

VASTLY DISCORDANT WAGES & PROFITS

CASE FOR FAIRER PROGRESSIVE TAXATION

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“The country demands bold, persistent experimentation. It is common sense to take a method and try it: If it fails, admit it frankly and try another. But above all, try something.” So said FDR at the depth of the Great Depression, recognizing the difficulty in proposing reliable, concrete economic plans to go by, in May 1932.

And as a testament to the great complexity of economics, a puzzled President Truman (1945-1953) quipped, “I need a ‘one-armed’ economist!”

“In my years of polling, there has never been an issue such as the deficit on which there has been such a consensus among the public about its importance – and such a lack of agreement about acceptable solutions.”

Andrew Kohut, Pew Research, June 2012

Capsule Summary of the Book

This proposal is far from revolutionary, if implemented along these lines, the ***tax-burden on the very rich would be only modestly higher, far less than before the Reagan era.*** And inequality would *eventually* be substantially reduced.

Our grasp of how the system of taxation works is grossly inadequate. For example, with a top state income tax rate of 13.3% in California, but only 6% in Missouri, the majority of Missourians actually pays at a higher rate in state income tax than the majority of Californians do. For single-filers, on taxable incomes up to \$18,371, or for joint-filers up to \$36,472, the rate is only 2% in California. The 6% rate is only over \$57,990, for joint-filers and about half of that for single-filers. Whereas, in Missouri both for single and joint-filers, the top rate of 6% starts on taxable incomes over \$9,000! The estimated, U.S. median household income for 2015 was \$55,775, for California it was \$64,500 and for Missouri, it was \$50,240 <<https://www.census.gov/content/dam/Census/library/publications/2016/demo/ac-sbr15-02.pdf?>>

And Ronald Reagan offered a justification when he cut the federal income tax that John F Kennedy proposed to cut income taxes to spur growth. JFK proposed to cut the top rate from a “confiscatory” 91% to 65%, whereas, Reagan cut the top rate from 70% to 28%. And even now, many conservatives, either naïvely or cleverly cite “JFK-tax-cut” to propose massive tax-cuts.

And ***incomes often lack a rational basis;*** they are largely ***‘lucks of the draw’, not unlike intellectual and other gifts like place of birth, heritage, ethnicity and gender, one is endowed with.*** For instance, for his socially unimportant job, Steven A Cohen made \$2.3 billion in 2013, as a hedge fund manager. He

had to pay \$1.8 billion in 2013, in criminal and civil penalty, for “insider-trade”-related activities (which led to the conviction of eight of his traders), still netting \$500 million. Whereas Capt. Sullenberger, who probably saved all the 155 lives aboard by skillfully landing a crippled plane on the Hudson river on January 15, 2009, was paid around \$120,000. Both probably paid income tax at about the same rate! Such vastly unjust taxation should be corrected.

In the post-war 1940s the **top 0.01 percent income earners paid 55-60%** of their incomes **in federal income tax, which dropped** all the way down **to 22% by 2005!** The top federal income tax rate was around 90% between 1942 and 1963, and at least 70 percent until the Reagan era when the top rate fell all the way down to 28 percent. In 1988 any household making over \$60,000 in 2015 dollars (\$30,000 in 1988 dollars) had to pay just 28 percent on that portion of taxable incomes and 15 percent below that, which was a huge windfall for high income groups and hardship for lower income groups, resulting in rising inequality, which hasn't yet abated.

An unanticipated consequence of high-income tax-cut was that white-collar crimes drastically rose since the Reagan era because if you bend the rules a bit you would get to keep some 42 percent more of what you made with such “bending,” leading eventually to breaking rules and laws; Michael Milken, who made \$550 million in 1987, et al. ended up in prison, a “curse in disguise?” For too many top income groups, the benefits of Reagan-Bush tax-cuts were an illusion. Either it led to irresistible temptation to bend and break laws, not unlike the popularity of oxycodone leading to the rise in opiate-abuse with too many fatalities, or because of peer-pressure, or pure guilt, they pledged to donate “at least of their fortune,” to charities.

A majority of Americans are for raising taxes on the rich, including many multimillionaires though a **sizeable minority** in all income groups **now** has an instinctive aversion to a tax-hike on anyone. I would say this aversion is from a lasting impact of Ronald Reagan's powerful words. Paradoxically, **Reagan raised Californians' taxes to triple the state revenue in his eight years as governor!**

I would propose to raise federal income tax rate **to 50 percent** (from 39.6 percent) **on the top 0.1 percent** and at least temporarily based on some well-constructed formula to **70 percent** on the **top 0.01 percent** in household incomes; **the superrich would still pay at the current rates on almost all of their initial 99.9 percent incomes.**

I would further propose a **payroll tax-cut to 1 percent** on the **first \$10,000** and to **2 percent** on the second \$10,000 by which the **low and middle-income groups would receive a sizable federal tax-cut.**

And the top 10 percent in household incomes could and should pay at the Clinton era levels. I would also propose to **eliminate the cap on payroll tax, but to cut to 1 percent on over \$250,000**, or so in incomes at 2016 dollars-value. Social security solvency then could be indefinitely extended without significant additional tax burden on **almost** any; today's youngsters could then feel social security would be there for them.

Also, a \$15/hour minimum wage to be adjusted for inflation at 2016 dollar, partic-

ularly, for **U.S. born adults** who have paid four quarters in payroll tax, with federal subsidy as needed. Employers ought to be offered \$1-5/hour in federal subsidy, as an incentive to hire employees with criminal record, to reduce recidivism. It is hard for people with criminal record to get a job, driving too many of them to return to criminal activities.

[Thomas Piketty impressively explains the nature of inequality. He proposed an 80 percent income tax rate on over about \$1 million, as well as a (global) wealth tax to reduce inequality. This is a little too utopian, and probably unsustainable even if implemented, as the 91 percent top marginal tax rate of the Eisenhower era probably led eventually to the Reagan revolution to drop the top marginal rate all the way down to 28 percent. A more dramatic example is the 20th century rise and fall of Marxism, with disastrous consequences during both phases of that revolution from excesses.

In 2011, Robert Reich's "proposal to raise the [top] marginal tax to 70 percent on incomes over \$15 million" was ridiculed by many conservatives. In 1981, that 70 percent rate was on over just \$562,000 in 2015 dollars.

Joseph Stiglitz, much like Paul Krugman, feels that the top marginal rate should be "at least 50%," preferably higher but "not 91%."

With the proposal given below only the top 0.1 percent households' federal income tax would moderately rise. And all taxpayers would pay at the current rates on almost all their initial 99.9 percent of incomes.

Low and middle-income taxpayers would substantially benefit from the proposed, payroll tax-cut on the first \$20,000. The higher revenue from this would be in the tens of billions annually, for higher spending as president-elect Trump is proposing. The higher revenue could also be used to improve safety net measures, to ease the suffering and hopelessness of inner city black, as well as rural white folks. The latter's despair helped elect Donald J Trump.

It may also have been his charisma and the force of his personality, despite all the mistakes he made, that helped him to easily beat all his 16 Primary opponents as well as a formidable Hillary Clinton, albeit barely. If Trump had to face George W. Bush, instead of Jeb Bush in the Primary season, he might have had a much harder time.]

***PREFACE (Following is also a fair summary of the book)

James Meade, a Nobel Laureate in Economics (1977) aptly said, paraphrasing, "The frontiers of knowledge when it comes to economics keep expanding at such a rate that it is almost impossible to establish a soundly based understanding of the entire subject and its ever evolving parts." This sentiment is hardly shared by many who make a lot of noise by speaking and writing about economic issues.

And Frederick Hayek, in his 1974 Nobel Lecture said, "We have made a mess of things," regarding the economists' failure to provide satisfactory economic policy recommendations for politicians/statesmen to undertake. He even said that unlike physical and natural sciences, economics is too imprecise to deserve a Nobel Prize.

The science of monetary issues, economics is extremely complex. And very often it is difficult to craft economic policies to benefit the populace at large while not causing significant harm in the near future, or substantial harm in the distant future.

Several years ago, when I planned to write this book, it was with considerable trepidation, because the topic is economics. I am a psychiatrist by profession¹, though since 1991 I have been working only part time; now I am completely retired. If I could add, although more and more behavioral scientists are recognizing *its* extreme complexity, too many rank and file clinicians in the field seem to think psychiatry/psychology/behavioral science is quite simple, and easy to practice and opine about various behavioral issues!

At the same time, both economics and behavioral science are extremely important; human welfare to a substantial extent depends on both. ***Understanding, realizing and accepting and acknowledging this complexity would greatly help us.*** And both professional economists and behavioral scientists, especially clinicians, I think ought to be more humble. They ought to view both topics ***with continuous skepticism***, as they could easily go wrong, ensuing even disastrous consequences.

And economists ought to be prepared to amend their policy recommendations, from time to time. And on our part, ***we shall not be that critical of economists, unless we believe they recommend an economic policy mostly to benefit a certain segment of the population, at the expense of most others. The wrongheaded tax-cuts for the rich, as Ronald Reagan and George W. Bush did, might not have been malicious as both men have been decent and principled. They may have been misled by clever advisers who crafted the “supply-side” economic policies with an assumption that cutting taxes on the rich would stimulate the economy thereby the net revenue could even be higher.***

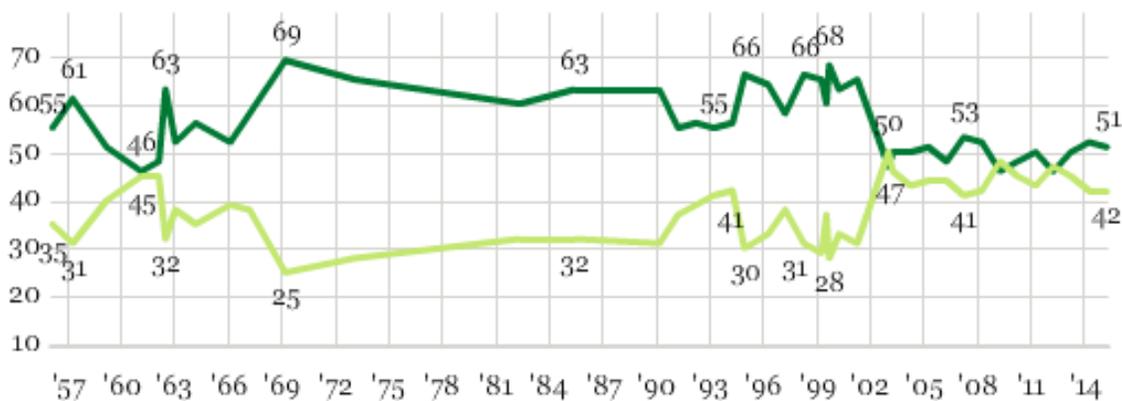
Furthermore, all seventeen 2016 Republican Presidential candidates have “proudly” proposed tax-cuts on the affluent; they were even trying to outdo each other apparently expecting to convince the voters that the greater the tax-cut and the smaller the government the more impressed the voters would be. But their tax-cut proposals impressed only vocal conservative pundits. They went for Donald Trump because of his strength, charisma and natural dominance, despite his bulging faults such as poor impulse control, overt sensitivity, irritability and poor frustration tolerance with erratic tweets and habitual use of superlatives to say or describe everything, especially about himself.

But the tax-cuts, enacted by Reagan and George W. Bush, expecting higher growth and creating more jobs, I would argue neither did they create many jobs, nor did they benefit many, but greatly hurt the poorer sections of the country while creating burgeoning deficits and bulging national debt. On the contrary, during the 1950s and 1960s, as well as during the 1990s, and also recently, when the federal individual income taxes were higher, on higher incomes, job creation and growth have been substantially higher.

The supply-side economic policies have had and continue to have disastrous effects on the welfare of humanity by unnecessarily shrinking the financial needs of the less fortunate, even depriving the survival necessities of the poor, especially in Third World regions. The worldwide popularity of supply-side economic policies have been arguably a main cause of rising inequality. But influential Republicans continue to have a blind, unimpeachable faith in tax-cuts for the rich, although such tax-cuts were anathema in the FDR-Eisenhower era! I would argue this assumption has been from the sheer impact of Ronald Reagan's personality! And that the Republicans of 1950s and 1960s were still under the spell of FDR, who raised the top marginal rate to 94 percent; he was actually asking for 100 percent beyond about \$4 million in current dollars!

Do you consider the amount of federal income tax you have to pay as too high, about right, or too low?

■ % Too high ■ % About right



GALLUP

As the title shows, despite a universally prevailing notion that wages and “profits” (other incomes and resultant wealth) are based on some rational and predictable factors, such as the free-market system rewarding people for what they are worth, or deserve, ***incomes often do not have that much rational basis; to a substantial extent they are ‘lucks of the draw’², not unlike intellectual and other gifts including, place of birth, heredity, ethnicity and gender one is endowed with, and paraphras-***

ing **Warren Buffett**, the third richest person in the world, in 2016.

So much so, it is immoral, for high-income groups not to pay higher rates of taxes to mitigate, not eliminate, the resultant economic inequality. How high such rates ought to be is of course debatable, and should be open for rational discussion. (If I may interject, ***income and wealth inequality to a significant extent is not that consequential to human welfare as other forms inerascable inequality*** based on age, gender, mental and physical health, looks and intelligence, race and a nebulous factor, likability – the immense contrast in likability and charisma between George Bush-41-and-43 is almost entirely innate. And Jeb Bush was no match to George W. Bush, but fairly on par with George HW Bush, I believe, despite that G.W. Bush was known to be an intellectual lightweight as well as not very industrious or curious, while Jeb Bush and GHW Bush have been considered sufficiently gifted at intellectual, as well as industriousness level.)

Incomes from sources unrelated to work based on one's wealth such as "rent-seeking" most often are treated as capital gains and are taxed only at 20 percent rate (15 percent until 2012). Then wage-like incomes hedge fund-managers make as commission, up to in \$billions, not \$millions, are treated as the so-called "carried interest" also is taxed like capital gains income. (Steven A. Cohen paid a total of about \$1.8 billion in "criminal" (and civil) penalty in 2013, for "insider-trade-related activities," but he made \$2.3 billion in 2013; he could laugh at the powers to be that the \$1.8 billion was just a [high] "business expense" for 2013. His net income for 2013 would still be about \$500 million, about 8,000-fold (800,000%) higher than the median household income for 2013 in the United States, of about \$62,500. And John Paulson, another hedge fund manager made an astonishing \$4.9 billion in 2010, "by using credit default swaps to effectively bet against the U.S. subprime mortgage lending market." That was on top of nearly \$4 billion he made in 2007 <https://en.wikipedia.org/wiki/John_Paulson> accessed on February 14, 2016; he may not have paid much more than 15 percent in federal income tax on that \$8.9 billion income!)

I have proposed to raise the marginal (federal individual income tax) rates of the top 10 percent in incomes back to the Clinton era levels. To nullify or at least compensate the higher tax burden on the say, top 91st to 98th percentiles in incomes, the payroll tax rate should be cut to 1 percent on the first \$10,000 in incomes and to 2 percent on the second \$10,000 on all incomes. The cap on payroll tax should be eliminated but reduce it to 1 percent on over \$200,000, or so.

There is a fair amount of means testing on Social Security benefits already. It

would be too much of a tax burden on high-income taxpayers who have been used to paying nothing in (social security) payroll tax, on over \$118,500 for 2015, and ***moderate payroll tax reduction at high end in incomes, as at low end would only be fair*** (If I may add here, ***no radical changes in taxes*** are proposed here). ***This lifting of the cap would offer the youngsters a sense of security that Social Security would be there for them, which many do not now have***, one reason why many youngsters, who are more often affluent, and also think they are smart enough, justifiably or not, would go for privatization of Social Security.

Two additional higher rates ought to be levied on the top 0.1 percent in incomes to 50 percent, and on the top 0.01 percent in incomes to 70 percent (about \$5-6 million and \$24-27 million respectively). Both are far, far less than the 70 percent top rate paid, after more generous deductions, on over \$216,000 in 1981 (about \$600,000 in 2016 dollars) or the 91 percent rate on over \$200,000 plus (about \$2-3 million in 2016 dollars during the entire Eisenhower era!)

When John F Kennedy proposed the top marginal rate to be reduced to 65 percent in 1962, both Republican and Democratic lawmakers vehemently opposed it. After JFK assassination, Lyndon B. Johnson managed to persuade the Congress to reduce the top rate from 91 percent to 70 percent!

Gradually but steadily rising federal gasoline tax and a Wall Street Transaction taxes are also necessary. But taxes on corporate profits may have to come down to about 25 percent to be competitive in international marketplace. Here also a good deal of progressivity is necessary, such as cutting taxes on airline tickets and raising on pharmaceutical company profits to modestly at least bring down drug prices, and to protect airline companies from “repeated bankruptcies,” and to get them pay higher wages for, say commuter airline pilots, whose pays are deplorable, and dangerous as well.

The ***pricing of (patented) drugs and airline tickets*** has been a stunning ***paradox when both simultaneously*** take place ***in the U.S.*** capitalist free-market ***system!***

Footnote #1: Before entering the medical school, I had profound interest in politics, by extension in economics. Since I was about 20, I happened to believe that the concept of “progressive taxation,” if it can be *implemented* adequately, and equitably, could go a long way to building a reasonably ideal society, (only) from an economic perspective, as more typically in the present day Scandinavian countries or, even more universally with limited resources, as in Cuba. Ever since then, I checked and rechecked continually about the validity of this concept. As decades went by, my belief in the unique power of ‘progressive taxation’ has only been reinforced. And many prominent economists, including Nobel Laureates in Economics, share this view.

The New Deal and continued heavy progressive taxation probably have been an important catalyst for America to become strong as well as great, which also made America a little arrogant, to do mischief abroad, such as sacking Patrice Lumumba and helping to install a most ruthless dictator in Joseph Mobutu. He plundered and mismanaged that potentially very rich country. An estimated 5 million Congolese were butchered to death in the aftermath of Mobutu's misrule.

Large-scale rape has also been a weapon <<http://www.nytimes.com/2012/12/16/sunday-review/congos-never-ending-war.html>>: ***“Congo has become a never-ending nightmare, one of the bloodiest conflicts since [World War II](#), with more than five million dead. It seems incomprehensible that the biggest country in sub-Saharan Africa and [on paper one of the richest, teeming with copper, diamonds and gold, vast farmlands of spectacular fertility and enough hydropower to light up the continent, is now one of the poorest, most hopeless nations on earth. Unfortunately, there are no promising solutions within grasp, or even within sight.](#)*”**

I felt I have been reasonably good at seeing things from different angles, from a 'distance' and then formulating theoretical constructs on topics. And I have done so on *too many* topics. But putting down those constructs cogently, as I saw them have been quite difficult. So I habitually expressed them awkwardly. And periodically I had strong doubts about my own sanity.

From my teenage years on, I had an extraordinary confidence in my intuitive reasoning ability; a fair dose of my innate grandeur, which led me to write this book on a most nebulous topic, economics, may also be because of that. Then again, I have come to realize that many Indians are by nature a little too grandiose, and unrealistic in their expectations, while lacking, terribly so in industriousness, as I have always been lazy and known to be late for just about everything. That way, I am not too different though I used to feel I have been an atypical Indian. I have also come to realize that whatever creative juice I may have, it doesn't seem to reach all nooks and crannies in that my reasoning process and its products may have some lacunae, blind spots. That may well be a main reason why I have been quite unimpressive almost all my life; I also believe I have been unlikable to a great extent.

Footnote #2: Warren Buffett strongly advocates raising the federal individual income tax rates, so is the world's richest person Bill Gates, though less vociferously. Gates was worth about \$25 billion more, at about \$100 billion over seventeen years earlier (*The New York Times*, July 1999). Bill and Melinda Gates gave away some \$30 billion through the Gates Foundation, where Bill's father is a co-chair, and has played a major role in directing the foundation's projects; they have pledged to give away about 95 percent of their wealth for charitable endeavors.

Buffett used to say he only knew how to make money but not to give it away to benefit the needy, until he came across the functioning of the Gates Foundation. Buffett's late wife and children also have supported his decision to give away most of his wealth (99 percent, according to his will) to deserving charities, as of now mostly to the Gates Foundation, which he determined to be the best in managing and disbursing funds to the world's 'neediest'. On December 1, 2015, [Mark Zuckerberg](#), the co-founder and chief executive of [Facebook](#) pledged that he and his wife would give 99 percent of their [Facebook](#) shares “during our lives” — by October 2016, about \$50 billion — to charitable purposes. The “patriotic millionaires” are making a concerted effort to have taxes raised on people who make over a million. They also propose a living minimum wage of \$15 an hour.

(An irony here is that many, about a majority of the very rich are planning to give away much of their wealth to charities. But usually they have been for tax-cuts, to enable them to amass wealth. Had they been, as Buffett is, for higher progressive taxation, millions who work up to 60 hours a week and still struggle to make ends meet, could have avoided so much misery, by getting a lot better earned income tax credits, and so on!)

Though rich people ought to be allowed, and encouraged to allocate as much of their income and wealth to any legitimate charity or not for profit endeavors of *their choice*, it would be a lot better if they don't need to, if *all* of them are taxed adequately, say as in Denmark so that "the guardians of societies," the respective governments, used *most* of the revenue for the greater good of societies (rather than spending on self-aggrandizing projects, such as building palaces and monuments or grand military adventures, as dictators have engaged in from time immemorial).

Besides, as governments waste, many charitable donations rich people make do not have that much social value, unlike what the Gates foundation, or the Clinton Foundation <<http://www.politifact.com/global-news/statements/2016/jun/15/hillary-clinton/clinton-clinton-foundation-helped-9-million-lower-/>> have been doing, or the "epoch-making" publically announced \$1 billion donation to the United Nations in 1997 by Ted Turner. Still, they ought to have the freedom to donate *any* amount, as tax-deductible, to any legitimate non-profit organizations, whether it is out of good will or from peer-pressure or for purely narcissistic reasons.

At various points, even staunch conservatives have advocated heavy taxation: "On March 19, 2009, the House of Representatives approved, by a vote of 328 to 93, a measure to levy a 90% tax on [bonuses awarded by corporations that were receiving more than \\$5 billion in aid](#), from the Troubled Asset Relief Program (TARP) fund" <http://en.wikipedia.org/wiki/AIG_bonus_payments_controversy>.

Although the State should meet all basic needs of its citizens, say as Denmark does, governmental machinery may not reach everywhere promptly. Neighbors and civic organizations ought to be expected and allowed to meet such needs and appropriately credited, as Americans have been quite charitable, also good at.

(A less appreciated fact in the U.S. is that the rank and file Republicans, but not some of their clever leaders [unlike the very charitable Mitt Romney], are substantially more charitable, conscientious and diligent than the 'garden variety' Democrats! - church-going people, i.e., more often Republicans, in the U.S. donate substantially more, as a share of their incomes and wealth than non-church-attending ones. *Romney did give away so much to charity, even if some of those organizations he supported may not be as beneficial to society compared with the Gates Foundation. [John Podhoretz writes](#) in the New York Post, September 22, 2012, "Mitt Romney has, in the past two years, paid almost \$5M in taxes while giving away \$7M. ... I'm perfectly capable of being critical of Romney. I did so the other day, and radio host Mark Levin called me a 'trash-mouther' who was 'giving aid and comfort to Obama'. ... [T]hese tax records leaves no doubt about one thing: Mitt Romney is an extraordinarily, remarkably, astonishingly generous man. A good man. Maybe even a great man. ... Anyone who says otherwise is ignorant, stupid or a liar."* <<http://nypost.com/2012/09/22/romney-the-giver/>>) → The italicized portion can go elsewhere, or deleted.

