[redacted]
MILFORD, CT. 06460

9/10/93

DEAR BRIAN:

I AM A C-SPAN JUNKIE AND I APPRECIATE YOUR EFFORTS, THANK YOU.

WHILE WATCHING YOUR REPORTERS ROUND TABLE OF THIS MORNING (9/10/93), ONE OF THE CALLERS ASKED THAT YOU SCHEDULE A PRO AND CON DEBATE CONCERNING MARTIN GROSS'S BOOK "GOVERNMENT RACKET FROM A TO Z" (THAT TITLE IS NOT EXACT I THINK.)

YOUR COMMENT WAS THAT C-SPAN PLANS TO INITIATE A POLICY OF DEBATES CONCERNING ITEMS OF INTEREST TO THE AMERICAN PUBLIC.

THERE IS NO MATTER MORE IMPORTANT THAN THE ECONOMY OF THIS NATION AND THE ENCLOSED COLUMN WRITTEN BY PAT BUCHANAN 2½ YEARS AGO LOOKS LIKE A GOOD PLACE TO START A DEBATE, (PRO AND CON)

I SAVED THIS COLUMN EXPECTING TO HEAR A HEATED DISCUSSION OF THIS NATIONAL SALES TAX IDEA BUT IN THE PAST 2½ YEARS, EXCEPT FOR "GOVERNOR MOONBEAM" (JERRY BROWN) MENTIONING A CONSUMER-BASED TAX SYSTEM I'VE HEARD NOTHING,

I WILL SAY THAT THE SEPTEMBER 1993 ISSUE OF THE AMERICAN LEGION MAGAZINE DOES CONTAIN A PRO & CON DEBATE AND THE CON SIDE IS VERY FLAWED. (CONGRESS SPENDS TOO MUCH.) WE HAVE A 4 TRILLION DOLLAR NATIONAL DEBT THAT PROVES THAT. THIS IS NOT AN ARGUMENT, THIS IS AN OBSERVATION,

MR BUCHANAN TELLS ME THAT HE THOUGHT OF MAKING THE NST A PLANK OF HIS PLATFORM FOR THE REPUBLICAN NOMINATION IN '92, I WISH HE

HAD,

PLEASE, IF YOU DO DEBATE THE SUBJECT, MAKE SURE THAT THE FOLLOWING POINTS ARE COVERED,

1. ELIMINATION OF THE UNDERGROUND ECONOMY.
2. THE MECHANISM FOR COLLECTION IS ALREADY IN PLACE.
3. MAKE SURE THAT THE TAX IS NOT HIDDEN, IT SHOULD BE SPECIFIED ON ALL RECEIPTS. (THAT WAY PEOPLE WOULD HAVE A CHECK ON WHAT CONGRESS IS UP TO.)
4. AN END TO WITHHOLDING - WHICH WOULD GO A LONG WAY TOWARDS PAYING SOME OF THE NATIONAL SALES TAX.
5. 1% EXTRA COULD BE ADDED TO THE AMOUNT NEEDED FOR THE AUTOMATIC REDUCTION OF THE NATIONAL DEBT.
6. NO INCOME TAX, NO CORPORATE TAX, NO GIFT TAX, NO ESTATE TAX, A REDUCED I.R.S. FUNCTION.

MONEY WOULD BE DRAWN TO THIS COUNTRY LIKE A MAGNET, EVERYONE WHO WANTED TO WORK, COULD WORK,

THE FACT THAT THIS IDEA SEEMS LIKE A PANACEA SHOULD NOT DETER THE AMERICAN PEOPLE FROM KEEPING AN EYE ON CONGRESSIONAL BIG-SPENDERS.

WE SHOULD STILL IMPLEMENT A LINE-ITEM VETO OR A BALANCED BUDGET AMENDMENT AND MAYBE BOTH.

THE IDEAL SOLUTION WOULD BE A LINE ITEM VETO FOR A REPUBLICAN ADMINISTRATION, AND A BALANCED BUDGET AMENDMENT FOR DEMOCRATIC ADMINISTRATIONS, BUT THAT WOULD BE UNCONSTITUTIONAL.

I'D LOVE TO SEE SUCH A DEBATE, CAN YOU ARRANGE IT?

I'VE ALREADY ASKED TED TURNER TO SCHEDULE SUCH A DEBATE ON CNN - NO ANSWER, YET.

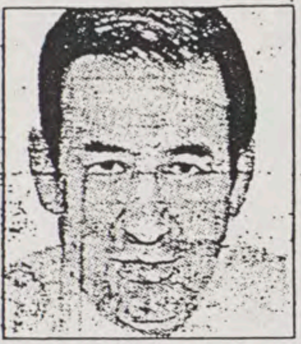
HOPING TO HEAR POSITIVE RESULTS:

I REMAIN

[redacted]

DIVIDING LINE

Federal sales tax: Idea of the decade?



PATRICK J. BUCHANAN

AS the tax revolt was "the" idea of 1978 and 1980 and term limitations "the" idea of 1990, a popular movement to abolish the federal income tax could be "the" idea of the decade.

