

## H.R. 4191 Let Wall Street Pay for the Restoration of Main Street Act And The 1% Temporary Tobin Transparent Total Transaction Tax

In Support of:

Senate Majority Leader Harry Reid

Speaker of the House Pelosi

Senator Harkin

Senator Sanders

House Ways and Means Chairman Rangel

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US Representatives DeFazio, Arcuri, Perlmutter, Braley, Sutton, Filner, Perriello, Welch, Hare, Kagen, T. Ryan, A. Hastings, Schakowsky, L. Davis, Hirono, Rahall, Stark, Cummings, Hank Johnson, Grijalva, D. Edwards, Shea-Porter  
Honourable Madams and Sirs

This is a bi-Partisan letter of Transaction Tax support for the future prosperity of our country.

In 1980, while in the middle of a decade with Merrill Lynch and half a decade teaching Finance by Academic Senate appointment at Stanford University, I was invited to serve as a Member of the Reagan Task Force to reduce tax rates and increase compliance, tax revenues and productivity for our then world-leading economy. The Japanese economic miracle was on everyone's minds.

In 1993, after capital formation research at Templeton Oxford, founding Stanford Capital Investment Banking, starting a medical device company taken private for \$11.4 Billion and participating in the White House Conference for Small Business, I submitted testimony on Replacing the Income Tax, which was published by the Ways and Means Committee. By that time the Japanese sun had begun to set because of Banking Debt Bubble Problems and the Chinese Sun was rising in part because of manufacturing, technology transfer and trade advantages we gave them.

In 2009, with The USA GDP surpassed by the EuroZone, I learned Congress is again considering a form of the Transaction Tax that existed from 1914 to 1966 and was doubled during the Depression in 1932 to successfully deal with generational economic challenges.

Pundits pronounce the Transaction Tax a long shot, as the usual suspect studies financed by Wall Street Bankers and Brokers are again trotted out and widely editorialized with little empirical veracity. In fact, Adam Smith before 1776 verified as Commissioner of Customs that reducing taxes raised tax revenues and productivity.

TT support from such successful investors as Warren Buffett and John Bogle who founded the low-cost efficient Vanguard Funds corrects widely disseminated disinformation. De facto long-existing custodial exchange SEC fees and real estate transfer taxes put to rest specious counter arguments to the TT.

Nobel Laureates Keynes, Tobin, Stiglitz and McFadden supported the Transaction Tax for a fundamental reason. They desired to

replace destructive casino speculation with productive free enterprise that balanced the budget. In 1987 and 1989, Clinton Treasury Secretary and President Obama's Director of the National Economic Council wrote two papers in support of the Transaction Tax, one with his wife.

What better way to prosper all than to allow people to keep 99% of what they produce and grow the real economy, thus increasing the tax base?

Please note that while I support the Transaction Tax, I think Congress may be thinking too small for once. How would Congress really like to Save and Serve America with a Real Patriot Act?

We presently enjoy the transparent technology and enough annual financial transactions to retire all other taxes and debts with a temporary 1% (.01) Constitutional uniform tax. I say temporary, because once the debts are paid down and the budget balanced with exponential productivity increases, the 1% TT can be reduced in stages to one mil (.001) and then one basis point (.0001).

Productivity increases from a 1%, 1 mil and 1 basis point transaction tax will liberate capital and prosperity as never before. Or we can keep trying the old tired tax rostrums that got US where we are now, in deep debt and danger of default.

Although Congress and the Supreme Court in the past had problems with across the board spending freezes, perhaps Congress, Courts and the Executive Branch can find a way to regain public trust by implementing the 1% TT with a Holiday on All other Taxes and Emergency Spending Freeze until debt as a percentage of the economy GDP begins to decline.

At this point, it makes good sense to review what can be actually be fixed in our present tax system by the 1% TT.

First, enormous man hours and monies are lost complying with a punitive tax code longer than the Bible and more confusing. The majority of IRS employees cannot give consistent correct answers to many tax issues, leading to unproductive legal disputes. The IRS has been abused as a political weapon of cash destruction.

Second, Corporations and Wealthy Individuals lobbied the tax code with foreign emoluments to eliminate competition and line their purses. They bought tax credits, rulings and created tax-exempt entities that did not always benefit the silent majority.

Two Treasury Secretaries and Speakers responsible for the IRS avoided personal taxes with special interest legislation. Some corporations complaining about 35% US corporate tax rates being the highest in the world, paid no unitary tax on foreign subsidiary income as American citizens do, and had effective tax rates in the low single digits, or even received tax refunds while reporting record profits on Wall Street.

Third, we see in the 2010 Federal Budget that Corporate Banks and Brokers do not pay their fair share. In 2010 the President expects American Citizens and small businesses to pay \$2 Trillion in income and payroll taxes, while Corporations pay \$222 Billion. This is 9 to 1 inequity is the sort that creates market crashes and revolutions.

Is it not proper that Banks and Brokers who eliminated protective regulations like the 1933 Glass Steagall separate business from speculation to correct the same financial errors that caused the Great Depression?

Is it not right that Banks and Brokers who passed their taxes on to American Citizens be required to pay their fair share now?

The City and Wall Street created Casinos. They poofed \$604 Trillion in exempted, unpriced, unregulated, unsecured, untransparent Over-The-Counter derivatives. They encouraged Congress to borrow and spend the Social Security Trust, \$12 Trillion so far to cover \$106 Trillion in unfunded government agency mandates.

These unfounded mandates facing Congress and our Country include Environment, Healthcare, Mortgage and Pension guarantees and Social Security. Is it not right that Banks and Brokers who financed this mess and were bailed out by the very same people hurt most by it, support our America as good corporate citizens?

Not one voter in a million might object to the truth that after receiving record profits and bonuses while destroying the economy and ruining employment, Banks and Brokers that control the majority of the economy must pay not just 10% of taxes, but a better share.

Elected officials from Jackson to Lincoln to Roosevelt to Wilson to Kennedy to Obama and others ran against the Money Trust.

Now Congress has a brilliant opportunity to do something about it by saving our country with the 1% TT.

Sincerely,

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Documentation available upon request.