Furthermore, genuine democracy ought to be considered "incomplete" without being a welfare state, and that genuine/Fabian socialism also as incomplete without adequate democracy. Indeed what Franklin Delano Roosevelt's New Deal, and Mikhail Gorbachev's *Perestroika* and *Glasnost*, though the

latter failed to materialize, sufficiently offer enough support to such an argument. Tony Benn, UK's maverick Labour Party leader, saw "Socialism as the Culmination of Democratization." Indeed, Senator Bernie Sanders (I-VT), the 2016 Democratic Presidential candidate considers himself a (democratic) socialist! (I subscribe to Bernie Sanders's political philosophy)

In the Western and Northern European Countries, especially the Nordic region, this has become a reality. And much of the world has been moving towards socialism owing to a series of factors, including Karl Marx's ideology and Vladimir Lenin's charisma and the persuasive power of his words, as well as those of Franklin Delano Roosevelt and Mahatma Gandhi.

This powerful trend, however, reversed course since the 1980s, I believe, owing to the amazing persuasive power of Ronald Reagan's words and personality, resulting in the formation and impact of Reaganomics, which soon spread beyond the US borders, most damagingly, I believe to the Third World.

Alan Reynolds of the Cato Institute, expressing his profound admiration of Reagan, writes (*Concise Encyclopedia of Economics*, 1993), "[The] topic of marginal tax rates became the central theme of a revolution in economic policy that swept the globe. ... By the end of [1980s], more than fifty nations had significantly reduced their highest marginal tax rates. Neither Karl Marx nor John Maynard Keynes had so much influence on so many countries in so little time."

Ironically Reagan was no evil man; he was indeed a *New Deal* Democrat, before he was persuaded by a simplistic conviction that heavy taxation would dissuade hard work, perhaps from his accountant's advice not to work so hard as the fruits of it would mostly be absorbed by the State, when the top marginal rate was about 90 percent, which was unnecessary and "confiscatory." He indeed tripled California's tax revenue during his eight years as governor from \$2.9 billion in to \$8.6 billion (Bruce Bartlett, *The New York Times*, June 04, 2013).

1: refers to discordant remunerations, i.e., remunerations just happened without logic, mostly lucks of the draw, based on inherent assets/gifts one is endowed or blessed with, or lack thereof, such as IQ power as that of Michael Milken, heredity as of royalty, even skin color more typically as in Latin America, unrelated to effort intensity & risk as of coalminers, or value of work as that of Capt. Sullenberger, who was paid around \$120,000 annually, when he landed the plane on the Hudson river saving probably all 155 lives in 2009, as opposed to Steven A Cohen who was fined \$1.8 billion in 2013 in criminal and civil penalty, but made \$2.3 billion that year; the work sometimes maybe even counterproductive, as that of Wall Street Bankers just before Lehman bankruptcy in 2008.

2: refers to unjust taxation

3: refers to total taxes paid, including rising sales taxes, payroll taxes and other local taxes; too many low income households are also trapped in regularly paying huge interests, even well over 100 percent in interests to payday lenders, a form of indirect taxation, as they struggle to make ends meet.

4: suggestions on tax rates

5: discussion on closely related to taxation issues

6: discussion on other relevant, but not unrelated issues

7: discussion on the impact of leadership on various domestic (and international) issues including taxation and of rare leaders' far-reaching, seldom considered impact on the populace, even beyond the borders, owing to their enormous (mystique) charisma, complemented with their eloquence

8: potentially unforeseen benefits for the (superrich) taxed with this tax-reform proposal

9: popular misconceptions about taxes

10: on minimum wage

*INTRODUCTION

(*1 & 2*) The top 25 hedge fund managers together raked in close to \$100 billion for the five years from 2009-to-2013, not by the same 25 people, for their not very socially useful, if not harmful jobs, and then paying close to *15 percent* (20 percent plus 3.8 percent in Medicare tax towards covering Affordable Care Act costs, from 2013) in federal income taxes! (As said above, John Paulson made \$4.9 billion in 2010 as a hedge fund manager, on [not from] the pain of millions, by betting *against* subprime mortgages. Hundreds of thousands lost their homes, tens of thousands became homeless, while homeowners' equity dropped by half between 2006 and 2011 to an estimated \$6.3 trillion from \$12.8 trillion <<http://www.businessinsider.com/65-trillion-lost-one-house-at-a-time-2011-5>>.) "A Fall 2008 survey of 1,716 school districts nationwide was conducted by the National Association for the Education of Homeless Children and Youth and First Focus. Nearly all (95.4%) school districts reported increasing numbers of homeless students" <http://www.endhomelessness.org/page/-/files/2409_file_JUNE_23_FINAL_Foreclosure_to_Homelessness_2009.pdf>.

Footnote #3: <http://en.wikipedia.org/wiki/Rent-seeking>, accessed on September 24, 2014: "The expression '*rent-seeking*' was coined in 1974 by Anne Krueger*. The word 'rent' does not refer here to payment on a lease but stems instead from Adam Smith's division of incomes into profit, wage, and rent*. The origin of the term refers to gaining control of land or other natural resources. ..."

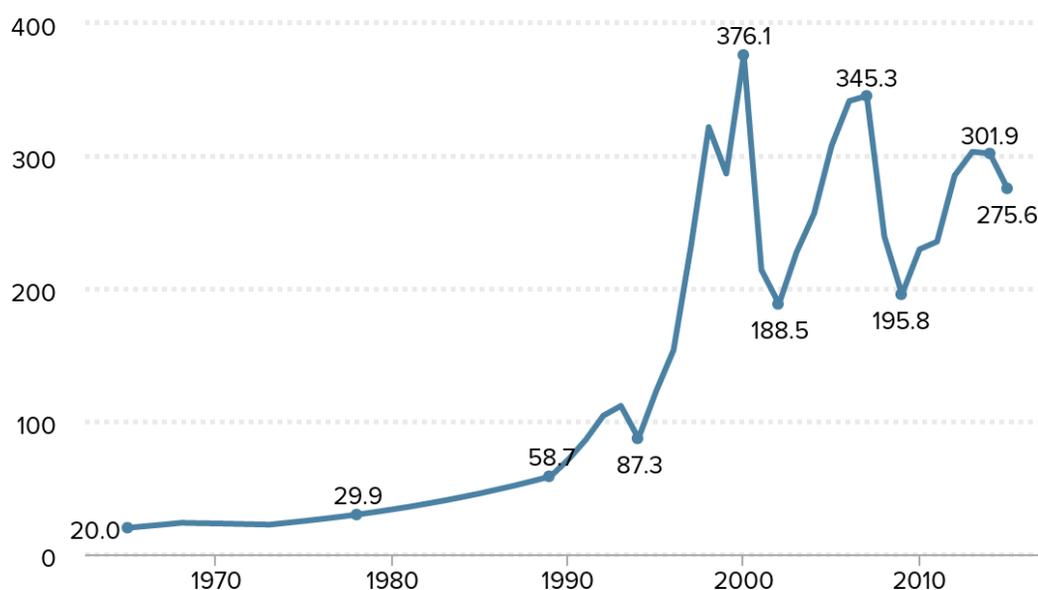
*"Rent seeking is an attempt to obtain economic rent (i.e., the portion of income paid to a factor of production in excess of that which is needed to keep it employed in its current use) by manipulating the social or political environment in which economic activities occur, rather than by creating new wealth. Rent seeking implies extraction of uncompensated value from others without making any contribution to productivity. ***The classic example of rent-seeking, according to Robert Shiller, is that of a feudal lord who installs a chain across a river that flows through his land and then hires a collector to charge passing boats a fee (or rent of the section of the river for a few minutes) to lower the chain.*** There is nothing productive about the chain or the collector. The lord has made no improvements to the river and is helping nobody in any way, directly or indirectly, except himself. All he is doing is finding a way to make money from something that used to be free.

In many market-driven economies, much of the competition for rents is legal, regardless of harm it may do to an economy. However, ***some [but not all] rent-seeking competition is illegal – such as bribery, corruption, smuggling and black market deals.*** Rent seeking is distinguished in theory from

profit seeking, in which entities seek to extract value by engaging in mutually beneficial transactions. Profit seeking in this sense is the creation of wealth, while rent seeking is the use of social institutions such as the power of government to redistribute wealth [and/or income] among different groups [e.g., to minimize the effect of exploitation of one group by another] without creating new wealth. In a practical context, income obtained through rent seeking may of course contribute to profits in the standard, accounting sense of the word'."

CEOs make 276 times more than typical workers

CEO-to-worker compensation ratio, 1965–2015



Note: CEO annual compensation is computed using the "options realized" compensation series, which includes salary, bonus, restricted stock grants, options exercised, and long-term incentive payouts for CEOs at the top 350 U.S. firms ranked by sales.

Source: Reproduced from Figure C in Lawrence Mishel and Jessica Schieder's, *Stock market headwinds meant less generous year for some CEOs: CEO pay remains up 46.5% since 2009*, Economic Policy Institute, 2016

Economic Policy Institute

http://www.epi.org/publication/ceos-make-276-times-more-than-typical-workers/?utm_source=Economic+Policy+Institute&utm_campaign=9dd2831d8c-EPI+News+8+5+2016&utm_medium=email&utm_term=0_e7c5826c50-9dd2831d8c-58001869&mc_cid=9dd2831d8c&mc_eid=1203e8d502

[http://www.amfar.org/About-HIV-and-AIDS/Facts-and-Stats/Statistics--Worldwide/Statistics:Worldwide:](http://www.amfar.org/About-HIV-and-AIDS/Facts-and-Stats/Statistics--Worldwide/Statistics:Worldwide)

- **Nearly 37 million people are now living with HIV.**
- **2.6 million are under the age of 15.**
- **In 2014, an estimated 2 million people were newly infected with HIV.**
- **220,000 were under the age of 15.**
- **Every day about 5,600 people contract HIV—more than 230 every hour.**
- **In 2014, 1.2 million people died from AIDS.**

- **Since the beginning of the pandemic, nearly 78 million people have contracted HIV and close to 39 million have died of AIDS-related causes.**
- **As of March 2015, around 15 million people living with HIV (41% of the total) had access to antiretroviral therapy.**

The Regional Picture: **Sub-Saharan Africa**: More than two-thirds (70%) of all people living with HIV, 25.8 million, live in **sub-Saharan Africa**—including 88% of the world's HIV-positive children. In 2014, an estimated 1.4 million people in the region became newly infected. Some **790,000 adults and children died of AIDS**, accounting for 66% of the world's AIDS deaths in 2014.

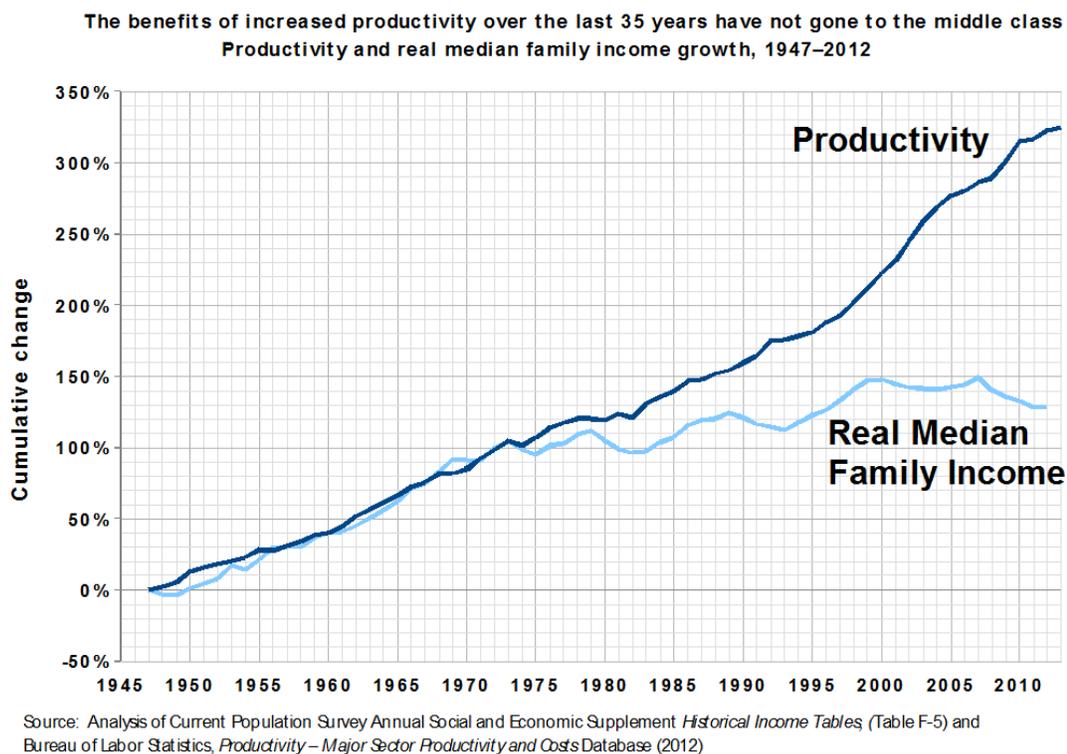


Fig.1a

Fig.

1b

https://en.wikipedia.org/wiki/Income_inequality_in_the_United_States#/media/File:Productivity_and_Real_Median_Family_Income_Growth_in_the_United_States.png

(*1*) Other than the lucky hedge fund managers, senior executives at big and some at smaller corporations also are getting fast rising monetary compensation packages, in that the difference between the average employee's wage and of the average pay package of the chief executive officer of the fortune-500 corporations has risen from about 30 times in 1966 to about 40 times in 1976 and to over 200 times in 2000s.

(*1*) Lawrence Mishel and Alyssa Davis of the liberal leaning Economic Policy Institute write (June 21, 2015), ***“Average CEO compensation for the largest 350 U.S. firms was \$16.3 million in 2014. ... Compensation is up 3.9 percent since 2013 and 54.3 percent since the recovery began in 2009. From 1978 to 2014, inflation-adjusted CEO compensation increased 997 percent, a rise almost double stock market growth and substantially greater than the painfully slow 10.9 percent growth in a typical worker’s annual compensation over the same period.”***

(*1*) Whereas, Captain Sully Sullenberger, who was being paid in the neighborhood of \$120,000, with the 40 percent cut from his earlier pay, may have saved all of 155 lives in the U.S. Air flight 1549 by skillfully landing in the Hudson River in New York City on January 14, 2009. Of course, he became a folk hero, which in itself is a huge reward. On the other hand, on December 28, 2014 pilot error was attributed to the loss of 162 lives, or lack of skill in handling the emergency situation, which was encountered before the crash of an identical plane when it fell into the South China Sea.

(*1*) Firefighters who are paid around \$45,000 may end up losing their lives in their attempts to save other lives. Three hundred and forty-three firefighters were killed in "9/11," hoping to save thousands of lives, in vain, from the World Trade Center on September 11, 2001. Nineteen Arizonan “hotshots” perished in fighting wildfires on June 30, 2013. Hundreds of police officers also routinely lose their lives in the line of duty. Hundreds of millions of soldiers have been killed and maimed over the millennia, often in futile wars, at the whims of their leaders, including narcissists like Hitler, Napoleon or Alexander the Great.

(*2*) ***As for unjust tax rates, the average of nationwide sales taxes in 2015 was 8.45 percent in 2015, which takes a huge (stealth) bite out of the spending power of the least fortunate - the bottom 20 percent pays seven times more as a share of their incomes in sales taxes than the top 1 percent does.*** This 8.45 percent rate is to be viewed against the 15 percent (federal individual) income tax on the \$billions as “carried interest” incomes of top hedge fund managers until 2012, a telling example of the reasons for the fast-rising inequality.

(*2 & 3*) The radical right, however, finds a way to justify such disparities in taxation by cleverly claiming that the total federal income taxes paid by the (top) “1 percent” are disproportionately far higher than the bottom 50 percent who pay close to nothing as federal income tax, ignoring the reality that some or many of them already know that

lower-income groups' "total tax bill," from their diminishing incomes is percentagewise not that different from the highest income groups (See Figures 15a and b)! Furthermore, from their meager incomes, ***too many at the bottom regularly pay sizable amounts as exorbitantly high interest, often far exceeding 100 percent, to "payday lenders," when they are "forced" to borrow money from them, as they struggle to make ends meet!*** The payday lenders in turn plough that windfall into the economy, creating some more jobs for their (modestly) luxurious life-style. And that very high interest paid by borrowers of payday lending is a form of (indirect) taxation.

(*2*) There is a huge disparity in social security (payroll) taxes, which are levied only on incomes up to \$118,500 in 2015 – even below poverty level earned incomes are taxed at the same rate of payroll tax! If "progressive taxation" has a *rational basis*, as has been the case for over 100 years, the payroll tax on the lowest income groups should be drastically reduced.

(*2 & 3*) Patricia Cohen writes, *The New York Times*, January 15, 2015, "According to the [Institute on Taxation and Economic Policy](#) study, ***in 2015 the poorest fifth of Americans will pay on average 10.9 percent of their income in state and local taxes, the middle fifth will pay 9.4 percent and the top 1 percent will average 5.4 percent.***" These regressive tax-rates ought to be reversed. However, to a modest extent, the effects of this regressive taxation are being reversed by earned income tax credit (EITC) the low-income workers, especially with children get. Encouragingly, even if it is a ploy in order to avoid raising federal minimum wage, Republicans are supportive of raising EITC, which is a very good gesture on their part.

(*4*) I would suggest to eliminate the cap on payroll tax, but, as said above reduce the rate to 1-2 percent beyond about \$200,000 at 2015 money value – there is already significant means-testing in social security benefits. This lifting of the cap would offer the youngsters of today a sense of security that Social Security would be there for them, which many do not now have. Further, the payroll tax rate should be reduced to 1 percent on the first \$10,000 for all income groups, and to 2 percent on the second \$10,000, at 2015 money value so that low-income groups would be much less burdened by payroll tax (Figure 3). Privatization idea of Social Security is good only mostly for those who think they could get by without it. And they tend to be reluctant, not necessarily opposed, to subsidize Social Security for the low-income people.

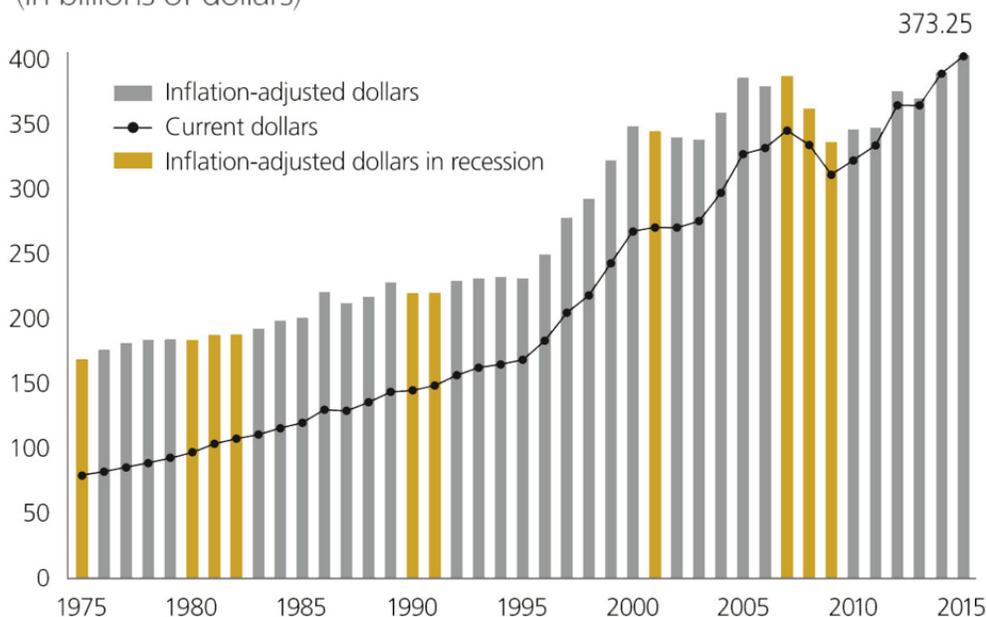
(*5*) As the title indicates, a genuinely ***progressive taxation, which I would ar-***

gue, has far-reaching benefits, in unexpected ways. Taxation has the potential to modify our behavior to the benefit of the entire society, including the taxed, as I explain below.

(*6*) (US billionaires have already pledged hundreds of \$billions to give away through the “billionaires’ pledge.” If the taxing and spending patterns were less draconian, they didn’t have to engage in this endeavor to benefit the society. ***It is also a reflection of the billionaires’ willingness to part with a sizable portion of their wealth, which they haven’t been required to, even if it is also substantially from “peer-pressure,” to fit in.*** “Americans gave \$373.25 billion in 2015 [to various charities].” <https://www.nptrust.org/philanthropic-resources/charitable-giving-statistics/>

Total giving: 1975–2015

(in billions of dollars)



SOURCE: Giving USA Foundation | GIVING USA 2016

(*6*) And over the centuries, the affluent have also been willing to part with a portion of their bounty to help the poor. At the same time, such voluntary sharing of their wealth has been far too haphazard, and far too short of the need to help the unfortunate to relieve their misery from inadequate purchasing power, and millions, even billions have perished owing to poverty-related causes³.

(*6*) Hence the system of taxation by organized societies has been instituted. Of course there has been gross abuse by the tax system. Narcissistic dictators have squandered the taxes collected from the populations under their control, by engaging in self-aggrandizing projects and on military adventures. And consequently as well, adding to the misery of the less fortunate.

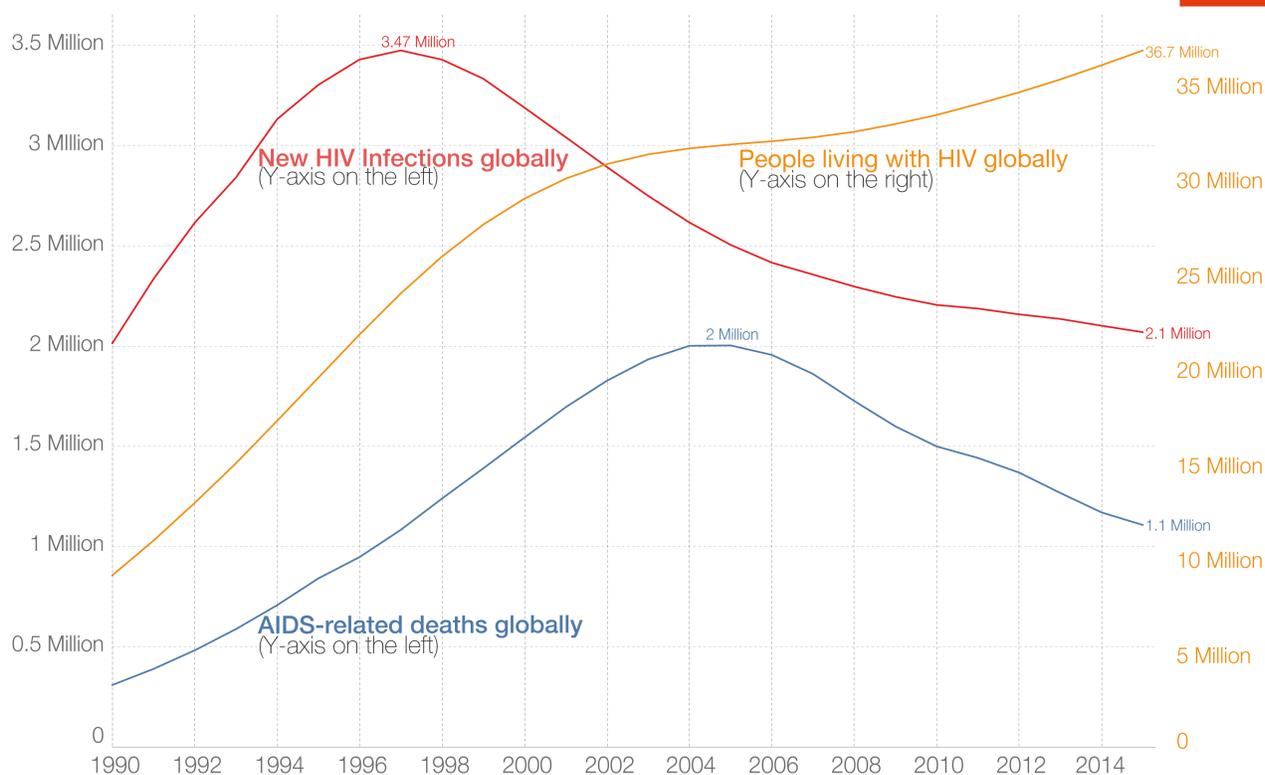
Footnote #3: ***A most horrific, but ignored by most of the influential folks, unlike the worldwide movement against the Apartheid, is the estimated ten million preventable [out of over 25 million] deaths occurred in Sub-Saharan Africa from AIDS in the late 1990s and early 2000s, creating about that many innocent AIDS orphans!***



Caption: <http://100photos.time.com> “David Kirby died surrounded by his family. But Therese Frare’s photograph of the 32-year-old man on his deathbed did more than just capture the heartbreaking moment. It humanized AIDS, the disease that killed Kirby, at a time when it was ravaging victims largely out of public view. Frare’s photograph, published in LIFE in 1990, showed how the widely misunderstood disease devastated more than just its victims. It would be another year before the red ribbon became a symbol of compassion and resilience, and three years before President Bill Clinton created a White House Office of National AIDS Policy. In 1992 the clothing company Benetton used a colorized version of Frare’s photograph in a series of provocative ads. Many magazines refused to run it, and a range of groups called for a boycott. But Kirby’s family consented to its use, believing that the ad helped raise critical awareness about AIDS at a moment when the disease was still uncontrolled and sufferers were lobbying the federal government to speed the development of new drugs. ‘We just felt it was time that people saw the truth about AIDS’, Kirby’s mother Kay said. Thanks to Frare’s image, they did.”