Mid-April is not a bad time to get a receptive hearing.

First, some history. Until 1913, the federal government ran entirely on tariffs and fees. In those 13 decades from 1789 on, we went from being a small farming country to become the greatest industrial power on earth — with growth rates unequaled since.

In 1913, after passage of the 16th Amendment, a federal income tax was imposed. It amounted to just 1 percent for incomes in excess of \$3,000 (\$4,000 for married couples), with small surtaxes up to 6 percent on incomes from \$20,000 to \$500,000, the filthy rich.

By 1950, an average U.S. family of four still sent only 2 percent of its income to Treasury. Last year, however, the feds were taking 24 percent, which helps explain the Reagan Revolution.

Comes now an idea for total abolition of the federal income tax, not only on individuals but on corporations, and of estate and gift taxes as well. Cost to the Treasury, as of 1990: \$558 billion. How could the feds recoup that immense sum? Simple. Impose, at the retail level, a 16 percent federal sales tax. Since goods and services exceeded \$3.5 trillion last year, that 16 percent sales tax would fully compensate the U.S. Treasury for what was lost.

While the idea is at first a shocker, consider the benefits.

As consumption, not savings, would be taxed, the U.S. savings rate, an anemic 3 percent in 1988, would explode. Individuals who salted money away in banks, bonds and stocks would see it pile up, untaxed until they took it out and spent it.

Corporations would not only have \$100 billion more in saved income taxes for research, production and marketing, they would have access to hundreds of billions more in a vastly enlarged U.S. savings pool.

Since the corporate income tax, 34 percent, would no longer have to be factored into prices, U.S. goods would compete more favorably with imports. Subsidiaries of foreign firms, which now pay an average of 1 percent in corporate income taxes, would be required to compete on a level playing field.

Foreigners buying our products and tourists visiting the U.S. would begin contributing to the U.S. defense budget. Illegal aliens would also begin contributing — on a par with U.S. citizens.

The IRS, 94 percent of whose work involves income taxes, could be virtually shut down. Some 5.3 billion manhours spent filling out income tax forms (at \$10 per hour, that's \$53 billion) would be saved. The underground economy which evades taxes on unreported transactions could not escape the 16 percent sales tax at the grocery store, restaurant, department store or auto showroom. A hundred billion in lost federal revenue would be captured.

The feds would not have to bother harassing waitresses for what they think was their tip income; the ladies would simply pay their federal taxes at the department store counter, with no hassle.

We would not have to gab about tax simplification; we would have it. Small business, already set up for imposing sales taxes at the state level, would see accounting expenses disappear.

Tax collection would be a piece of cake. Hundreds of thousands of IRS agents, tax lawyers, accountants could be released for more useful work. D.C. lobbyists who spend their days devising loopholes, congressmen whose PAC money depends on giving and withholding favors in the federal tax code, would become superfluous men.

Workers would take home all the money they earned, and hard workers all their overtime. Both would feel it each time they paid federal taxes; both would know whom to blame.

The tax on work in the U.S. would be reduced to zero, on savings to zero, on investment to zero, making America the most attractive nation on earth to work in, save in, invest in. Foreign capital would flood into the United States, creating millions of new jobs.

> **Foreign capital would flood into the United States, creating untold millions of new jobs**

Among the losers:

First, the ideologues who believe the federal tax code should be used to redistribute wealth and income would be out of business.

Second, organized crime and professional cheats who now evade taxes by not reporting income. The mobster who pays no tax on his sale of 10 kilos of cocaine could not avoid that 16 percent federal sales tax when he bought his Porsche, his power boat and his pool house.

Third, bureaucrats would lose power over the lives of citizens that is theirs by virtue of their intimate knowledge of the wealth and income — and sources of same — for every one of us.

Who would resist?

Well, since a steep progressive income tax was one of the ideas advanced by Karl Marx in his "Communist Manifesto" — for destroying the bourgeois — his closet followers would fight to the bitter end. For the social levelers, a proposal to replace the federal income tax with a federal sales tax is The Little Big Horn.

One political problem comes to mind: As the poor, thanks to the Reagan tax cuts, do not pay federal income taxes, and the working class do not pay at 16 percent, they would at first appear to be net losers. This would have to be dealt with.

But consider the upside. An economic boom — with no more audits, no more having to store vast records, no more having to answer indecipherable computer-written IRS letters, no more April 15. Free at last! For information, write Citizens for an Alternative Tax System, Glendale, Calif., 91207.

NO MORE WITHHOLDING HELPS PAY THE SALES TAX!!!

The Date of this Article is 4/17/91, YET I HAVEN'T SEEN OR HEARD ANYTHING OF THIS IDEA DISCUSSED IN THE 2½ YEARS SINCE IT WAS WRITTEN. WHY IS THIS? GOVERNOR "MOONBEAM" DID MENTION A CONSUMER BASED TAX BUT HE NEVER DID PRESENT A COHERENT PLAN! [redacted]

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