

TODAY'S "SHORT TOPIC"

A SILVER BULLET FOR ELIMINATING TAXES AND THE IRS AND RICH PEOPLE: A liberal's solution!

Submitted by CJ  November 8, 2014
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Here's what provoked CJ:

CJ, someone who reads my "stuff" once in a while, asked me to get Stefano's thoughts on a letter submitted to CJ's hometown paper a few days ago. Stefano almost blew a gasket, but he did refer CJ to some related information. A liberal fellow from the Southeast U.S. decided to elicit nationwide support for taking away rich people's money so that all taxes would be eliminated and the IRS would be almost eliminated. He wrote: "wealthy people are clearly the problem with our society." Following is the response letter as submitted by CJ. - SB

Here is CJ's response:

Eliminating taxes and the IRS...sounds appealing but is it possible or even practical?

In his November 3rd Letter to the Editor, Mr. Breinich suggested a progressive class warfare idea of confiscating and liquidating all individual wealth in excess of \$10 million from any individual blessed with at least that much in personal assets. His idea is to transfer the proceeds to our Federal Government which would supposedly result in elimination of taxes and shrinking the IRS to obscurity. *NO taxes and NO IRS* sounds delightfully appealing. But is this possible or even practical?

Data from the Federal Reserve shows the total value of Americans' financial and real-estate holdings recently hit \$70.3 trillion. Let's assume it all went to the Federal Government. What would they do with all that cash? For one thing, with no future tax revenue coming in, America's outstanding debt obligations would immediately become due and payable...there goes \$17.9 trillion. Then there are those pesky Unfunded Liabilities...you know, future Social Security and Medicare payments. Recent **conservative** estimates put them at \$49 trillion. Let's assume the Washington rascals get rational and set that aside too.

Then, where are we? We just used up \$66.9 trillion, more than 95% of American's wealth. How long before the remaining \$3.4 trillion is gone?

Obama's 2015 budget is \$3.9 trillion. To be fair, in this scenario, most of the budgeted Mandatory Spending (interest on the debt -- \$250 billion, Social Security payments -- \$900 million, and Medicare -- \$999 billion) has already been eliminated or provided for.

(continued)



*Hi! We're from the government
and we're here for your money!*

The \$3.4 trillion residual calculation above could cover discretionary spending at the 2015 budgeted level (\$1.8 trillion) for almost 2 years. Then what? Back to taxing the rich I guess. But wait; there won't be any rich people because the Feds already took all their wealth. Better come up with another plan Mr. Breinich., this one leaves us with no way to fund our Government.

Submitted by CJ...obscure economist, usually found sipping Jack Daniels under a live oak tree at the south end of the Island.