This iconic photograph depicts the family's gripping sorrow over a dying AIDS patient. More pertinently, this photograph was considered one of most influential 100 photographs of all time selected by TIME magazine, in 2016, making the awareness of the scourge of AIDS! Soon, by 1996, a cure for AIDS, the famous "three-drug cocktail" <http://www.independent.co.uk/news/cocktail-opens-new-chapter-on-aids-1328432.html>> was formulated in America by Dr. David Ho <http://www.independent.co.uk/news/cocktail-opens-new-chapter-on-aids-1328432.html>>. The price for that patented drug has been \$10,000 per patient per year! Since the mid-2000s, the generic forms of this drug have been procured for about \$100, making it affordable to patients, especially in sub-Saharan Africa. The annual AIDS deaths peaked at about 2 million between 2004 and 2006, dropped to 1.1 million by 2015, despite the total number of HIV infected people in the world has been doubled to an estimated 36.7 million! If the price for this drug were to be slashed close to at cost, an estimated 10 million less deaths would have occurred, mostly in sub-Saharan Africa. True, the Rich countries' researchers find such cures, spending "their" money towards it. And they may have to have preference to live or die from a killer disease. But should the black Africans' lives be that worthless? European or Japanese lives maybe more valuable than black African lives. But aren't black Africans also human beings? Furthermore intra-racial differences are often larger than inter-racial differences.

Global number of AIDS-related deaths, new HIV Infections, and People living with HIV (1990-2015)

OurWorld
in DataData source: UN AIDS (via www.aidsinfoonline.org)The data visualization is available at OurWorldinData.org. There you find more visualizations and research on HIV/AIDS.

Licensed under CC-BY-SA by the author Max Roser.

***** (*5*)** A major, lingering problem with taxes in general is that ***the vast majority of the lower income groups do not seem to have a definite idea about how the system of taxation in general is structured. Too many of them think that if the federal income tax is cut they all would share the benefit*** from the tax-cutting, ***which is in effect about the opposite of what would happen to their welfare*** if the federal income tax is cut, ***because of consequent cuts in public works and other beneficial social programs***, including cuts in unemployment benefits, cuts in food stamp programs and also cuts in Medicaid, etc., which many of the immediate or distant descendants of the rich at least could come to depend on from time to time.

(*5*) ***If the top federal individual income tax were reduced from 39.6 percent to 35 percent, all at the top 1 percent would benefit, except when some of their descendants join the ranks of lower income groups.*** (Indeed some of the top 1 percent also may later fall into hard times – Back in 1974, one of my patients at a state mental hospital was a physician who lost his license for abusing it to buy opiates for himself, and ended up on welfare! In the current climate, he might not be qualified for welfare, but may get Food Stamps. I happened to work with one of his children in late 1970s.)

(*5*) Historically, there was no regular income tax until 1913. It started at a very low 1 percent to a top rate of 7 percent, on over about \$12 million in 2015 dollars, which was raised to a top rate of 67 percent in 1917 (World War I), on over \$37 million in 2015 dollars. In the roaring 1920s, the marginal rates were reduced to a top rate of 25 percent in 1925. The marginal rates were raised in the Depression era, even before FDR became president, to a top rate of 63 percent in 1932 on over \$17 million in 2015 dollars, and in 1936 further to a top rate of 79 percent but only on over \$84 million in 2015 dollars. In 1942, the top rate was raised to 88 percent on at a lower level of over \$2.75 million, in 2015 dollars, which was again raised to 94 percent in 1944. That top rate hardly came down, until 1965 (owing to the plea of JFK) following his assassination to 70 percent, on over \$1.5 million in 2015 dollars.

(*6 & 7*) *Around that time a quiet movement was brewing. And the time was ripe for a “Revolution of the Right.” Ronald Reagan (only) heeded to that movement. His forceful personality and eloquence, rivaling those of FDR, could “move mountains.” And the country made an about-turn and marched in the opposite direction.*

(*2*) *The last year of higher marginal rate was 1981. Inflation dwindled the top bracket to about \$565,000 in 2015 dollars (\$216,000 in 1981) to be taxed at the 70 percent rate! All taxable incomes over that limit were taxed at a staggering 70 percent rate, which was too high and might be unsustainable, nearly as much as the “confiscatory” rate of 91 percent during the Eisenhower era, over around \$2-3 million in 2015 dollars.*

(*2 & 5*) *This march in the opposite direction was far too drastic and disastrous. By 1988, the top rate was 28% on over \$30,000 (only \$60,000 in 2015 dollars) with just one other rate of 15% on all taxable incomes under that! That innocuous looking tax reform, gleefully supported by Democrats like Bill Bradley started the rise of inequality, which spread, most damagingly to the Third World as well.*

(*6*) (India now has about 110 \$billionaires, with a total net worth of about \$350 billion, when 60% of the population do not have acceptable toilet facilities <<http://indianexpress.com/article/india/india-news-india/india-has-60-4-per-cent-people-without-access-to-toilet-study/>> and about 75 million lack access to safe drinking water <<http://blogs.wsj.com/indiarealtime/2016/03/22/indians-have-the-worst-access-to-safe-drinking-water-in-the-world/>>. Some 40 percent of Indian children are stunted <>. The nominal GDP of India is only about \$2 trillion; but in purchasing power parity India's

GDP is about \$7.4 trillion, but the \$billionaires' net worth is calculated mostly in nominal figures. ***The most expensive private residence in the world belongs to Mukesh Ambani, who built it in Mumbai, closer to one of the largest slums, Dharavi, where only 1 toilet per some 1000 residents is available. Close to half the population in India defecates “behind (the diminishing number) a bush,” which for them is cleaner than the toilets, if available, which many feel are dirty and stinky.***

(*8*) An associated scourge of such a low top rate of 28 percent was that very high-income groups could get to keep most of what they make, 42 percent more, to themselves. That was too much of a temptation for the clever and resourceful to accumulate as much as possible by bending the rules a bit, then a bit more and eventually a lot more to the point of seamlessly breaking the law.

(*8*) And, in 1987 Michael Milken made \$550 million (about \$1.16 billion in 2015 dollars), probably by such “bending.” He was subsequently convicted and sentenced to ten years in prison, but managed to get out after two. If the top rate were 70 percent, not on over \$600,000 (in 2015 dollars), but on over, say \$25 million (in 2015 dollars), he would have been far less tempted to bend the rules. And he would have been still a stellar financier, a genius, and probably richer than now without any blemish! He might not have made \$550 million, probably much less then.

(*5 & 6*) All white-collar crimes, which burgeoned in the 1980s, would not be dissuaded by higher marginal rate, but a substantial number would have been, I would argue.

(*5 & 9*) A misconception about taxation, I think is a notion among many less sophisticated lower income folks is that if the top marginal income tax rate is, say 39.6 percent on over \$450,000, they may assume that people who make that much would have to pay 39.6 percent rate on all of their incomes, not on just over \$450,000. Such a notion would bring more support from the lower income folks, owing to a variety of reasons including some of them would think some day they themselves, or their children may make that much money. Many lower income folks may not realize that lower revenue would lead to more undesirable cuts in necessary government programs. And the famous, or infamous Reagan argument that “Government is not the answer to your problems; government is the problem” would remain popular among far too many.

(*5 & 9*) ***Another prevailing notion is that when people pay taxes they tend to feel that their money is being dropped into a sinkhole. But they don't feel that way if they donated to their church or similar organizations, or to charities they favor.***

(*5 & 6*) In a democratic society *with greater public participation in voting and in crafting government policies*, such alienation would be less and less. And such participation ought to be considered a civic duty to be proud of, and also taught in schools. When such public participation increases the sense of alienation would be much less. In turn the public would tend to sense that there is very little difference between paying taxes and donating to one's favorite charity. That is the beauty of democracy.

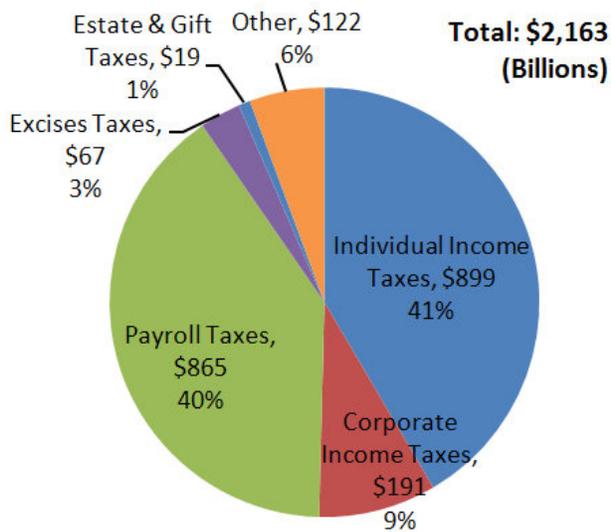
(*6*) *It is however more difficult for discriminated minorities in a very large society to feel they are also as much a part of that society. Thus protection of minority interests, which is considered the cornerstone of democracy, is crucial to have a unified, healthy multiracial/multiethnic/multicultural society, as the U.S. In such a "closer-to-ideal" society, democracy and socialism are not too different but rather two sides of the same coin, so to speak.*

Footnote xx: It is natural for any group as the bankers felt about their humungous bonuses, following the collapse of Lehman Brothers in 2008 that they deserved most if not all of what they were getting at taxpayer expense. At the lower end, inner-city blacks (who are far more "visible" than poor whites who also get taxpayer help) feel they deserve a lot more free-stuff than they are afforded to. They feel they toiled for free as slaves for over 200 years to build up the present-day stellar America. There is a pervasive assumption among the liberals that blacks *almost* can do no wrong. Whatever crimes they commit are because of centuries-old oppression and discrimination, from slavery to Jim Crow, and continuing silent, imperceptible discrimination. Conservatives are enraged by such liberal attitude, not quite unjustifiably. But they tend to exaggerate their lack of work ethic, etc., as Reagan's "welfare queen" argument.

Instead of pointing finger at them, create jobs in inner-city areas. Pay them a decent wage, like \$15 an hour, rather than promising earned income tax-credit, which is also important and needs to be expanded. But do not excuse them if they break the law, or riot and loot. Actually, the Clinton administration did more by trying to establish more police patrolling. It maybe fashionable to condemn "stop and frisk," saying that it is "ineffective," but I believe even its effects are minimal, stop and frisk policy should be expanded and make it much more rigorous. It is not the end of the world if 85% of the stop and frisk victims are minorities, if for every 1,000 "inappropriate" stop and frisk incidents, at least one murder or maiming is prevented. <<http://townhall.com/tipsheet/mattvespa/2016/09/27/did-homicides-rise-in-new-york-yes-and-no-n2224088>>

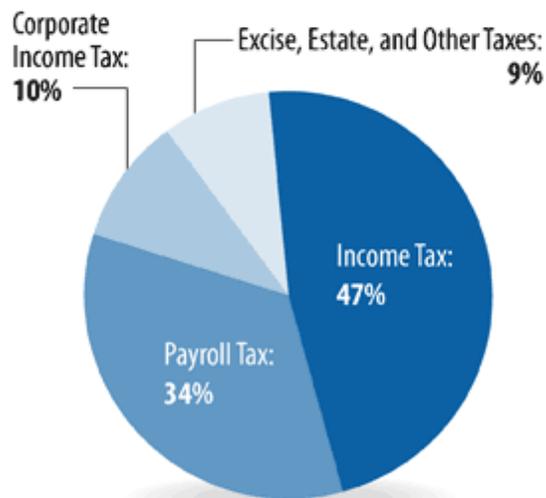
And a society's maturity ought to be measured by the public participation in voting as well as decision-making. In Australia, for instance voting is mandatory. It was also much easier for them to have an effective gun control measure, after the Port Arthur massacre in 1996 <https://en.wikipedia.org/wiki/Gun_laws_in_Australia>.

Federal Receipts by Source, 2010



Source: Joint Committee on Taxation

Sources of Federal Tax Revenue,* 2013



* "Other taxes" category includes profits on assets held by the Federal Reserve.

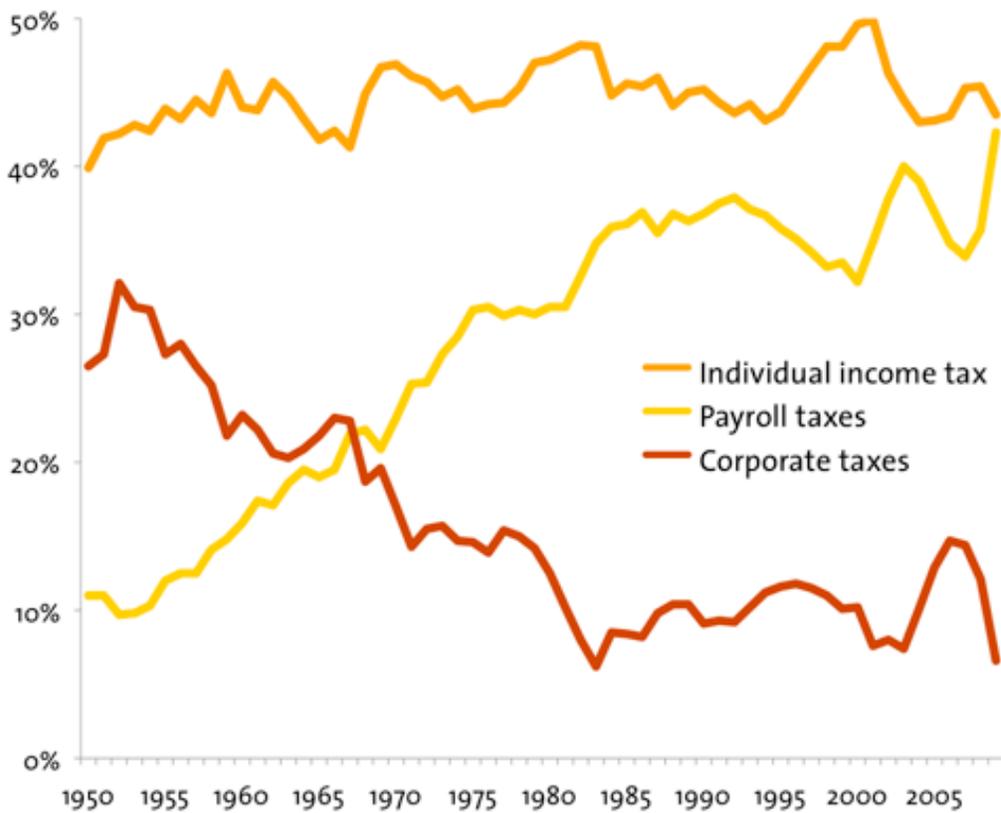
Source: Office of Management and Budget

Center on Budget and Policy Priorities | cbpp.org

Fig. 2

SOURCES OF FEDERAL TAX REVENUE

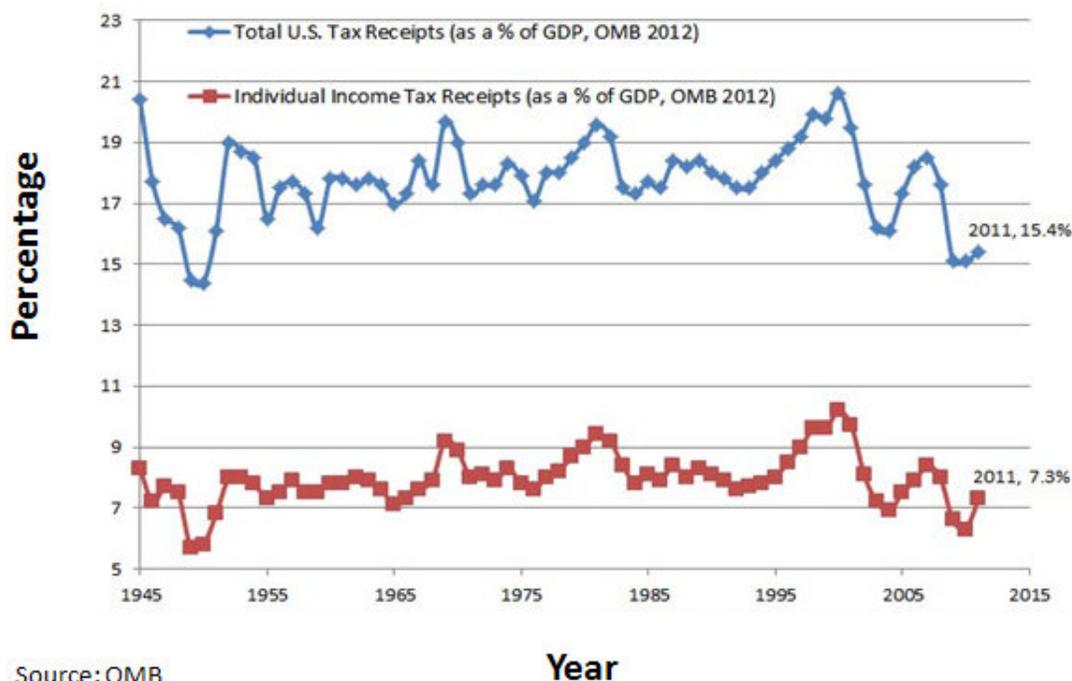
1950-2009



Source: Senate Joint Committee on Taxation

Fig. 3

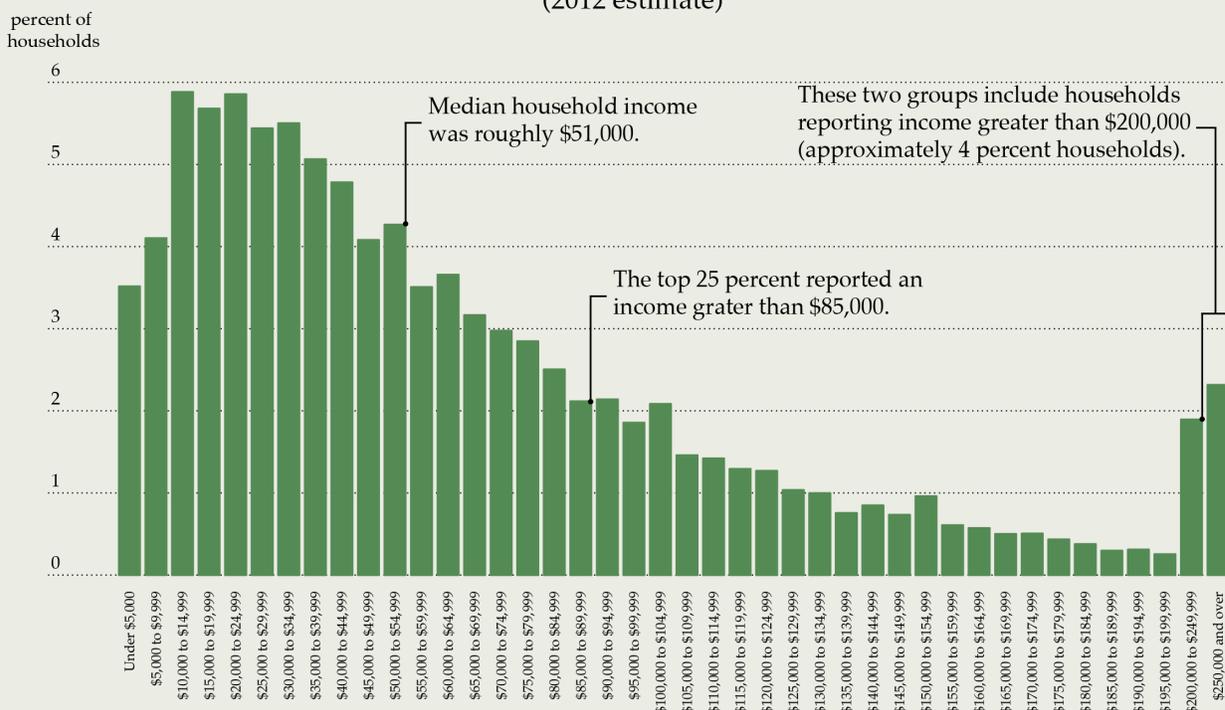
Federal Income and Total Tax Receipts as a Percentage of GDP 1945-2011



Source: OMB

Fig. 4

Distribution of annual household income in the United States (2012 estimate)



Source: U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement

Fig. 5 (The top 10 percent of households have adjusted gross incomes of over \$160,000; they ought to pay at the Clinton era level marginal income tax. But on the first \$10,000, all taxpayers should pay only 1

percent in payroll tax, and only 2 percent on the next \$10,000. The cap on payroll tax ought to be eliminated but on over \$300,000, the payroll tax rate should come down to 2 percent and to 1 percent on over \$600,000 in incomes. Social security benefits are already means-tested, to a significant extent.)

