as ours. Along with a surcharge for the wealthiest, that yields \$1 trillion per year.

A small percentage tax on the transactions of the financial sector yields another \$500 billion. A 1 percent tax on net national wealth provides \$1 trillion more according to the Federal Reserve. A reduction in defense and intelligence spending garners another \$200 billion.

Ending the catastrophically failed Great War of Stupid (on drugs) by legalizing all drugs and taxing their sale, yields another \$106.7 billion according to a CATO Institute study.

Set the tax at 100 percent on estates and gifts of \$1 million or more (lifetime total). Ban all off-shore transfers of wealth. That is another \$1.2 trillion and we also begin to eliminate our dangerous hereditary aristocracy.

This sensible tax structure yields nearly \$5 trillion per year, allowing us to balance the budget while paying for universal health care, debt-free college and major inroads into poverty alleviation and begin paying down the federal debt as well, with money left over to fund infrastructure and to fight global warming.

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