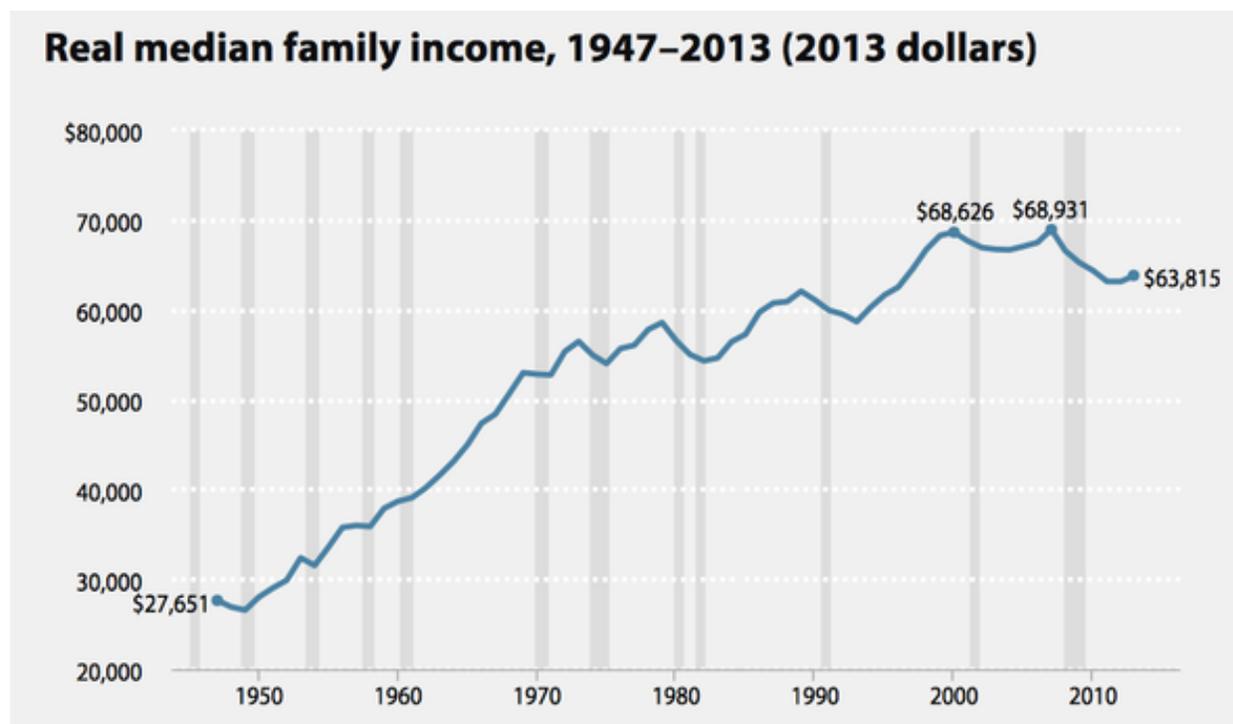


Fig. 6a Credit: Economic Policy Institute

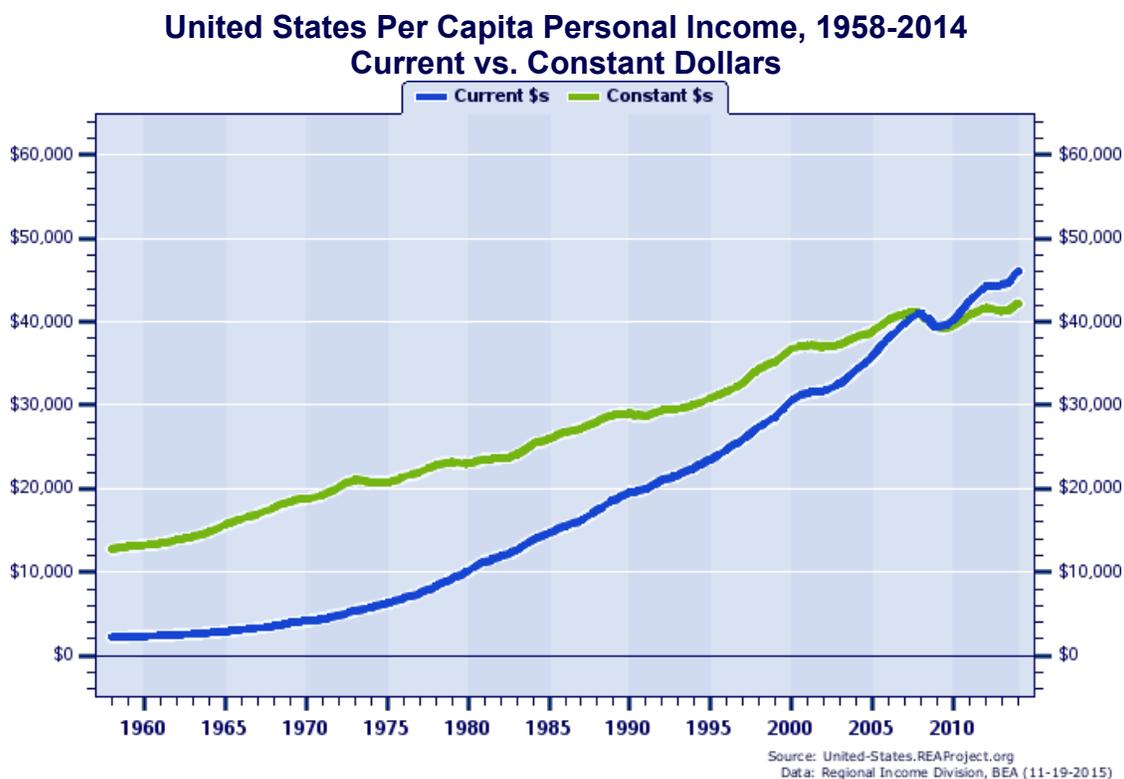


Fig. 6b. The United States' annual per capita personal income over 1958-2014 in current and constant (2009) dollars. Constant dollar measurements remove the effects of inflation. They allow for comparison of changes in the real purchasing power of the United States over time. When measured in current dollars, the United States' per capita personal income increased 2,029.0%, from \$2,163 in 1958 to \$46,049 in 2014. When

measured in constant 2009 dollars to adjust for inflation, it advanced 231.6%, from \$12,726 in 1958 to \$42,206 in 2014.

(*4 & 5*) I would consider a fair progressive taxation is essentially somewhere between the 1970s' rates and the Current rates. Clinton era marginal tax rates ought to be applied, not on taxable household incomes over \$450,000, or \$250,000 as president Obama suggested, but on the top 10 percent of adjusted "gross" household incomes, or about \$160,000 at 2016 money value. That would generate enough revenue to deal with the huge social and fiscal problems. Such levels of taxation would not continue to result in undesirable cuts in public works and social programs, which would substantially benefit folks at all income levels; for most of the top 1 percent, the benefits maybe more "imperceptible" than direct.

(*4 & 5*) I would also propose two more higher rates of 50 percent on taxable incomes over 5 million, or on the top 0.1 percent in household incomes and still another rate of 70 percent on taxable incomes over \$25 million, or on the top 0.01 percent, in household incomes, whichever is higher. It is evident 99.9 percent in household incomes would be shielded from any higher taxes, except the rates on long-term capital gains, which should be taxed on a sliding scale based on the length of holding the assets/capital. The tax revenue from these additional top brackets would be substantial, in many \$billions annually (I couldn't find or calculate to come up with an approximate figure, except to say it would be well over \$15 billion annually).

(*5 & 8*) A sizable number in the top 0.01 percent income group has been irresistibly tempted by the 28 marginal rate or even 15 percent rate on capital gains, to attempt to bend the laws and eventually breaking them to be indicted and convicted on insider trading and so on.

(*8*) (One U.S. attorney alone, an Indian born 47-year-old Preet Bharara secured 85 straight convictions since 2009, until he lost his 86th case on July 25, 2014, on Wall Street tycoons! If the above marginal rates were in place, and capital gains were not receiving the recent kind of special treatment, there was a strong possibility, if not a probability that such cases would have been far fewer.)

(*10*) I have also proposed a substantially higher minimum wage. Minimum wage was first introduced in New Zealand in late 19th century; Australia soon followed suit. Mexico introduced minimum wage before U.S. did. Earlier attempts to introduce minimum wage in the U.S. was repeatedly quashed by courts. At last in 1938, FDR managed to see it realized in the United States of America also. It gradually went up, on an upward trajectory, approaching \$11 an hour by 1968, at 2015 money value.

(*10*) And the inflation adjusted per capita gross domestic product (GDP) also more than doubled since 1968 <<http://www.multpl.com/us-real-gdp-per-capita/table/by-year>>, from \$22,752 to \$51,007 in 2015. The productivity also rose substantially, but may not be that much for minimum wage workers. A fair minimum wage should be \$15 an hour at 2015 dollars for post-teen adults. The \$7.25 an hour, as of 2015 is plain unjust and too cruel to the workingmen and women, especially the millions who depend almost entirely on it.

(*10*) “Countries with a higher minimum wage than the United States’ \$7.25 an hour include Denmark at \$21 [per capita GDP in purchasing parity (PPP): \$45K - *Wikipedia, World Bank appraisal*], Australia at \$15.81 [\$47K], France at \$12.35 [\$41K] and Germany at \$11 [\$46K]” - *Politifact*, September 26, 2014 <<http://www.politifact.com/truth-o-meter/statements/2014/sep/26/facebook-posts/do-other-countries-have-higher-minimum-wage-united/>>.

(*6 & 10*) I have further argued that if the minimum wage were to be increased to \$15 an hour, many youths may be far less tempted to start with petty crimes like stealing, eventually escalating to robbery and other associated violent crimes, or expending their energy towards drug-dealing activities.

(*6 & 10*) And I would expect the “penal load” to come down by 15 –to-20 percent in ten years or less. If the taxpayers were to foot the bill for this higher minimum wage, until businesses can absorb it, they would eventually come ahead; a greater sense of safety in cities and elsewhere, and a huge relief from the never-ending grief of very many mothers of murdered young men would be a huge added bonus. (A patient of mine carries the picture of her murdered son at 18, who would be 33 now, by a drive-by shooter, a 16-year-old who wanted to prove his toughness when being initiated to a gang; she would weep when describing the story. I have witnessed many other similar stories over the years. Incidentally that young man was tried as an adult, but was murdered in prison, probably perpetuating his mother’s grief! In this regard, “*Ghettoside*,” by Jill Leovy, 2015 is worth reading; the author was interviewed by Terry Gross, on *Fresh Air - NPR*, in January 2015, when Leovy touchingly described the perpetual grief of black young men’s mothers in Watts, Los Angeles.)

(*6*) Leovy introduces her book: “This is a book about a very simple idea: where the criminal justice system fails to respond vigorously to violent injury and death, homicide becomes endemic.” She writes from her research, “Society’s efforts to combat this mostly black-on-black murder epidemic were inept, fragmented, underfunded, contorted by a variety of ideological, political and racial sensitivities. When homicides get atten-

tion, the focus seemed to be on spectacles [such as those of Michael brown and Trayvon Martin] ... – a step removed from the people who were doing most of the [killing and] dying: black men. ... John Skaggs’s Watts precinct kept records of such homicides dating back years – shelves and shelves of blue binders of dead black men and boys. **Most have been killed by other black men and boys who still roamed free.** [The sense of not going to be punished is a main reason for this high rate of black-on-black violence, along with easy availability of handguns. The so-called “Ferguson effect” maybe real. Inner-city murder rates rose rapidly nationwide as the Police slackened in active patrolling, following Michael Brown’s murder.] ... Davon [Harris a 15 year-old black boy from Watts]’s was a nothing murder. ... ‘Population Control’, the prosecutors, downtown once joked. ... the idea that murders of blacks somehow didn’t count. ... A late-nineteenth-century Louisiana newspaper editorial said, ‘If Negroes continue to slaughter each other, we will have to conclude that Providence has chosen to exterminate them in this way’. In 1915, a South Carolina Official explained the pardon of a black man who had killed another black: ‘This is a case of one Negro killing another – the old familiar song’. In 1930s Mississippi, [an Anthropologist] ... concluded that ‘the injury or death of a Negro is not considered by the whites to be a serious matter’. An Alabama Sheriff of the era was more concise, ‘one less nigger’, he said. In 1968, a New York journalist [testified before the Kerner Commission that] ‘for decades, little if any law enforcement has prevailed among Negroes in America. ... If a black man kills a black man, the law is enforced at its minimum’. Carter Spikes [a former black Businessman Gang member in Los Angeles] recalled that through the seventies police ‘didn’t care what black people did to each other. A nigger killing another nigger was no big deal’. John Skaggs [a white detective] stood in opposition to this inheritance. His whole working life was devoted to one end: **making black lives expensive.** ... In doing so [Skaggs] bucked an age-old injustice. **Forty years after the civil rights movement, impunity for the murder of black men** [if by other black men] **remained America’s great, though mostly invisible, race problem.** ... The system’s failure to catch killers effectively made black lives cheap. To that unseen problem, John Skaggs was the antidote.”

(*5 & 6*) I would attempt to illustrate that **Economic Justice, but far from economic equality,** and Fairness is morally as well as logically imperative. And that **a reasonably progressive taxation, wherever feasible, as well as a living minimum wage, tied in with the per capita income is a good way to achieve economic justice, as wages seldom reflect what the corresponding jobs are actually worth.**

(*5*) **During the Eisenhower era the top marginal tax rate was an unneces-**

sarily very high, “confiscatory rate” of 91 percent, which was from a practical perspective unsustainable, in view of both rational and irrationally occurring *natural* forces that pull, or push, in different directions. And **soon a garden variety Democrat, President Kennedy wanted to cut the top marginal rate to 65 percent, but not anywhere near 28 percent, to spur economic growth. It was vehemently opposed both by Republicans and Democrats in the Congress.** Without the assassination of JFK a cut in top marginal rate to 70 percent might not have been achieved by 1965. The wind started to blow in the other direction by the time President Reagan was elected in 1980.

(*5*) The Great Society initiative of the Democrats, Christened by the New Deal, was resented by a simmering disenchantment in the Great Society, which was mostly seen as a giveaway to the blacks creating an undue dependency on the government, funded by the “hard-earned” money of the white working class. Ronald Reagan and the right took full advantage of that resentment. A good way to reverse that *largely*, not entirely imaginary “growing dependency” of the blacks was by the infamous “starve the beast” method of cutting taxes. Rationale for tax-cuts ran wild; the principal rationale was the misunderstood “Laffer curve,” or “Khaldun-Laffer curve.”

(*2 & 5*) And Reagan cut marginal rates step by step all the way to a top rate of 28 percent whether the household income was inflation adjusted \$100 thousand or \$100 million! Most often, incomes around \$100,000 is hard earned, whereas, \$100 million almost always hardly earned, but came to you with sheer luck, not too unlike by winning a lottery.

(*1, 2 & 5*) More recently, hedge fund managers, for their socially useless jobs have made up to in the \$billions – John Paulson may have paid closer to 15 percent in federal income tax for all those \$billions, thanks to George W. Bush’s capital gains tax cut to 15 percent, and also letting hedge fund incomes to be treated as “carried interest” and to be taxed at long-term capital gain tax rate!

(*5*) Few people would want to pay taxes if they don't have to. At the same time, for the public good, **most people are not unwilling to pay their fair share, provided the system of taxation is designed and practiced reasonably equitably. But it is difficult to construct taxation fully equitably owing to a number of factors.** For that matter, **it is also difficult to spend the revenue collected** from taxation **always wisely, by prioritizing from the most necessary programs and projects to the least necessary ones**, or pork, like the “bridge to no-where.”

(*5*) Naturally, different groups of taxpayers using their influence pull in competing directions to make taxation slightly less ‘taxing’ on them. And different interest

groups pull to spend for areas they consider more important.

(*5*) As a rule liberals would like to spend more on social and welfare programs, while conservatives would pull for spending less on social programs, still less on regulations but more on defense and on “welfare for the rich.” Such natural turn of events causes resistance to paying taxes. All of this together results in a general apathy to paying taxes.

(*2 & 5*) Most people would feel they are paying “more than enough” taxes, and tend to feel “others” aren’t paying *their* fair share. (A very charitable Mitt Romney talked about the 47 percent who do not pay any [federal income] tax. He may even have believed it but most of them pay substantial amounts in sales taxes and other local taxes; many, if not most of them pay sizeable amounts in federal payroll tax as well.) They also tend to feel whatever ‘income’ they get, whether it is \$100K, \$1 million or \$100 million, they deserve every bit of it, if not more. Philosophically, people may think ‘money isn’t everything’ but the seduction of money is irresistible, and has been so ever since money, cash has been invented.

History of income tax rates adjusted for inflation (1913–2010)

https://en.wikipedia.org/wiki/Income_tax_in_the_United_States

Year	Number of Brackets	First Bracket Rate	Top Bracket		Comment	
			Rate	Income Adj. 2015		
1913	7	1%	7%	\$500,000	\$12 million	First permanent income tax
1917	21	2%	67%	\$2,000,000	\$36.9 million	World War I financing
1925	23	1.5%	25%	\$100,000	\$1.35 million	Post war reductions
1932	55	4%	63%	\$1,000,000	\$17.3 million	Depression era
1936	31	4%	79%	\$5,000,000	\$85.3 million	-
1941	32	10%	81%	\$5,000,000	\$80.4 million	World War II
1942	24	19%	88%	\$200,000	\$2.9 million	Revenue Act of 1942
1944	24	23%	94%	\$200,000	\$2.69 million	Individual Income Tax Act of 1944
1946	24	20%	91%	\$200,000	\$2.43 million	-
1964	26	16%	77%	\$400,000	\$3.05 million	Tax reduction during Vietnam war
1965	25	14%	70%	\$200,000	\$1.5 million	-
1981	16	14%	70%	\$215,400	\$561 thousand	Just before Reagan era tax cuts
1982	14	12%	50%	\$85,600	\$210 thousand	Reagan era tax cuts
1987	5	11%	38.5%	\$90,000	\$187 thousand	Reagan era tax cuts
1988	2	15%	28%	\$29,750	\$59.5 thousand	Reagan era tax cuts fully effective
1991	3	15%	31%	\$82,150	\$143 thousand	Omnibus Budget Reconciliation Act of 1990
1993	5	15%	39.6%	\$250,000	\$410 thousand	Omnibus Budget Reconciliation Act of 1993
2003	6	10%	35%	\$311,950	\$401 thousand	Bush tax cuts
2011	6	10%	35%	\$379,150	\$399 thousand	-
2013	7	10%	39.6%	\$400,000	\$406 thousand	American Taxpayer Relief Act of 2012

Fig. 10

(*5*) People would accept a simple thesis about income and taxes: Those who toil harder for longer hours ought to be paid more. If that were not possible, as most often is the case, they would agree to ***a system of taxation that taxes at higher rates on substantially higher incomes, when such higher incomes are not from corre-***

spondingly harder work, to have a modicum of equity.

(*5*) It is unfair if someone who works in a coalmine for six hours a day, and another who works for ten hours a day, with analogous effort and productivity per hour ought to pay their income taxes at different rates on their wages. Whereas, it is not unfair if someone who has a job at an auto-assembly plant with a union wage of \$25-30 an hour plus liberal benefits equivalent to \$10-15 an hour, and another who works at a nearby McDonald's as a cook and paid \$9-12 an hour, without benefits or job security ought to pay income taxes at *modestly* different rates. There are very many similar variations in remunerations, including supply and demand determining the rate with which wages are structured.

(*5*) A different example is the income tax rates of a bank teller who stands for most of her eight hours counting money and getting paid around \$20,000, while the bank president who spends most of his time in meetings and going through some papers, without much hurry, and is paid, say \$400,000. The teller's federal income tax would be in all likelihood "negative," as she may get earned income tax credit of several \$thousand if she is a single mother of two or three, plus childcare allowances, from taxpayers paid by higher income people like the bank president. But the president even now pays federal income tax at about 23 percent on the \$400,000. The teller would have to pay federal payroll tax on 100 percent of her income, whereas the president pays only on some 40 percent of his income.

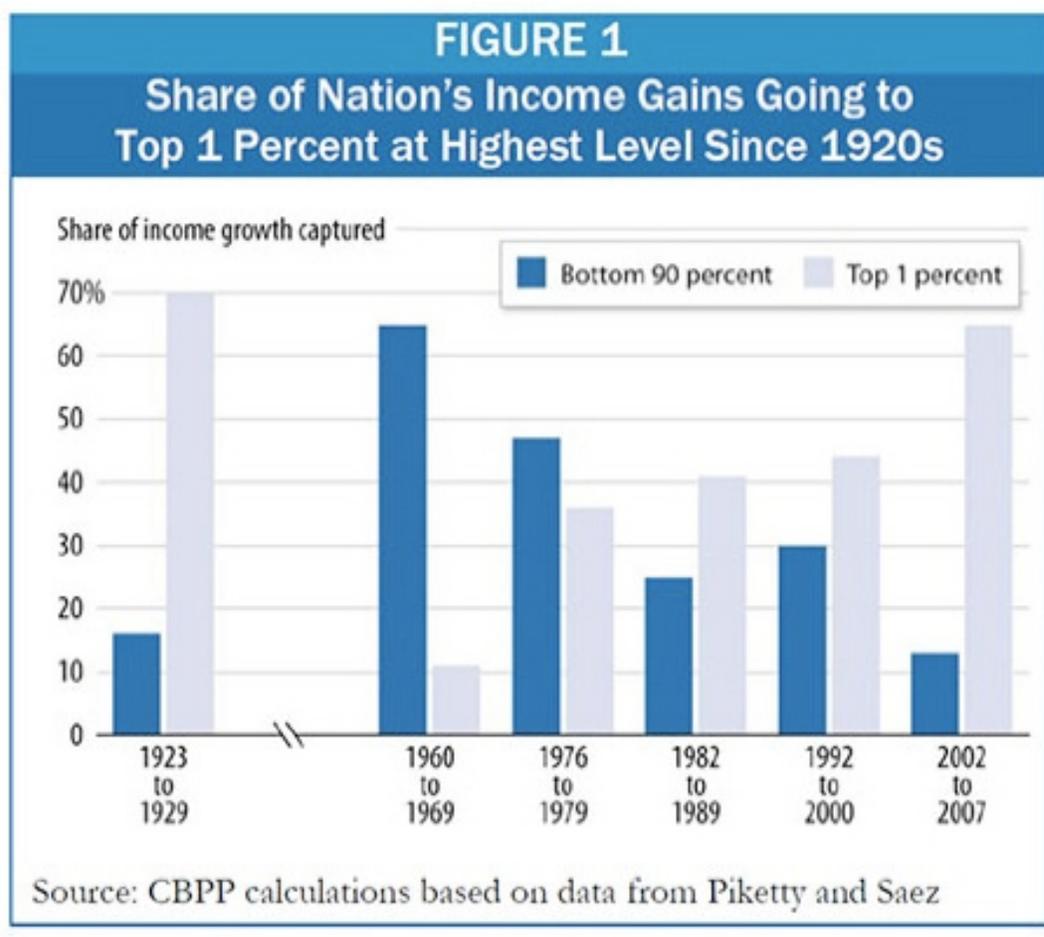
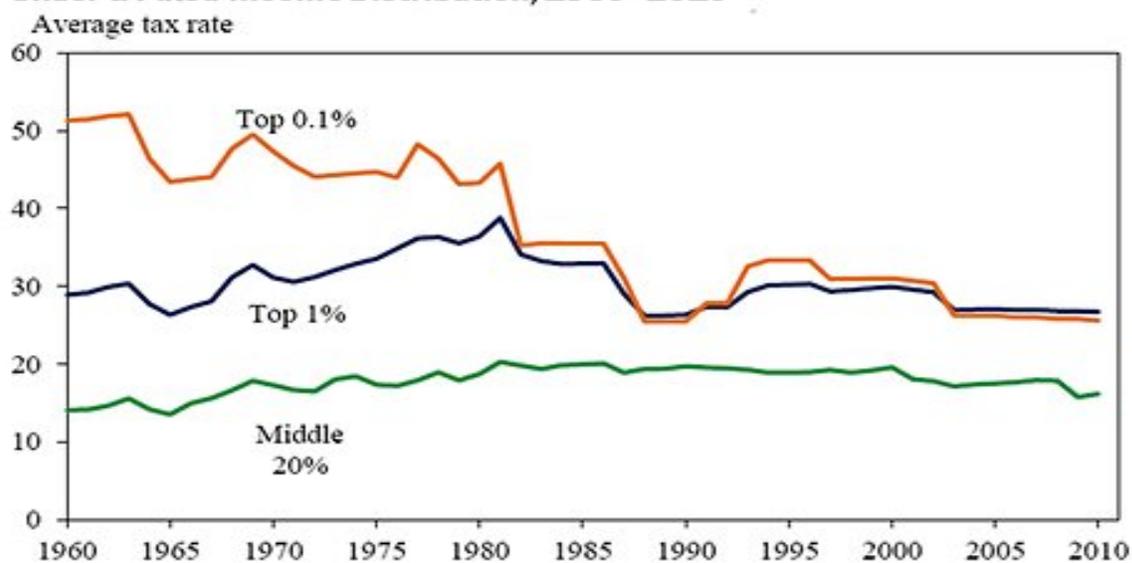


Fig.12

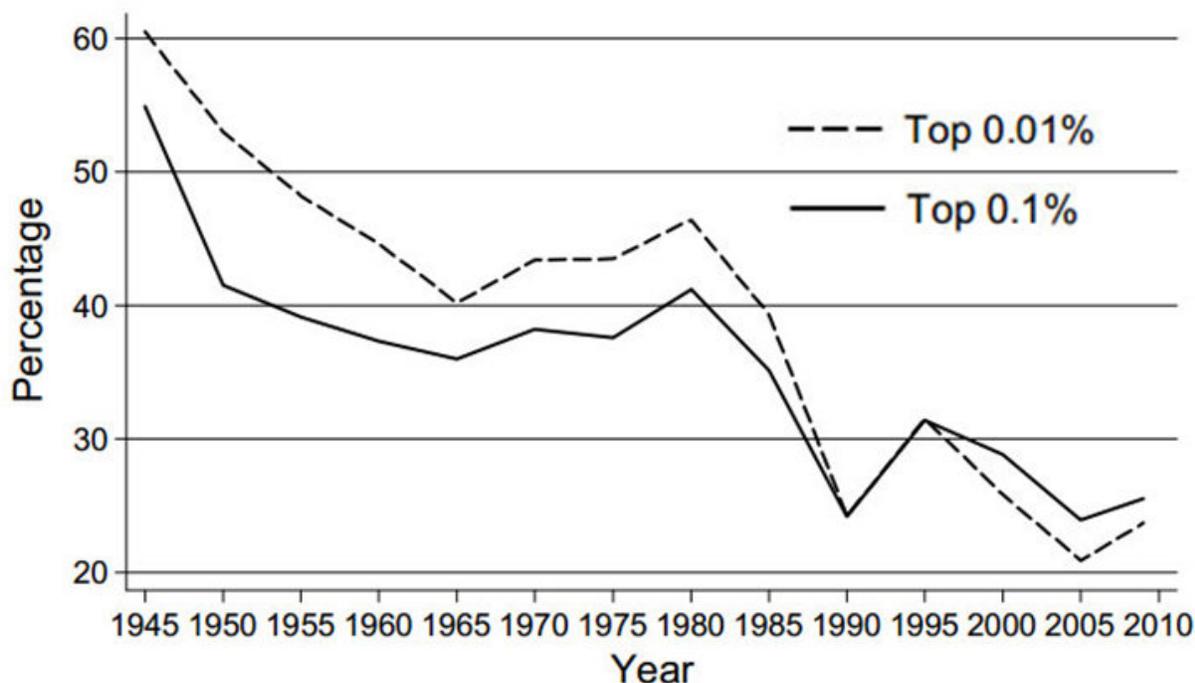
Average Tax Rates for Selected Income Groups Under a Fixed Income Distribution, 1960–2010



(Fig. 13a) Internal Revenue System Statistics of Income 2005, National Bureau of Economic Research and Council of Economic Advisers calculation

<http://www.youtube.com/watch?v=9Qf-PqWYNjU>

Average Tax Rates for the Highest-Income Taxpayers, 1945-2009



Source: CRS calculations using Internal Revenue Service (IRS) Statistics of Income (SOI) information.

Fig. 13b

(*2 & 5*) *The teller does still have to pay considerable amount in sales taxes in addition to payroll tax, which the bank president pays disproportionately less. And the total amount of taxes, when all taxes are aggregated, both the teller and the bank president may be paying in total taxes at a much closer percentage on their incomes! And such a system of taxation, which has been evolved through the recent decades is plainly unfair, and must be fixed by cutting payroll and sales taxes as well as by raising marginal income taxes, over and above the recent tax hikes under president Obama.* Further, as Figures 12 and 13 (a & b) show, the bank president and the President of the United States with \$400,000 in annual salary pay at an appreciably higher rate in total taxes than the “0.1 per-centers” or most of the 0.01 per-centers! *In the post-war 1940s, as figure 13b shows, the 0.01 per-centers paid 55-60 percent of their incomes in federal income tax, which dropped to an average of 22 percent in 2005 from the Bush-tax-cut!*

(*2 & 5*) *However, the sad reality is that instead of supporting a significant marginal tax hike on the 0.1 per-centers, by all of the 99 per-centers and by a majority of the 1 per-centers, most of the 1 per-centers and even a sizeable minority of the 99 per-centers would oppose such a tax hike! What a paradox.*

(*5*) And it is difficult to structure the income tax rates fully equitably. Still, within an *acceptable* margin of error, it is possible to construct an equitably progressive tax-system, so that people who are “lucky” to get paid in the \$millions ought to pay at “significantly” higher rates than others who are paid under six figures. And that a single mother with three children, who put in 40 hours on minimum wage of \$7.25 an hour in 2015, deserves government/taxpayer subsidy to make ends meet, and to ease her misery, channeled from taxes collected largely from the “lucky.”

(*1, 2 & 5*) The principal point of my thesis is that there are numerous examples depicting vastly incongruous/discordant remunerations for the quality/importance and quantity of labor. Furthermore, incomes unrelated to labor, in “profits” and “rents” are magnifying this discordance.

(*1, 2 & 5*) One of the most conspicuous examples is the humungous amounts the *top hedge fund managers* have been raking in, *in the \$billions*, not \$millions, and *then legally paying too little in taxes*, as their incomes are treated as “*carried interest*” to be *taxed at* a marginal rate of just *15 percent until 2012*, while many firefighters also pay about the same rate in total taxes, especially when sizeable payroll taxes also are added on their subsistence wages while regularly risking their lives fighting fires, sometimes arsons. (The hedge fund managers do now pay at 23.6 percent rate since 2013, helping tens of millions of the unfortunate, in addition to helping some twenty millions who got health insurance under the affordable care act.) Hedge fund managers' payroll taxes are miniscule, as *payroll taxes* are levied, for 2015 only up to the *first \$118,500* of their total income, whether it is \$200,000 or \$200 million.

Furthermore, hedge fund managers' jobs at best have very little social value, and at worst, counterproductive.

(*2 & 5*) The 15 percent tax is not that much higher than many sales taxes! Sales taxes are flat, the same rate for anyone who buys the item - indeed, *the bottom 20 percent in income pays seven times more, as a share of their income, in sales taxes as the top 1 percent does.*

(*2 & 5*) Perhaps the only flat tax that is fair is the sales tax on gasoline and diesel to discourage consumption and reduce pollution. I believe a much higher (federal) gas-tax is at least as important as the cigarette tax. In fact, I feel the taxes on cigarettes are too high. Somehow, as both Republicans and Democrats opposed to cutting federal income taxes to spur growth by JFK in 1962, from 91 percent to 65 percent, there appears to be little opposition to ever-increasing hike in taxes on cigarettes! This is unfair. The very high taxes on cigarettes ought to be reduced a little and matched by similarly

high taxes on gasoline and diesel.

Footnote # US 2014 Median Household Income: \$53,657

Missouri 2014 Median Household Income: \$48,363; Per Capita GDP, 2014: \$42,854.

California 2014 Median Household Income: \$61,933; Per Capita GDP, 2014: \$54,462

Personal income tax (California): For single and married filing separately taxpayers:

- 1% on the first \$7,850 of taxable income.
- 2% on taxable income between \$7,851 and \$18,610.
- 4% on taxable income between \$18,611 and \$29,372.
- 6% on taxable income between \$29,373 and \$40,773.
- 8% on taxable income between \$40,774 and \$51,530.
- 9.3% on taxable income between \$51,531 and \$263,222.
- 10.3% on taxable income between \$263,223 and 315,866.
- 11.3% on taxable income between \$315,867 and \$526,443.
- 12.3% on taxable income of \$526,444 and above.

A 1% surcharge, the mental health services tax, is collected on taxable incomes of \$1 million or more, making California's highest marginal rate 13.3%.

For married people filing joint returns, the income brackets are doubled.

Personal income tax: Missouri's income tax system covers 11 tax brackets:

- 1.5% on taxable income between \$100 and \$1,000.
- 2% on taxable income between \$1,001 and \$2,000.
- 2.5% on taxable income between \$2,001 and \$3,000.
- 3% on taxable income between \$3,001 and \$4,000.
- 3.5% on taxable income between \$4,001 and \$5,000.
- 4% on taxable income between \$5,001 and \$6,000.
- 4.5% on taxable income between \$6,001 and \$7,000.
- 5% on taxable income between \$7,001 and \$8,000.
- 5.5% on taxable income between \$8,001 and \$9,000.
- 6% on taxable income of \$9,001 and above.

<<https://www.nerdwallet.com/blog/taxes/how-much-do-americans-really-pay-taxes-2015/>> Total taxes paid in diff areas of US

Another reality is that if a trend in tax-cuts, or tax-hikes, is set, that trend would run its course unhindered until either a drastic event occurs, or a dynamic public figure with exceptional charisma and persuasive power changes that trend. Both FDR and Ronald Reagan have been such public figures.

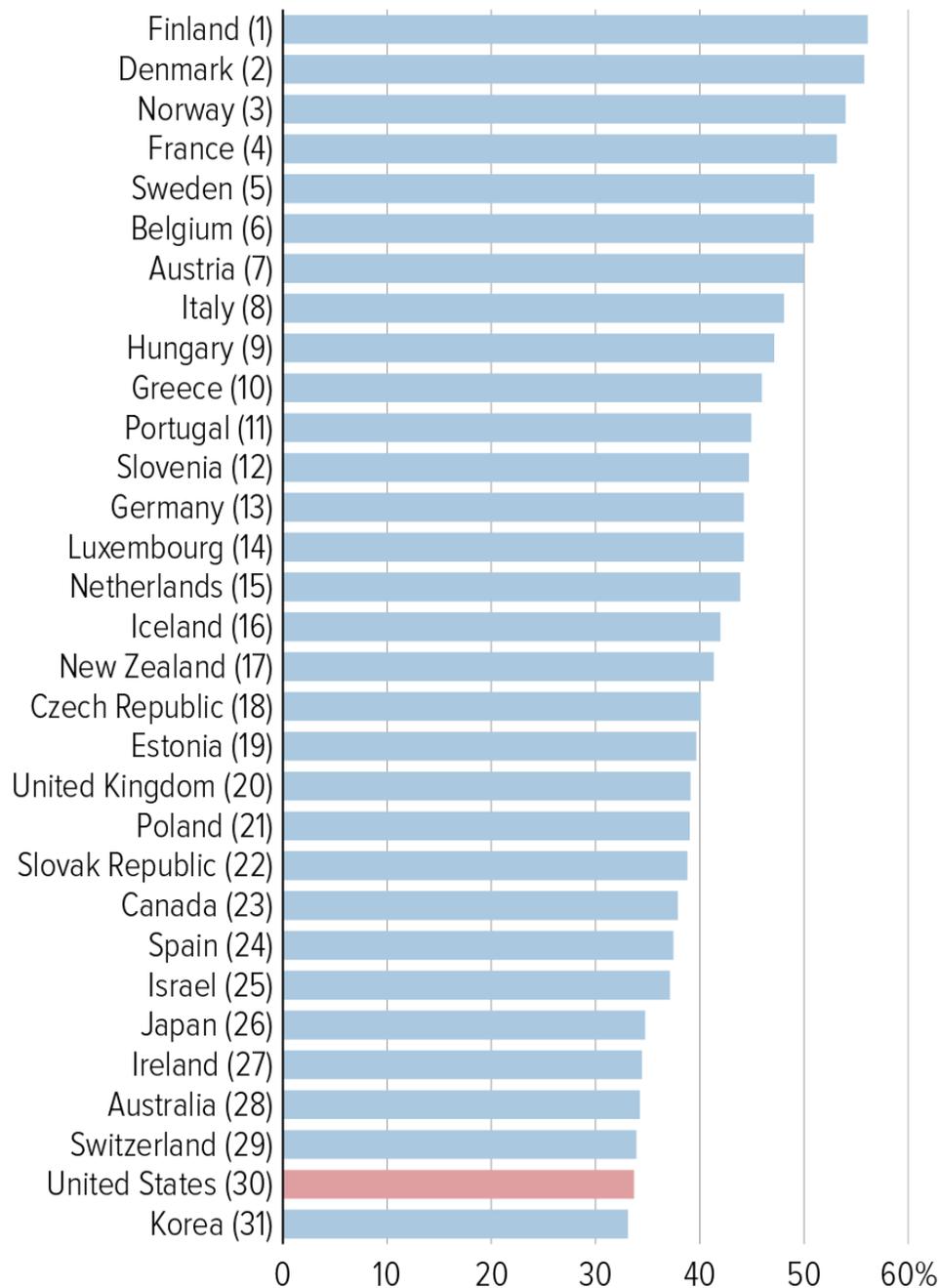
In 1962, when President Kennedy wanted to cut the top marginal rate from 91% to 65% to spur growth, both Republican and Democratic lawmakers strongly opposed it. Following the Kennedy assassination, President Johnson managed to cut the top rate to 70%.

<<https://smartasset.com/taxes/missouri-tax-calculator>> 6% on over \$9,000

<<http://www.bankrate.com/finance/taxes/state-taxes-california.aspx>> 2% on \$9,000 until \$29,373; 6% on over \$29,373

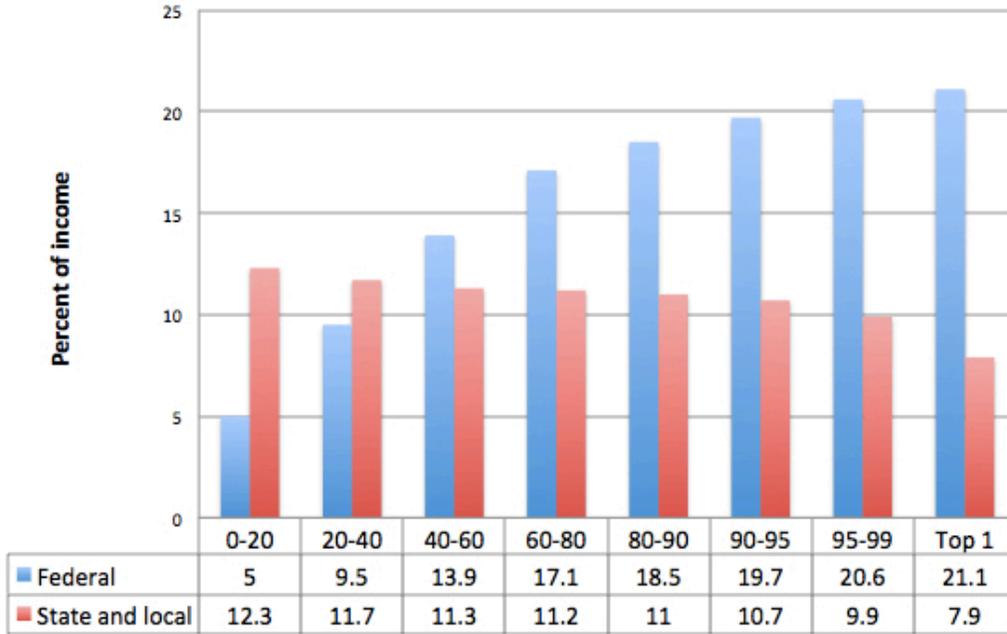
The United States Is a Low-Tax Country

Total government receipts as percent of gross domestic product, 2015

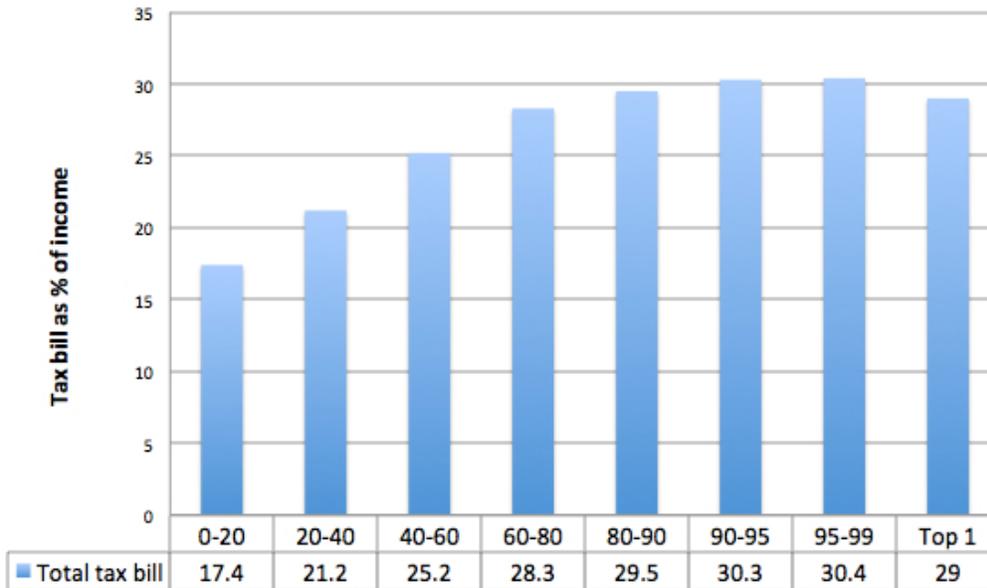


Source: Organisation for Economic Co-operation and Development 2015 Economic Outlook, annex table 26

State, local and federal taxes by income group



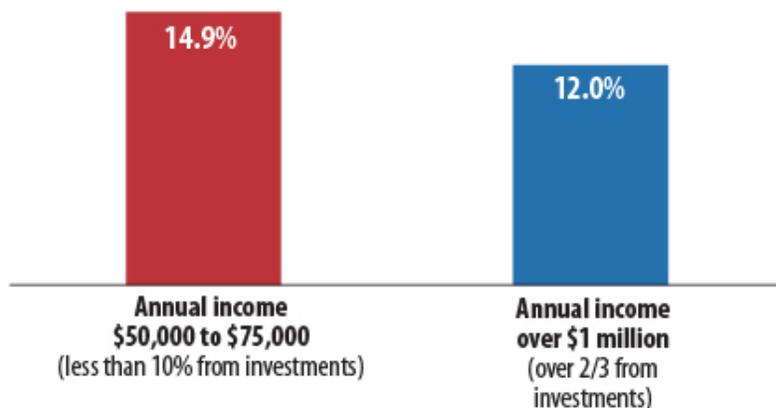
Total tax bill, by income group



Figs. 15a & 15b Source: "The one tax graph you really need to know" By Ezra Klein, *The Washington Post*, September 19, 2012 (<http://www.ctj.org/pdf/taxday2012.pdf>)

Typical Middle-Class Households Face Higher Tax Rates Than Some High-Income Households

Effective rate of federal income and payroll taxes on selected households, 2011



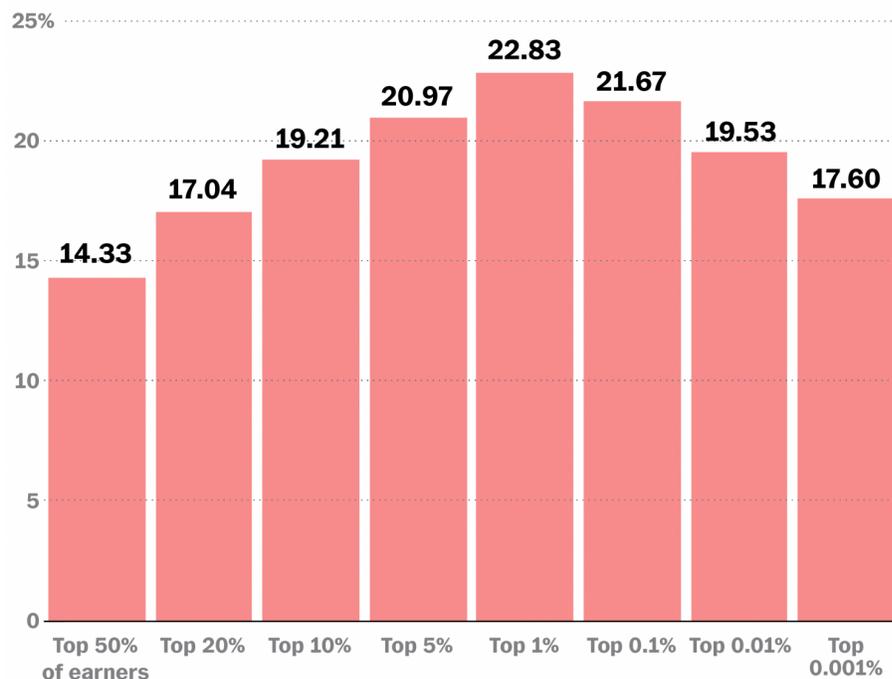
Source: Tax Policy Center (Table T11-0317)

Center on Budget and Policy Priorities | cbpp.org

Fig. 16

More money, less taxes.

Average income tax rates in 2012, by income percentile



WAP0.ST/WONKBLOG

Source: IRS

Fig. 17

(*2 & 5*) And yet, the conservatives, to protect the rich including themselves personally, vigorously argue, not that naïvely, the federal individual income taxes are too high. But they do not feel that way about the payroll tax as most of them only pay on a portion or a small fraction of their incomes. Then they astutely and loudly complain that the federal deficit and national debt are too high. And that ***“we have a spending prob-***

lem; we spend way too much more than we collect; taxes are already too high; government is spending too much of your money,” and so on.

(*2 & 5*) *Many not so rich conservatives naïvely join this chorus without realizing that such pronouncements hurt them also along with the general public, from cuts in public spending due to budget constraints, though their taxes would not go up at all if the marginal rates were to be raised as their actual incomes do not qualify for higher rates.* (Since president Obama became president, many newly minted [white] conservatives, enamored by the Tea Party activists and *Fox News* are naïvely against hiking taxes on the more affluent.)

(*2 & 5*) An additional temptation to keep the tax rates low is a hope and expectation that someday they also would be making much more and at that point, like saving for rainy days, the low tax would benefit them. They, however, fail to see that low revenue would result in cuts, even elimination of some essential services, like policing and firefighting, and K-thru-12 education, they and most others have been dependent and counting on. They also tend to instinctively feel that their tax money goes to perpetuate the lazy habits of low-income people of color.

(*2 & 5*) Even very many low-wage workers buy into this argument! In the Fall of 2012, for instance in a television news clip, a woman in her 30s, working apparently as a guide at a public place from her outfit, probably a government employee, lamented about the deficit and national debt, “We’re passing so much debt on to our children;” her job may be among the first to go in the escalating, widespread budget cuts which would only worsen this “debt.”

(*2 & 5*) Binyamin Appelbaum and Robert Gebeloff write, *The New York Times*, November 30, 2012 <<http://www.nytimes.com/2012/11/30/us/most-americans-face-lower-tax-burden-than-in-the-80s.html>>:

“According to an analysis by *The New York Times*, the combination of all income taxes, sales taxes and property taxes took a smaller share of [the Americans’] income than it took from households with the same inflation-adjusted income in 1980 [because of substantial cuts in federal income taxes]. **Households earning more than \$200,000 [the top 4 percent] benefited from the largest percentage declines in total taxation as a share of income.** Middle-income households benefited, too. ... Many [low-income households] pay no federal income taxes, but they do pay a range of other levies, like federal payroll taxes, state taxes, sales taxes and local property taxes. ... **State and local taxes, meanwhile, increased for most Americans** [to partially offset cuts in federal subsi-

dies, and hurting the low income groups far more]. ... ***The average American in 2010 paid 30 percent more of income in payroll taxes than in 1980, even while paying 27 percent less in federal income taxes.*** As a result, revenue from the payroll tax almost equaled income tax revenue [figures #2 and 3] before a temporary payroll tax cut took effect in 2011. ... ***[Ironically] The share of Americans who said high-income households paid too little in taxes fell from 77 percent in 1992 to 62 percent in 2012, according to Gallup*** [so much for our grasp of the tax system], even as income inequality rose to the highest level since the Great Depression.”

(*6*) Although human compassion and conscientiousness prompt people with plenty share their bounty with the less fortunate, as Ted Turner, Warren Buffett and the Gateses, such generosity has been grossly inadequate to ease the misery of the least fortunate. (The current “billionaires’ pledge” to allocate at least half of their wealth to a charity of *their choice*, could even be a fleeting fad! Or, it may well be a reflection of the growing inequality.) And in the midst of sufficient resources to go around, over the millennia hundreds of millions have perished from insufficient purchasing power.

(*6*) Indeed, right in front of our eyes, millions of preventable deaths ravaged Sub-Saharan Africa from AIDS, ***gradually but steadily creating millions of AIDS orphans, since the advent of the three-drug cocktail in 1996.*** The retail price per patient per year has been over \$10,000, far beyond the reach of patients in Sub-Saharan Africa, where most AIDS patients live and die. The generic form of the same was made available for under \$300 since the middle of 2001 by Cipla, an Indian pharmaceutical company. “The median price of medicines for adult major first-line regimens continued to decrease in low- income countries (LIC) between 2008 and March 2010. Within that period, the median price of the most commonly prescribed regimen for adults use: 3TC+NVP+d4T (150+200+30 mg), has dropped from US\$ 88 in 2008 to US\$ 64” <http://www.who.int/hiv/pub/amds/GPRMsummary_report_may2010.pdf>, drastically reducing AIDS deaths in Africa, thanks to President Clinton before and after leaving office, as well as President George W. Bush, and the Gates Foundation and other non-governmental organizations including the ones within the African countries¹².

(*6*) Although the three-drug cocktail is in patent until sometime 2016, the generic version is legally marketed in the Third World countries for about \$115 **per patient year** <<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1805689/pdf/pone.0000278.pdf>>, saving millions of lives and preventing the rise of millions of AIDS-orphans. Out of the 34 million who perished from AIDS, mostly in Africa, an estimated ten million deaths

were unnecessary and preventable, if the callous (hate to use that word) drug industry executives were a little less callous. Three-drug cocktail is sold in the US at \$10,000 per patient year.

(*6*) For comparison, although Alexander Fleming <<https://en.wikipedia.org/wiki/Penicillin>> re-discovered penicillin in 1928 (originally observed by a French medical student, Ernest Duchesne, in 1896), it was first used in a patient only in 1942. ***Manufacturing and marketing of penicillin started only in 1948, though it was extensively used since the Normandy invasion of World War II to treat wounded allied soldiers.*** But as I clearly remember, in the small town that had just one hospital and one general practitioner near my village in Kerala, India, penicillin was available plentifully, so to speak, at affordable price by 1950! (Even lay people there were discussing it in routine conversations referring to it as a lifesaving remedy for infections.)

Footnote #12: *The Guardian* <<https://www.theguardian.com/uk/1999/dec/19/theobserver.uknews6>> reported in 1999, "There are townships [in South Africa] where the death rate from AIDS is higher than the birth rate. ... What has remained hidden until now, however, are the lengths to which pharmaceutical companies and their political allies seem prepared to go in refusing to confront and treat this pandemic, until their ability to ensure vast profits is guaranteed. ... That cabal comprises some of the most powerful drugs companies in the US and Britain, whose purchasing power has bought up research funded by the US taxpayer to treat AIDS. ***They are not only withholding their help but are engaged in legal action to stop South Africa from treating its millions of HIV sufferers.*** ... [John and Anthony Podesta and Vice President Al Gore] and their friends in the big drug companies' lobby have put South Africa's (and other nations') desperate attempts to combat AIDS on hold, while millions stand to die. ... For the people who live in the shanties of Khayelitsha and Nyanga, the big problem, apartheid, is gone. The shacks proudly bear the flag of Nelson Mandela's South Africa. Yet this is still a land of guns, liquor, despair and violence. Violence against women is a way of life; the word 'rape' is barely used, rather 'initiation'. The victims are usually about 12 or 13. ... estimates that 60,000 children will be born HIV-positive each year in this area. ... there's a belief afoot that sex with a virgin is a cure for AIDS in men. ... For 18 months, [Deputy President of South Africa] Mbeki urged and pleaded with Gore to intervene on behalf of his government and its struggle against HIV. ... Gore not only refused to help - he appears, as one insider puts it, to have repeatedly 'put intense pressure on Mbeki to drop the legislation and comply with the drug companies'. ... [European Union] was forthright in joining the Americans. ... [But by] September 1999, Gore responded to the pressure. He about-turned, saying that he accepted the principle of compulsory licensing and parallel importing. ... President Bill Clinton, followed suit at the World Trade Organization meeting in Seattle...." And *The Economist*, April 19, 2001, writes, <<http://www.economist.com/node/578891>> "Faced with growing hostility, the world's big pharmaceutical companies have dropped their case against South Africa's plans to import cut-price copies of patented drugs to treat AIDS victims. ... [T]he world's big pharmaceutical companies have found themselves on the

wrong side of public opinion in trying to prevent poor countries from obtaining cheaper copies of the firms' patented life-saving drugs. This near-universal condemnation was summed up by Nelson Mandela ... who accused the firms of charging 'exorbitant prices', ... 'That is completely wrong and must be condemned', he declared. Soon after, on April 19, 2001, the drug companies withdrew their case against the South African government. This climb-down could have far-reaching consequences for the drug industry and for the price of treatments everywhere. A coalition of 39 drug companies had been trying to stop South Africa's health minister from taking sweeping powers under a 1997 law to allow the manufacture and import of cheaper copies of patented drugs."

However, the pharmaceutical industry executives still continue their "quasi genocidal" behavior with impunity. The industry comes up with novel lifesaving medicines regularly but the prices of such unique drugs are far beyond the reach of most who need them!

ECONOMICS IS TOO COMPLEX: ECONOMIC THEORIES *TEND* TO LACK RELIABILITY

(*6*) Two Nobel laureates in economics, Eugene Fama and Robert Shiller propagated competing theories on asset prices, but both were awarded the Prize in the same year, 2013. Fama proposed the "efficient-market hypothesis," in that prices of assets - commodities, real estate/housing, securities/stocks, and so on, generally reflect the underlying fundamentals and available information about them. Whereas, Shiller argued that markets are too often driven by emotion, and may not be all that "efficient," creating undue price fluctuations, not necessarily accounting for underlying, reasonably available information on assets, and that exuberance and panic can drive prices up or down sometimes far out of proportion to underlying strengths or weaknesses.

(*6*) Perhaps the most dramatic example supporting Shiller's thesis was what happened during the Dutch "Tulip mania"¹³ of 1630s - a rare single bulb fetched as high as \$100,000 in today's money! During the tech-bubble of 1990s, the share prices of Microsoft, Intel and Cisco, shot up to stratospheric levels. But then precipitously dropped, and stayed down, until today, except Microsoft but that too only partially recovered, although these companies' dominance in the respective area remain *fairly* unscathed. ***More specifically, the market capitalization value (Market Cap) of Cisco systems rose by over 100,000 percent between 1990 and 2000, to \$600 billion! But Cisco's share price dropped from \$82 in March 2000 to \$13.20 by March 2001***, and stayed down. Even in the first half of 2016 the Market Cap of Cisco was only around \$140 billion, though it entered the prestigious Dow-30 club several years earlier. It started issuing dividends as well, which swelled to about 3 percent. ***And the technology-heavy***

NASDAQ index rose from 500-to-5000 in about nine years by the middle of the year 2000, but then precipitously dropped to 1,200 in less than two years supporting Shiller. NASDAQ stayed depressed for over nine years without reaching even 3,000. It took about 15 years for NASDAQ to reach back to the record it posted in the year 2000! (In fact, the share prices of both Google and Apple might have gone up far higher still, had it not been for the fresh memory of “crashing” of Cisco and others.) **But that’s economics, a most complex, while indispensable branch of science, for the welfare of humanity!**

Footnote #13: <http://en.wikipedia.org/wiki/Tulip_mania> was a period in the Dutch Golden Age during which contract prices for bulbs of the recently introduced tulip reached extraordinarily high levels and then suddenly collapsed. At the peak of tulip mania, in March 1637, some single tulip bulbs sold for more than 10 times the annual income of a skilled craftsman. It is generally considered the first recorded speculative bubble (or economic bubble), although some researchers have noted that the *Kipper-und Wipperzeit* episode in 1619–22, a Europe-wide chain of debasement of the metal content of coins to fund warfare, featured mania-like similarities to a bubble. The term “tulip mania” is now often used metaphorically to refer to any large economic bubble (when asset prices deviate from intrinsic values).

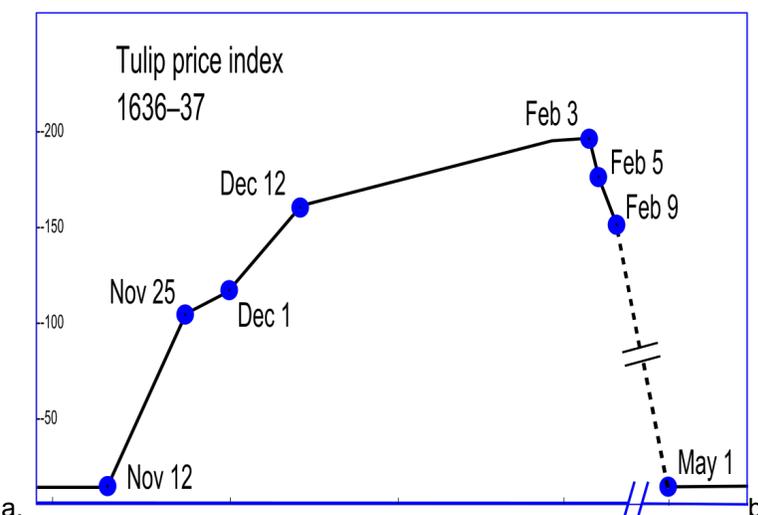


Fig. 17a. Anonymous 17th-century watercolor of the *Semper Augustus*, famous for being the most expensive tulip sold during tulip mania. Fig. 17b. A standardized price index for tulip bulb contracts, created by Earl Thompson.

Thompson had no price data between February 9 and May 1, thus the shape of the decline is unknown. The tulip market is known, however, to have collapsed abruptly in February.

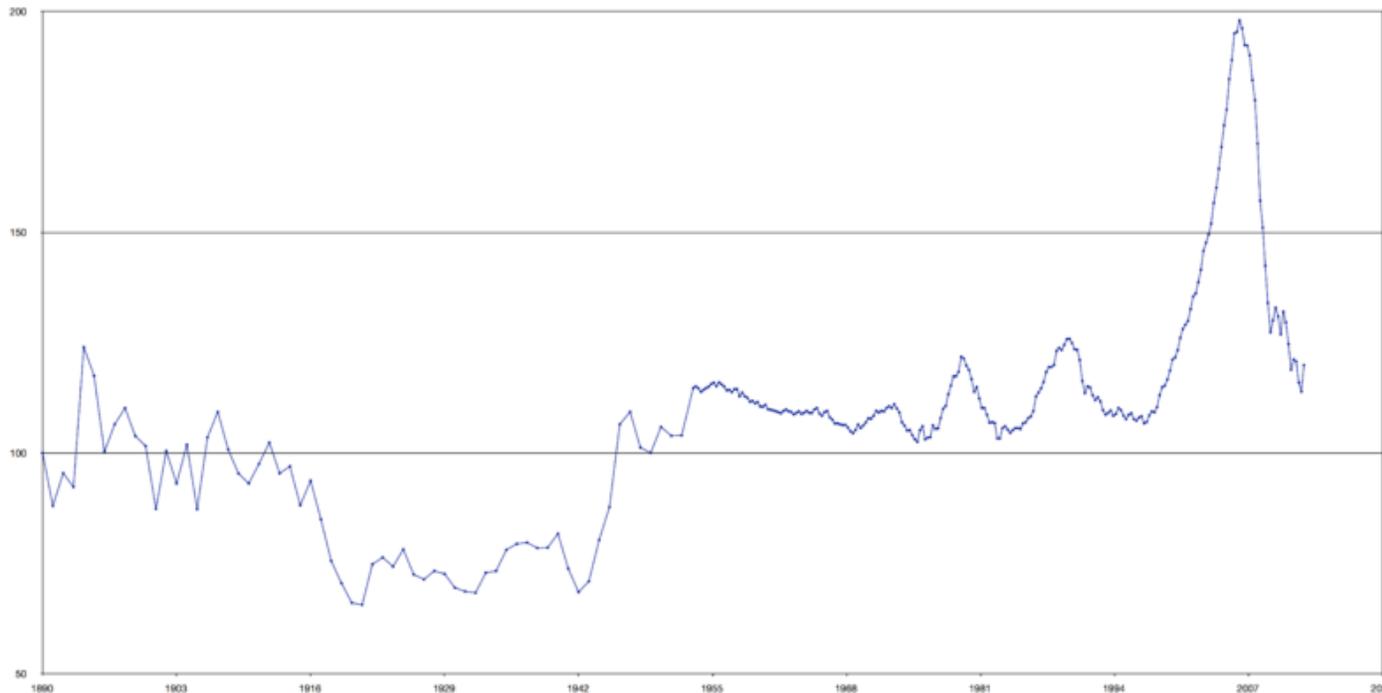
“The 1637 event was popularized in 1841 by the book *Extraordinary Popular Delusions and the Madness of Crowds*, written by British journalist Charles Mackay. According to Mackay, at one point 12 acres of land were offered for a *Semper Augustus* bulb. Mackay claims that many such investors were ruined by the fall in prices, and Dutch commerce suffered a severe shock. Although Mackay’s book is a classic that is widely reprinted today, his account is contested. Many modern scholars feel that the mania was not as

extraordinary as Mackay described and argue that not enough price data are available to prove that a tulip bulb bubble actually occurred.”

(*6*) On the other hand, real estate prices in the United States, within a reasonable margin have been *remarkably stable for over a century!*

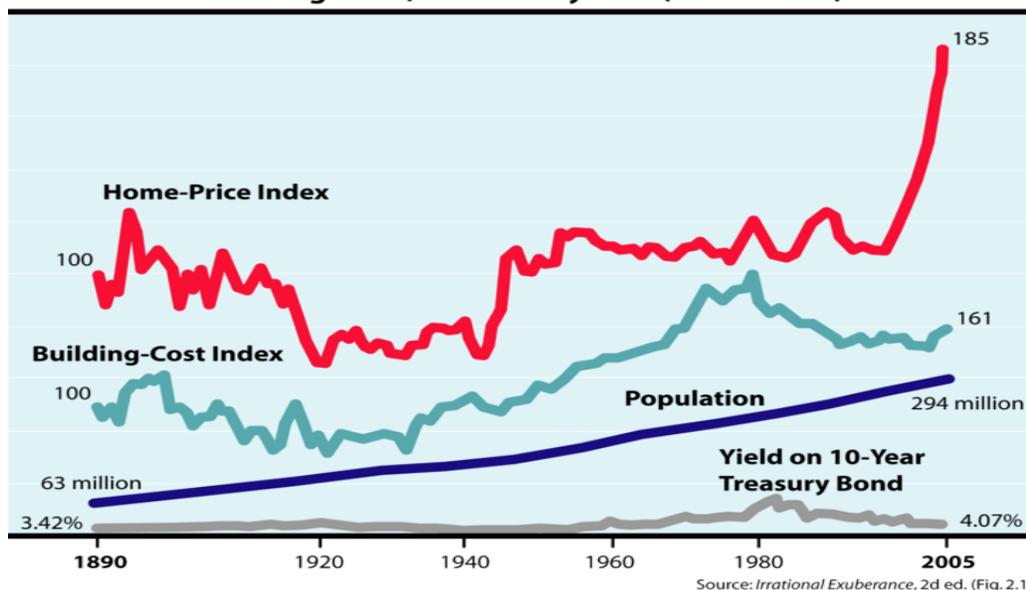
(*6*) Though the real estate bubble led to a collapse of the general economy, and a devastating depression-like recession, it was caused by the reckless behavior, for short-term profits of the U.S. financial system, with the subprime mortgages. But it, nevertheless offers solid support to Shiller's thesis. Between 1890 and 2012, the Case-Shiller Index on home prices, fluctuated within about 25 percent, except during the housing bubble, when the index and housing prices shot up by some 90 percent between 2000 and 2007, but dropped precipitously in about 18 months to the pre-2006 level.

(*6*) Between the World Wars, the home prices remain depressed by around 30 percent. During the post World II-period, despite a rapidly expanding middle class, very low interest rates, and unprecedented prosperity with a housing boom, after an initial spike to the "mean" level, the prices stayed around ten percent above the mean level! That could be seen as *remarkable price stability* for over 100 years, offering tangible support to Fama's "efficient market hypothesis!" A logical reason is that most homes are built based on appraised needs, then bought or sold for necessities, with affordability, without looking for "house-flipping," as in the 2000s; when house-flipping happened similar to stock-trading, the prices transformed into fitting the Shiller's model.



Case-Shiller Index in Housing Prices between 1890 and 2010

Inflation-adjusted U.S. home prices, Population, Building costs, and Bond yields (1890–2005)



Source: *Irrational Exuberance*, 2d ed. (Fig. 2.1)

Figs. 18 & 19.

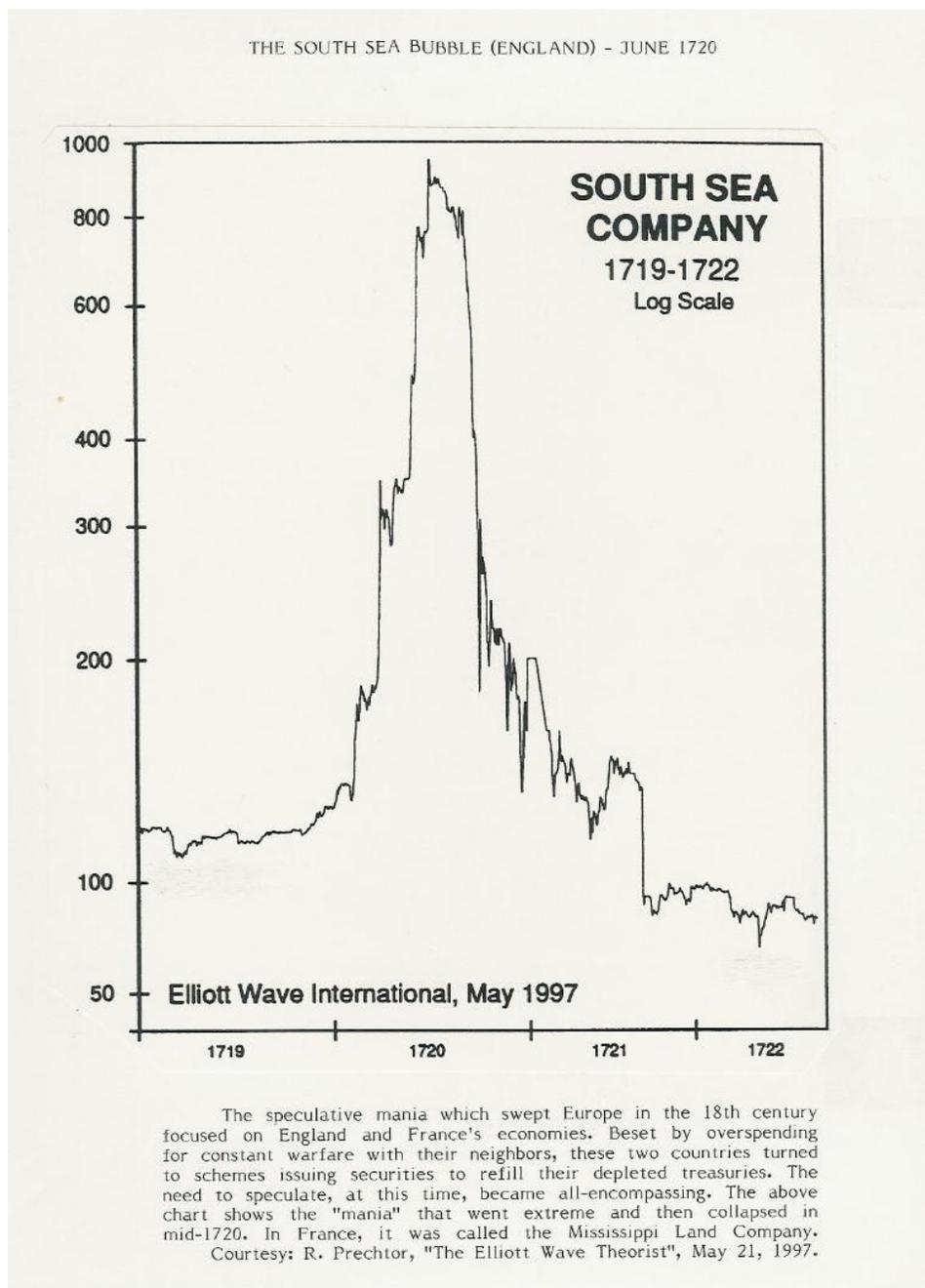


Fig. 20.

(*6*) A professional economist could provide better analysis than I could. But within my limited understanding, owing to such strong supports to the competing theories of Eugene Fama and Robert Shiller, and to win Nobel prizes in economics in the same year, ***I would say economics is extremely complex, and difficult to grasp, to predict somewhat reliably, and to formulate the right economic policies at all times.*** There appears to be, to me, too many "slippery" moving parts in the topic of monetary issues to be encompassed in a mathematical equation or formula, or in the conceptualization of most thinkers.

(*6*) ***And we ought to restrain our criticisms on actions taken by genuinely***

sincere policy-makers, such as Ben Bernanke and Henry Paulson, and excuse some of the mistakes they may have made during and prior to the recent catastrophic financial crisis.

(*6*) *But if an economist's motive is just to promote his or her instinctively, or prejudicially formed unscrupulous radical agenda, such as that of Ayn Rand, or those of Paul Ryan, Eric Cantor, Rush Limbaugh, Dick Armey and most of the Tea Party leaders, not the naïve, activists who have been duped, it must be attacked as ferociously as feasible, as Senator Bernie Sanders (I-VT) has been doing in his entire political carrier, including during his bid as a presidential candidate (as a Democrat for 2016) for the good of the populous at large.*

Main Stages in a Bubble

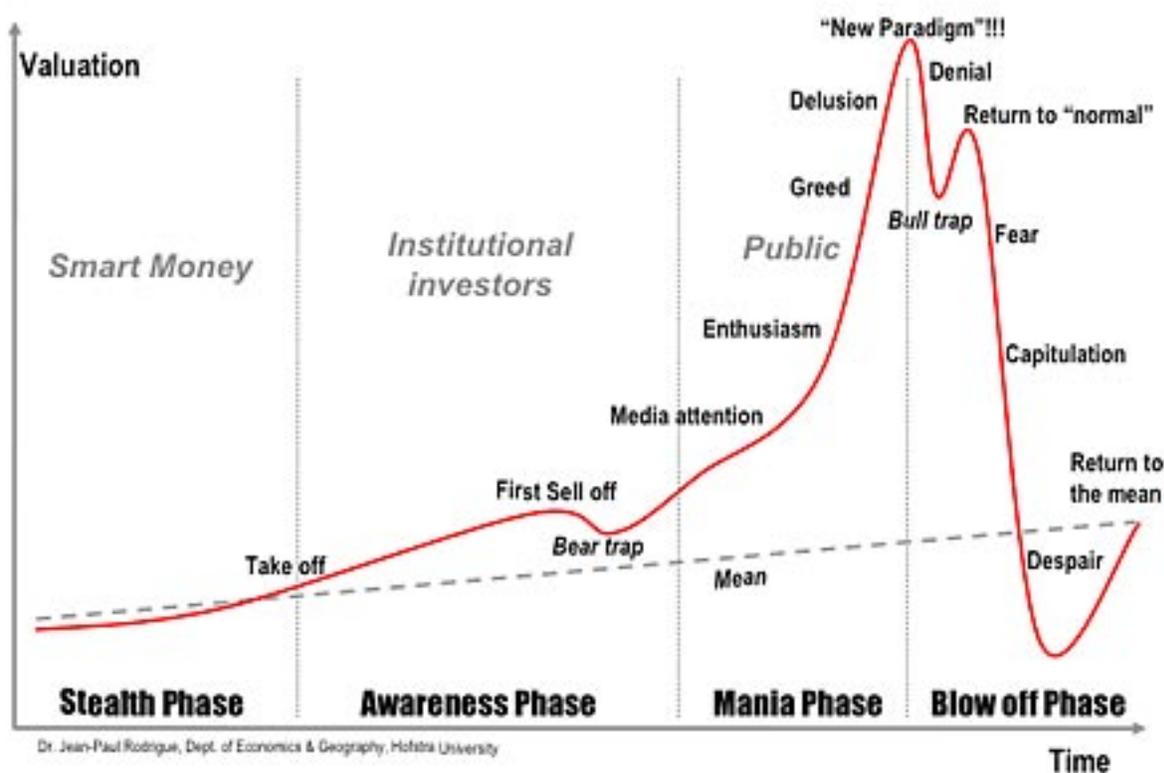


Fig. 21

(*6*) *I would voice my adoration of Pope Francis, a true Christian (I wish he were chosen after Pope John Paul II passed, in April 2005, when he captured the second most votes, behind Pope Benedict), and my condemnation of all who promote unfettered, Free-Market Capitalism, with cuts in marginal tax rates, which widens*

the gulf between the haves and have-nots creating so much misery to humanity, and innumerable deaths, from lack of purchasing power.

(*6*) Adam Smith and Karl Marx constructed competing, but exceptionally influential economic theories with confidence. Adam Smith, Karl Marx and a more modern economist John Maynard Keynes have been referred to as the “Big Three” in Economics.

(*6*) It is the “Nature of the Beast,” as economics is. President Truman used to complain about his economic advisors, who would habitually present inherently uncertain economic policies to undertake, saying, on the one hand ‘this’, but on the hand ‘that’ would happen, if such and such a course is taken, which prompted Truman to say, “I need a one-armed economist!”

(*6*) Another great example illustrating the complexity of economics is that in May 1932, Franklin Delano Roosevelt (FDR) stated, “The country ... demands bold, persistent experimentation.... [Try a sensible method]. If it fails, admit it frankly and try another. But above all, try something.” This was a welcome relief for a nation in peril.

(*6*) Furthermore, Frederick Hayek, in his Nobel Lecture ‘confessed’, “We have made a mess of things,” regarding the economists’ failure to provide satisfactory economic policy recommendations for politicians/statesmen to undertake. He even said that unlike physical and natural sciences, economics is too imprecise to deserve a Nobel Prize.

INCONGRUOUS REMUNERATIONS

(*1*) Unlike many may feel, one cannot make huge sums of money, or accumulate vast amount of wealth without unfair exploitation, or (not fully deserving) inheritance. As said above, the top 25 hedge fund managers together made close to \$100 billion for the five years from 2009-to-2013, when tens of millions have been struggling to make ends meet. (Steven A. Cohen of SAC Capital paid a total of \$1.8 billion in civil and criminal penalties for the year 2013, but he raked in \$2.3 billion for that year. He profited handsomely from his traders/employees’ illegal activities, as eight of them have either pleaded guilty or found guilty for insider trading. Daily Beast writes, November 27, 2012, “If John Gotti was the Teflon Don, then in the off-the-record view of the FBI and prosecutors, Steven Cohen is the Teflon Trader, where the feds never have enough to charge him with anything, even as underling after underling at his hedge fund gets locked up for insider trading ... [but so far] none of them implicating Cohen personally.” This is still true, as of December 2015.)

(*1*) On the other hand, Tim Berners-Lee <<http://www.techdirt.com/articles/20110811/10245715476/what-if-tim-berners-lee-had-patented-web.shtml>>, the creator of the ubiquitous world-wide-web (www), did not try to patent it. If he had, there may have been “[no Google or iPhone].” And he probably could have made a small fortune from it. Whereas, makers of related products made hundreds of billions, under the cover of patent protection.

(*1 & 6*) ***If Bill Gates chose to be like Berners-Lee, he couldn't be worth \$100 billion by the year 1999 (\$143 billion in 2015 dollars)! However, unlike other billionaires, he utilized his enormous wealth and far larger brilliance and diligence, thanks to his exceptionally charitable wife, and father, for the good of the neediest in the world.*** But many others, including the most admired, ‘ascetic’ Steve Jobs, didn't show much interest in philanthropy.

Footnote #14: ***Ted Turner, with his relatively modest wealth, publicly pledged \$1 billion to the United Nations in 1997, when he was worth only about \$2.6 billion, creating a chain of events, which may have been the catalyst for the current push to cajole worlds' billionaires to pledge, and successfully so, at least half of their wealth to charity!***

Warren Buffett had been hunting for the best way to give away most of his wealth to benefit humanity with the support of his late wife and children, as many others had given away substantial portions of their wealth, throughout history, as Alfred Nobel did using the money he made as an inventor (of dynamite) and industrialist, establishing perhaps the most coveted Nobel prizes. But Buffett couldn't spot the right "target" to aim his enormous firepower of over \$50 billion, until he came across his friend Bill (and Melinda) Gates' foundation. And, perhaps not surprisingly, Mark Zuckerberg pledged 99 percent of his Facebook shares, about his entire net worth, about \$46 billion to charity, at the end of 2015.

Hundreds of billions have already been pledged in the billionaires' giving pledge endeavor, initiated by Warren Buffett, Bill and Melinda Gates. Buffett pledged 99 percent of his fortune to give it away, most of which to Gates Foundation. The Gateses pledged 95 percent of their wealth to charity. The impetus for that probably was the ultimate impact of Ted Turner who unlike most other philanthropists actively publicized it, and threatened to shame the rich if they did not follow suit.

(Mitt Romney also has been quite generous, for a Republican *leader*, which resulted in his paying too low, between 12 and 14 percent in Federal Individual Income Taxes for some ten years. He was unfairly criticized for it. And he was too ashamed to release his tax returns as the rates were too low; the bulk of his incomes were capital gains, taxed at close to 15 percent. Not a single prominent Democrat came to his defense explaining the fact that he donated huge sums to charities, far beyond what the Mormon Church is required for him to share, which caused his tax rate to be that low, not by cheating. Similarly, the Obamas paid only 18.3 percent in federal individual income tax in 2012, as he also donated handsomely. If the Clintons were as charitable as the Obamas, with their newly found wealth, the criticisms regarding Hillary Clinton's speech to the Goldman Sachs would have been muted. And they wouldn't have been attacked so viciously for being greedy. [Then again critics would find something or

another, or make up something, like murdering Vince Foster, to attack them.] Neither was greedy to begin with and they chose ascetic sort of life when Bill Clinton pursued politics in Arkansas to an uncertain financial future. Hillary Clinton followed him renouncing her lucrative chances in practicing law elsewhere. Neither ever lacked any self-confidence in their intellectual assets and verbal skills and in their habits of putting long hours on tackling any tasks however dry or unpleasant it has been. Donna Shalala reportedly said they [both Clintons] assume they are smarter than any one else in the room.)

Such charitable activities, regardless of where the money goes, ought to be commended and encouraged by law and by the public so that people would step in and share their bounty with the less fortunate. Indeed such sentiments emanated from innate human altruism make us human, to build and maintain a humane social structure.

But we are also just as selfish as most other living beings. Without some socially engineered “coercion,” built on laws, for being human, we would not effectively help our less fortunate fellowmen in need. From time-to-time anyone of us could be in that predicament.

As said elsewhere, over the millennia, unfortunately ***innumerable fellow humans perished due to insufficient purchasing power. Some of those perished must have been distant, if not immediate descendants of the fortunate few! Thus creating ironclad laws to share wealth is another way of making sure our descendants would have means to prevent them from being trapped in such a calamity. So laws to help the less fortunate, such as the American Disabilities Act, enacted during George H.W. Bush presidency, are another way of setting aside “for rainy days.”***

But characters like Ayan Rand and her disciples the like of Paul Ryan, Rush Limbaugh, Newt Gingrich, Eric Cantor or Ted Cruz do not subscribe to any such sentiments. They can be as callous as any. (If I may insert here my assessment of Henry Kissinger, whom I consider the embodiment of callousness – he was callously indifferent to the plight of East Pakistanis in 1971, when the West Pakistani soldiers were butchering them, about a million of them, despite that he narrowly escaped Hitler’s gas chamber, in 1938 at the age 16 by emigrating to USA!)

(*6*) However, most who have plenty keep almost all of it for themselves, leaving much of the world scraping by, or living, and dying, in misery. I would argue this situation is mostly avoidable, ***if humans behaved more rationally, if they cannot be that humane: Most of us would rather prefer not to witness misery around us, and we would be quite, or at least tend to be pleased if we could sense that all preventable misery in the world is on a reliable path to end in the foreseeable future. And most who have more than adequate are quite willing to part with small but significant amounts of that if they realize it would most definitely ease the misery of those who hurt from insufficient purchasing power.*** The loss from sharing could eventually be sensed as gain.

(*5,7*) ***Indeed, we witness such widespread approval of high taxation among more advanced “European Civilization” of late, like Scandinavia! And with the New Deal advancement, the United States was reaching there, even earlier***

than much of Europe has been, until an exceptionally persuasive leader, Ronald Reagan, reversed that trend with the drastic tax-cuts of Reaganomics, passively or actively promoting “greed is good” mentality! Reagan could get most, often all of what he wanted with his amazing charisma and commanding personality and forceful words, unlike any other since FDR! Furthermore, “tax-cuts” for any economic problem became the mantra of Tea Party-dominated Republican party of late. Indeed a self-appointed patron saint, Grover Norquist of the modern Republicans went so far as to forcing all Republican lawmakers to sign a pledge not to raise taxes under any circumstances!

(*5,6*) *The irony is that Reagan himself couldn’t foresee this eventuality of Reaganomics.* He was misled by vile advisors who exaggerated lack of work ethic among some of the welfare recipients, calling them “welfare queen,” and so on. Further, the nation collectively felt, some restraint in the welfare system was called for, but not to the extent it led to. One method was tax-cut, which would drain the U.S. Treasury, with resultant belt-tightening, except in defense spending, which was heightened so much. Furthermore, inflation reduced the top rate of 70 percent on over \$1.5 million in 1965 to \$561,000 in 1981, in 2015 dollars.

(*5*) Another perhaps unknown irony was that Reagan was quite enthusiastic about *raising* tax, in California. Bruce Bartlett, one of his senior white house aides writes, in his “Economix blog,” on the 35th anniversary of California’s Proposition-13 <<http://economix.blogs.nytimes.com/2013/06/04/proposition-13-at-age-35/>>,

(*7*) *“California was a high-tax state, in no small part because of huge tax increases enacted by Gov. Ronald Reagan.* One of his first acts in office in 1967 was to ask for a \$1 billion tax increase, the largest tax increase in state history, equal to one-third of state revenue. Reagan also supported further tax increases in 1971 and 1972. State revenue tripled on his watch, to \$8.6 billion from \$2.9 billion, in eight years.”

(*6*) Furthermore, Americans maybe significantly more charitable than most others elsewhere in that even during tough economic conditions as during the height of the recession in 2009 Oklahomans, in the heart of the “bible-belt,” donated an average of over \$1,500, per person to different charities (*Parade* magazine, May 1, 2011)! “Americans are more apt to donate to a charity, volunteer, or help a stranger than residents of 152 other countries!” The Chronicle of Philanthropy, December 21, 2011, as reported in the Christian Science Monitor <<http://www.csmonitor.com/World/Making-a-difference/Change-Agent/2011/1221/Americans-are-the-most-generous-global-poll->

finds>.

(*6*) The U.S. citizens and residents donated a sizable sum of \$1.4 billion for victims of the earthquake in Haiti. Rank-and-file Republicans may have given a greater share of their incomes to Haiti earthquake victims than rank-and-file Democrats did, as people who regularly attend churches give more as a share of their income than others do. "Religious observers (those who attend weekly services) give 3.4 percent of their income annually, while nonreligious people give only 1.1 percent to 1.4 percent" (The Gallup Organization) <<http://www.econlib.org/library/Enc/Charity.html>> 'Charity', by Russell Roberts, Concise encyclopedia of Economics' latest posting, (retrieved Aug 16, 2013). And many church-going Republicans even criticize the government for taking over social services, which they feel are their purview.

(*6*) The Republican criticism is that when government administers "handouts" to the needy, the bureaucracy may overdo it making them unduly dependent on government handouts, instead of pulling themselves up by their own bootstraps to help themselves, whereas, local charities can weed out the lazy from the really needy.

(*6*) But I think it should be the other way around in that the government, the state should meet the needs of all. As (more typically) in the Scandinavian countries, the (high) taxes we (also ought to) pay should cover all the needed expenses for it. But governments' hands may not reach everywhere in time; citizens ought to fill the gaps (unintentionally) left out by the state, in a more ideal society.

(*3*) Wikipedia shows the estimated total taxes collected by the US governmental agencies, including state and local governments for 2014 <https://en.wikipedia.org/wiki/List_of_countries_by_tax_revenue_as_percentage_of_GDP> was 26.9 percent of the GDP, a very low figure. Whereas, the total taxes collected was 39 percent of GDP for the United Kingdom. The average for the Scandinavian countries of Denmark, Norway, Sweden and Finland, it was 45.5 percent, for Germany it was 40.6 percent, for France, 44.6 percent, for Japan 28.3 percent, for China, 22 percent and for India, it was 17.7 percent.

(*2*) One reason why the "hard right" leaders are against taxes, other than for the well offs' safety, and similar programs, is that they want to savor the enormous wealth and money many of them have accumulated.

(*6*) Paul Krugman, a Nobel laureate in Economics, writes (NYT, July 15, 2013) about separating farm subsidy from food stamps, "At this point we're talking about a state of mind that takes positive glee in inflicting further suffering on the already miserable. ... Long ago, when subsidies helped many poor farmers, you could defend the

whole package as a form of support for those in need. Over the years, however, the two pieces diverged. Farm subsidies became a fraud-ridden program that mainly benefits corporations and wealthy individuals. Meanwhile food stamps became a crucial part of the social safety net. So ***House Republicans voted to maintain farm subsidies — at a higher level than either the Senate or the White House proposed — while completely eliminating food stamps from the bill.***

(*6*) The Republican leaders may not have much use for the church, or any other faith, but for show they may join the church-going crowd, and successfully brainwash the naïve, white, “middle” Americans, who have a culture of their own, which include self-reliance, hard work and regular church attendance.

(*6*) They also give to charities, liberally, and volunteer to help the needy in different ways. They expect people ought to be industrious and self-reliant. They also have, not always without reason, a built-in prejudice, but effectively spread by word of mouth, against people of color, especially blacks, who, they think do not try hard enough to help themselves.

(*6,10*) It is not too difficult to instill racial prejudice in them by clever propagan-da that blacks try to take away their hard-earned means. They do not see that the inner city African American male youths haven't developed enough work ethic, owing to a series of circumstances, the crucial being low, unattractive minimum wage to live on, and an alternative culture of seeking (cheap) thrills early on.

ON MINIMUM WAGE

Legal minimum wage was first introduced in New Zealand in 1894 <https://en.wikipedia.org/wiki/History_of_the_minimum_wage>. Australia soon followed suit. Mexico introduced minimum wage before U.S. did.

In 1938, after a series of setbacks by the interference of courts to have a minimum wage law, Minimum wage was made into law all across the United States. Since then the minimum wage was progressing on an upward trend, reaching close to inflation adjusted \$11 and hour by 1968, even if the upward trend would have flattened, sooner than later. But that trend completely reversed course, in the Reagan era, along with cutting federal individual income tax, by eliminating essentially several of the top (marginal federal individual income tax) rates between 28 percent and 70 percent, which turned out to be the greatest boon for the affluent. By late 1980s, there were only two rates 15 percent and 28. In 1988 all taxable incomes over \$29,750 (about \$60,000 in 2016 dollars) were taxed only at 28 percent. And below that level, the rate was 15 percent, on all taxable incomes, which was a significant-to-huge burden on most lower income house-

holds, including most in the lower middle class. The median household income in 2015 dollars was about \$36,000, but taxable income would be significantly less.

Minimum wage is still only \$7.25 an hour. Such a low minimum wage is too unattractive to the vast majority of youths, who are exposed to so much of expensive consumer goods, more so for inner city young teens.

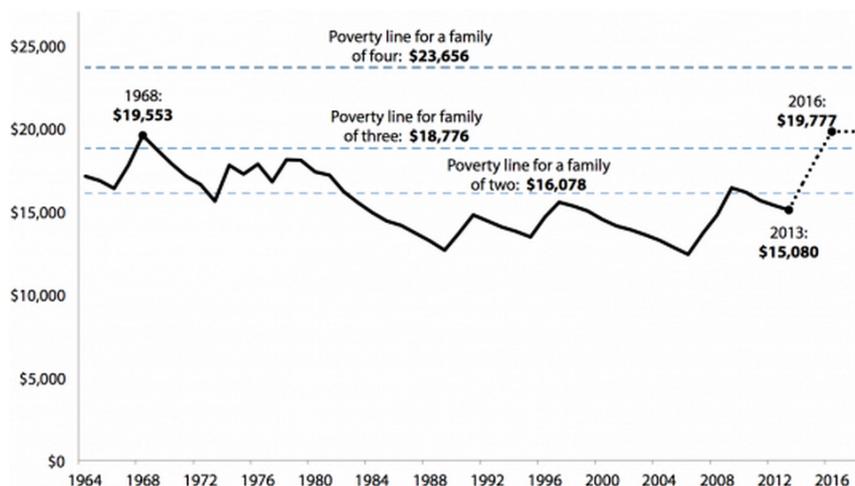
Few of them see role models in their mid-twenties who are contented with working on minimum wage, but they do witness many such men who break the law to make a fast buck. Then they fill up the penal system, costing taxpayers so much more. Improving their education is a mythical solution.

Unless the poor inner city and rural children are provided with intense pre-school education, the majority of them may not be able to finish college for a well-paying job. Further, even college education doesn't guarantee a decent income, nowadays. (Ideally, education should be offered free of charge for the sake of knowledge more like public libraries, not necessarily as an income generating tool, which may remain utopian, I think.)

An eleven-year-old African American boy growing up in a fatherless environment, at an inner city ghetto, does not have the opportunity to see a single 25-year-old man who is *contented* with working on minimum wage. He does see many such men working for minimum wage. But they do such jobs without any contentment, or do so more as temporary "side-jobs." Such eleven-year-olds also witness many in their twenties make a lot of money by engaging in illegal drug-trade, even if many end up in jails and prisons, periodically, or get shot and killed.

Our 11 year-old boy may fantasize he could also have enviable life-style, without getting caught if he is cautious. It is quite difficult to instill a work ethic or work habit in such boys.

Annual minimum-wage earnings and poverty line for families of two to four, 1964–2013 and projected for 2013–2016 under proposal to raise the federal minimum wage to \$10.10 by 2016 (2013 dollars)



Note: Poverty thresholds for 2013 for family of two (one adult, one child) and three (two adults, one child) and four (two adults, two children) are inflated from 2012 U.S. Census Bureau thresholds by CBO-projected inflation for 2013. The poverty threshold for one adult, two children is slightly higher (\$18,794) than for the family of three configuration shown here. Projections are based upon CBO inflation projections and the proposal to raise the minimum wage to \$10.10 by 2016. Annual earnings are calculated assuming workers work 40 hours per week, 52 weeks per year.

Source: Author's analysis of Harkin-Miller proposal, U.S. Census Bureau (2012), CBO (2013), and U.S. Department of Labor Wage and Hour Division (2013)

Economic Policy Institute

Whereas, if they could see more men in mid-twenties, in their neighborhoods, are working for minimum wage, at easily available jobs on a \$15 minimum wage, and receiving substantial sums as EITC, if married with children, at year-end with which they buy a nice car or move into a more spacious apartment, **then a sizeable number of the eleven-year-olds would feel it is within their reach**, and would opt for such working lives, regardless of their aptitude to making good grades at school.

If the minimum wage were to be raised to match that of inflation-adjusted 1968 rate, and also raised further to partially at least account for real rise in per capita GDP, which would be about \$15 an hour, then a sizable proportion, *may not be a majority* of 25-year-old youths would *eventually* become contented with the minimum wage. And it would not be difficult then to instill a work ethic and industriousness in our eleven-year-old boy! Yes, it "takes a village," for many habits to develop.

Who benefits from a higher minimum wage?

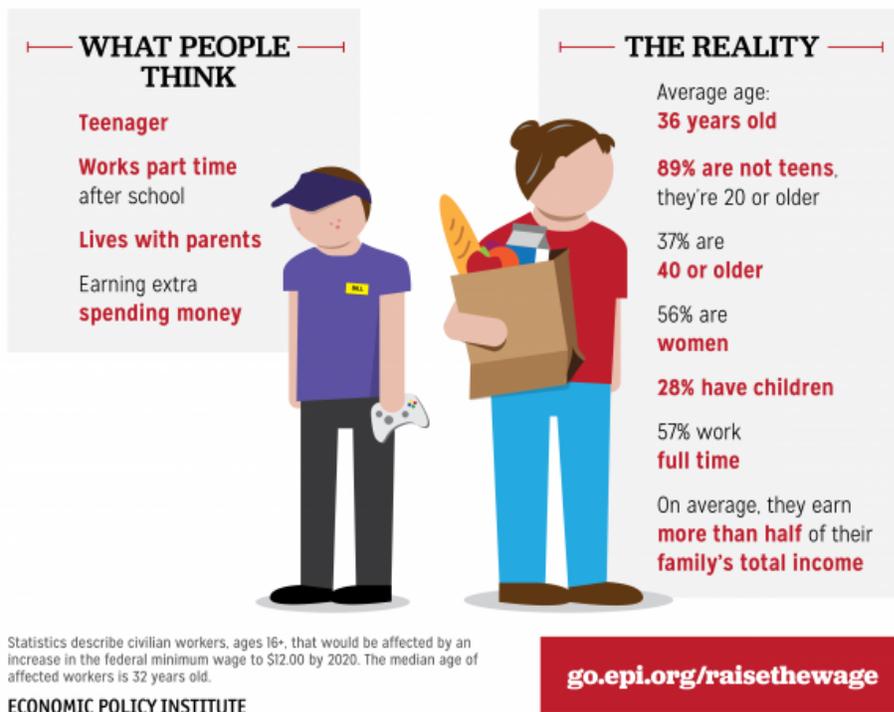


Fig. 22

Furthermore, things have changed so much in post-industrial, and post-Jim Crow America. Many have limited opportunity to have a college education, owing to a variety of reasons, including deficiency in academic aptitude, which could well be extremely difficult to overcome, though with intensive and very early preschool education when the brain is extremely rapidly developing, starting at age 3 or even earlier, a great deal of progress could be achieved.

Even a significant minority of college graduates with huge debts has to settle for jobs that require only a high school diploma or less. The diminishing wages, including dismal minimum wage (for unskilled manual laborers such as janitors, which ought to be about \$11 an hour just to match that of inflation-adjusted minimum wage in 1968) generates hopelessness, even despair in jobseekers. https://www.youtube.com/watch?v=_-KhBtCoCfI

In "Bill Moyers and Company," aired on July 5, 2013, on PBS <<http://billmoyers.com/episode/full-show-surviving-the-new-american-economy/>>, a preview is given on a *Frontline* program, "Two American Families": "Twenty-two years ago, Bill Moyers started documenting the story of two ordinary families in Milwaukee, Wisconsin — families whose breadwinners had lost well-paying factory jobs. Relying on the

belief that hard work is the key to a good living and better life, the Stanleys [an African American family] and the Neumanns [a white family] like millions of others, went about pursuing the American dream. But as they found other jobs, got re-trained, and worked any time [any hour of any day] and overtime, they still found themselves on a downward slope, working harder and longer for less pay and fewer benefits, facing devastating challenges and difficult choices. Bill Moyers revisits his reports on the Stanleys and Neumanns — whose stories Bill updates on the July 9, 2013 *Frontline* report 'Two American Families' [<http://www.pbs.org/wgbh/pages/frontline/two-american-families/>].”

Moyers also discussed with the authors of two important books about how the changing nature of the American economy was affecting everyone: Barbara Miner, a public education advocate who has been following the decline of her own Milwaukee hometown for nearly 40 years, who published (2013), *Lessons from the Heartland: A Turbulent Half-Century of Public Education in an Iconic American City*,” and author, activist and playwright Barbara Garson, who has published a number of books about the changing lives of working Americans. Her most recent then was, *Down the Up Escalator: How the 99 percent Live in the Great Recession*.”

“The growing [economic] disparity didn’t happen as some sort of natural event, like the rain falling from the sky... it really is the result of policy decisions,” Miner tells Moyers. “Forty years of concentrated efforts have gone to lowering wages, whether it was breaking unions [starting with the defeat of Air Traffic Controllers’ union strike by president Reagan in 1981 – *The New York Times*, August 2, 2011 <http://www.nytimes.com/2011/08/03/opinion/reagan-vs-patco-the-strike-that-busted-unions.html>], or creating laws that allowed you to make more money overseas than you might have otherwise,” says Garson. “We just have to raise wages [starting with a minimum wage of \$15] — not only for the sake of people getting the low wages, but if we don’t raise wages, we’re well on our way to the next debt crisis.”

And on *Charlie Rose* show (PBS, July 7, 2013), Bill Moyers suggested that the minimum wage ought to be increased to \$15 an hour, to lessen/slow the widening inequality in the U.S. Indeed, hiking low wages, including the minimum wage, would raise GDP, leading to more revenue, lesser deficit, and diminishing national debt, as in the 1950s and 1960s (Fig. 23). Suzanne Morris, for instance writes, “Kevin Daly at Goldman Sachs has calculated that eliminating the remaining gap between male and female employment [wage difference] rates could boost GDP in America by a total of 9 percent” <http://femalebreadwinners.com/the-gender-pay-gap-how-much-is-it-worth-to-gdp/>.

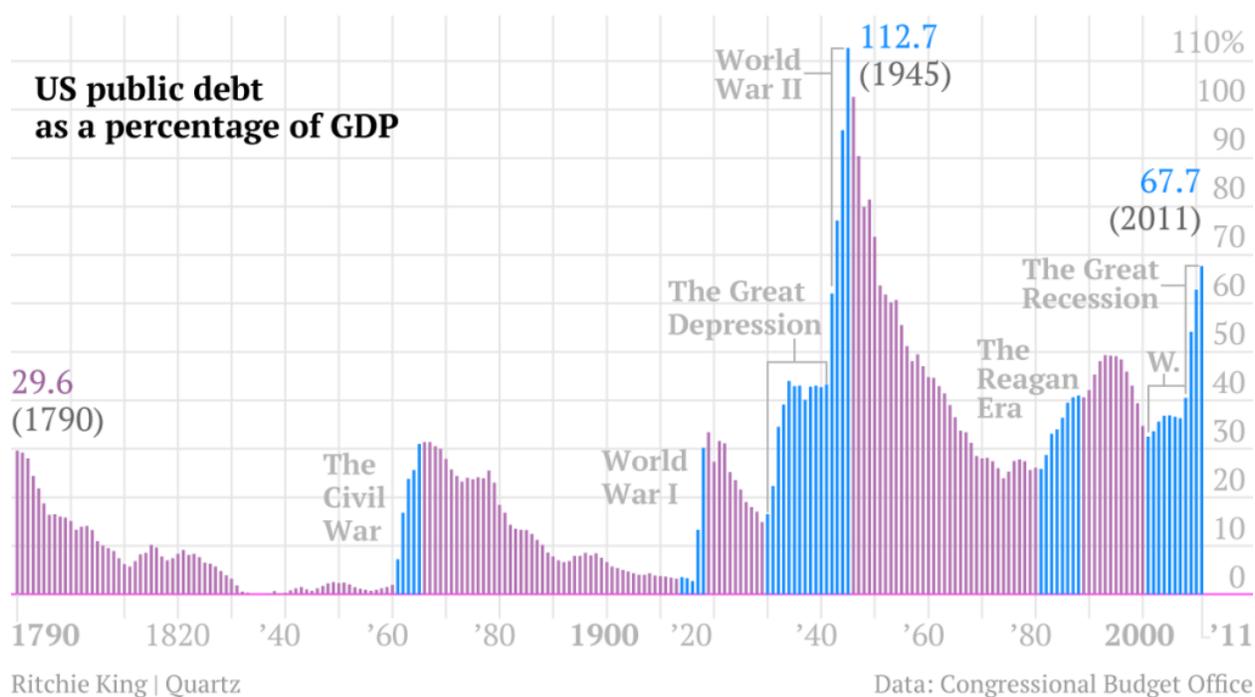


Figure 23. *The Long Story of U.S. Debt, From 1790 to 2011, in 1 Little Chart, By Matt Phillips, The Atlantic, November 13, 2012*

Imagine then what would be the GDP growth, if no one is working for less than \$10 an hour, including the workers who get tips and even undocumented agricultural laborers if they can come out of the shadows and paying taxes, and as said earlier if a \$15 an hour wage (in 2015 money value) is the regular minimum wage for post-teen adult US citizens. It is futile to wait for the creation of the so-called “high-paying,” manufacturing jobs (such jobs as in the recent boom in the oilfield jobs in North Dakota are often fleeting) or expanding the creation of unions with bargaining power as in the post-war years. Both may never happen. Rigorously imposed laws can fix those elusive goals, to reverse the course of fast-rising inequality. Such laws ought to be equated with laws such as the American Disabilities Act (ADA) of 1990¹⁵.

Footnote #15: ADA WAS introduced in the Senate as S.933 by Sen. Tom Harkin (D-IA) on May 9, 1988, passed in the Senate on September 7, 1989 (76-8) and in the House of Representatives on May 22, 1990 (unanimous voice vote), reported by the joint conference committee on July 12, 1990, then agreed to by the House of Representatives on July 12, 1990 (377–28) and by the Senate on July 13, 1990 (91-6) and signed into law by President George H. W. Bush on July 26, 1990. Many may be surprised to learn the date of 1990, as I was until I looked up, and that it took this long for such a just law, only about 130 years after the Abolition of Slavery by Abraham Lincoln.

In another 50 years, assuming an improved version of the Affordable Care Act succeeds as intended, as the Social Security and Medicare, people may wonder why it took this long, until 2010, for such a logi-

cal measure to become part of the American fabric, which became part of the British fabric in 1945 and then spread to other parts of world in short order, costing closer to half of their respective GDPs for universal coverage as that in the U.S., actually for less than universal coverage in the U.S. until ACA would be fully implemented! Conceivably, some of the descendants of today's Republican billionaires may be availing themselves of "Obamacare" (ACA).

The Rise and Fall Of the Minimum Wage



Not Just Teenagers

Age distribution of those earning the federal minimum or less:

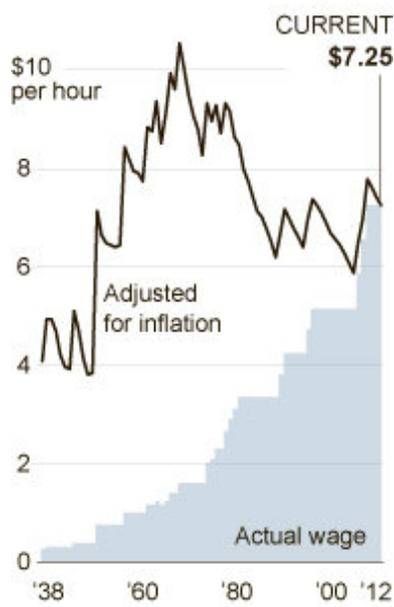


Source: Bureau of Labor Statistics, Organization for Economic Cooperation and Development, World Top Incomes Database

THE NEW YORK TIMES

ON MINIMUM WAGE

Federal minimum wage



Source: Department of Labor

THE NEW YORK TIMES

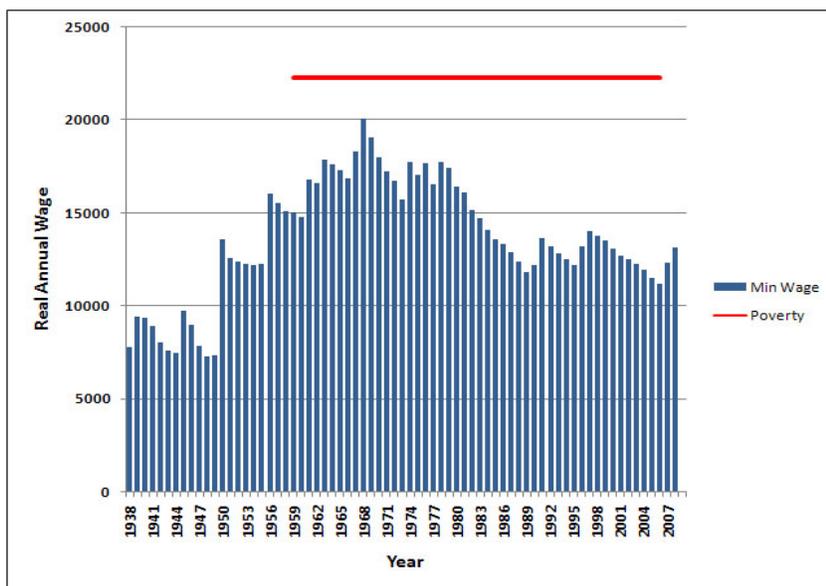
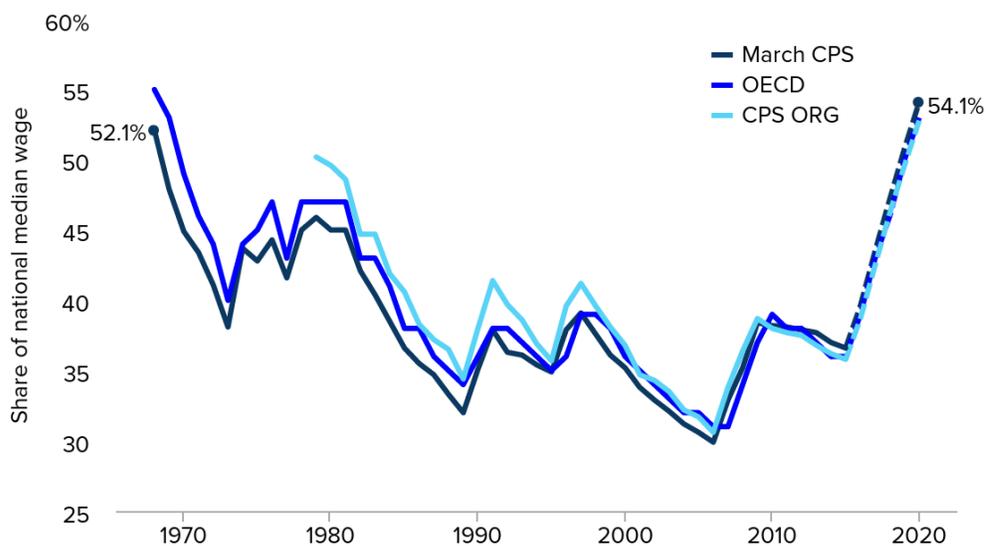


Fig. 30a.

Fig. 30b. Minimum Wage in Relation to Poverty line statistics.

Federal minimum wage as a share of the national median wage, 1968–2014 (actual) and 2015–2020 (projected)



Note: Projections over 2015–2020 assume the minimum wage is gradually raised to \$12.00 by 2020 as stipulated by the Raise the Wage Act of 2015. See data appendix for methodology.

Source: Authors' analysis of Current Population Survey (CPS) Annual Social and Economic Supplement microdata, CPS Outgoing Rotation Group microdata, and OECD (2015)

Minimum Wage, 1938 - 2013

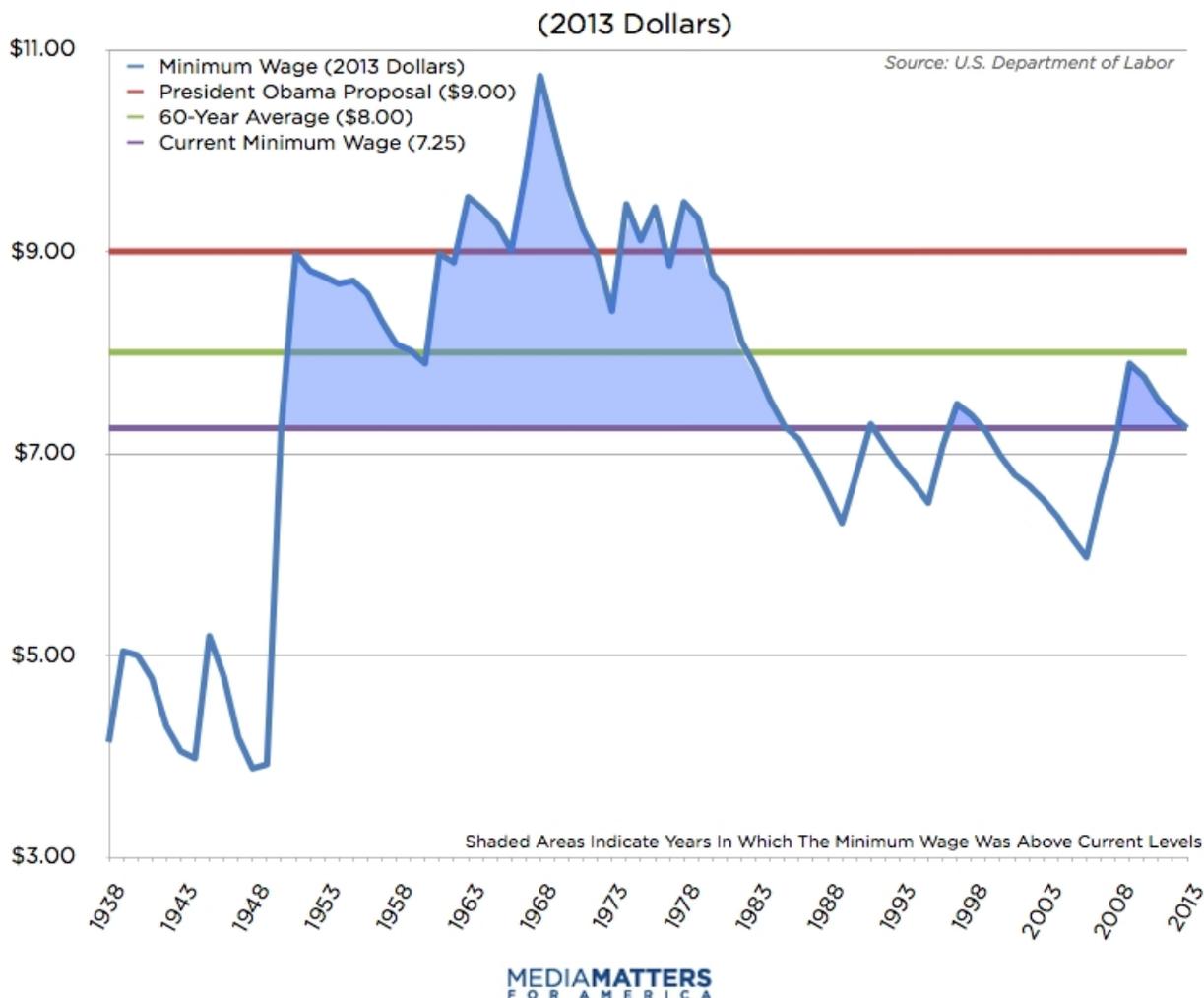


Fig. 30c

The minimum wage was approaching \$11 in 2015 dollars by 1968, but the per capita income in 2015 dollars about doubled since 1968 (per capita income as of July 1968 was about \$23,000, in 2015 dollars, compared with about \$50,000, as of July 2015 <http://www.multip.com/us-real-gdp-per-capita/table/by-year> - But other sites show less difference; I find it difficult to decipher). And the minimum wage ought to be about \$20 now, when inflation adjusted per capita GDP growth and maybe other confounding factors are factored in. Of course, today's employees get Earned Income Tax Credit (EITC²⁹). Still a \$15 minimum wage is only fair in 2015 dollars. And the minimum wage ought to be adjusted to take the cost of living into consideration. In places where the cost of living is low, the minimum wage could be lower, but then it should be correspondingly higher in larger cities.

Footnote #29: "Enacted in 1975, the initially modest EIC has been expanded by tax legislation on a num-

ber of occasions, including the widely-publicized Tax Reform Act of 1986, and was further expanded in 1990, 1993, 2001, and 2009, regardless of whether the act in general raised taxes (1990, 1993), lowered taxes (2001), or eliminated other deductions and credits (1986). Today, the EITC is one of the largest anti-poverty tools in the United States. Most income measures, including the poverty rate, do not account for the credit” <https://en.wikipedia.org/wiki/Earned_income_tax_credit>. However, Food Stamps have been revised downwards since the 1980s!

Even Mitt Romney had called for hiking the minimum wage every January to keep up with inflation, but ran away from that proposal when the Wall Street Journal attacked him for it, for his survival in the 2012 Primaries.

Though minimum wage is too low, millions don't have anything other than that to live on, even supporting a family of two or three, probably with the help of food stamps and earned income tax credit, when family comes in the picture. Perhaps, federal subsidy is needed to raise minimum wage to be a living without hurting small businesses in different parts of the country. But the subsidy could be phased out, probably slowly. Without more revenue such subsidies is quite difficult. The reflex opposition to raising progressive income taxes, as meaningless as it is remains a stumbling block. Bernie Sanders's presidential campaign must have changed many minds. If Hillary Clinton wins the November 2016 election, Sanders's popularity would be a great asset to raise progressive federal income taxes and to raise the minimum wage. Several regions have raised the minimum wage. And a trend has already been set towards raising minimum wage.

(If the initial trend from 1938 to 1968 continued, by 1990, the minimum wage could have touched, if not crossed the poverty line, and kept even upwards, akin to Australia, Netherlands or France, relieving most from avoidable misery! That would have been a model for the Third World – in Kerala²⁹, India, it has already been achieved over a decade ago, aided by the strong influence of the Communist parties [!] with the result that many unskilled manual laborers come to Kerala in droves, initially from the neighboring Tamil Nadu, where labor conditions soon improved greatly, later from Northeastern parts of India.)

Footnote #29: Kerala had the unique status as the first place in the world, where the Communists attained power through ballots in 1957, (only) forty years after Bolsheviks took power in Russia. They in-

roduced workers' rights and other progressive reforms, similar to the New Deal or the Scandinavian model, though with very meager resources. In Human Development Indices (HDIs), Kerala advanced so far ahead, closer to many developed Countries. Thus the "Kerala Model" [Wikipedia, accessed, June 6, 2013] had been touted as a great way to achieve progress in quality of life with low GDP. Tellingly, unlike in West Bengal where the Communists had a monopoly for a thirty-four-year-stretch [BBC, May 13, 2011], Kerala had alternate right-wing and left-wing coalition governments, almost ever since 1957, and any progressive agenda one government introduced, usually by the left-wing, had to be continued by the next government, for fear of losing public support, which was not necessary in W. Bengal. Lack of "competition" as in the free-market system may have been one reason for keeping the wages too low for the poor in W. Bengal. Since 2010, W. Bengalis have been going to Kerala in droves, along with laborers from neighboring states, for fairly lucrative manual labor, which for some curious reason is plentiful in Kerala still. The progress in Kerala's quality of life, however, was only partly from the leftist movement; <http://www.nybooks.com/articles/archives/1991/oct/24/the-kerala-difference/> there were other factors that preceded it.

The reverse trend of minimum wage, staying at where it was without going up to account for even inflation, let alone accounting for real growth in per capita GDP, was a most unfortunate event, not only for minimum wage workers, but for the entire society as a whole, with very little if any economic benefits to employers, and probably negative for taxpayers, the general public (see below).

Whereas, when the gulf in incomes drastically widened, as in the "roaring" 1920s, it was followed by the Great Depression. Roosevelt came to the rescue, almost single-handedly, however clumsily did he prosecute that.

EFFORT IS EFFORT, WHETHER WITH BRAIN OR BRAWN

I would also challenge the popular, apparently unassailable assumption that intellectual effort, labor with brain compared with manual labor, deserves vastly larger monetary reward. I feel this is not too unlike the practice of apartheid, or even paying workers based on their skin color as well as gender. (If paid slightly, only slightly differently, based on skin color¹⁶, that could even be justified, or rationalized, as dark-skinned people tend to be somewhat less industrious, and thus may be somewhat less productive than whites, of course with plenty of exceptions. But women in all societies throughout history are generally more industrious, thus more productive; "workers"

among bees are female!)

Footnote #16: I would also say that light-skinned people with plenty of exceptions *tend* to be more industrious and resourceful, mostly a function of colder climate they have lived in and adapted to, by "moving" more, to generate heat to fight the cold weather, which very gradually, taking millennia, also lightened their skin color, along with *enjoying* exertion/hard work, and also made them to be more disciplined, which was necessary to survive in cold weather (see *Wealth and Poverty of Nations*, by David Landes, 1999; also, as an optical example, watch PBS documentaries on the building of the Hoover Dam and of the Titanic, to see the amazing pace with which the workers, mostly white men carried out the physical part in the respective construction).

David Landes (*Wealth and Poverty of Nations, 1999, chapter 1, "Nature's inequalities"*) writes, at the end of chapter 1, "Personal experience can be misleading, if only because of the variance among individuals. Still, the law of heat exhaustion applies to all, and few manage to work at full capacity when hot and wet. Here is a Bangladeshi diplomat giving his own experience and that of other compatriots visiting temperate climates: 'In countries like India, Pakistan [including Bangladesh as it was part of Pakistan until 1971], Indonesia, Nigeria and Ghana I have always felt enervated by the slightest physical or mental exertion, while in the UK, France, Germany or the U.S. I have always felt reinforced and stimulated by the temperate climate, not in long stays, but even during brief travels. And I know all tropical people visiting temperate countries have had a similar experience. I have also seen hundreds of people from temperate zone feeling enervated and exhausted whenever they were not inside an air-conditioned room. ***In India and other tropical countries I have noticed farmers, manufacture labourers, and in fact all kinds of manual and office workers work in slow rhythm with frequent and long rest pauses. But in temperate zone I have noticed the same classes of people work in quick rhythm, with great vigor and energy, and with few rest pauses.*** I have known from personal experience and experience of other tropical peoples in temperate zone that this spectacular difference in working energy and efficiency could not be due entirely or mainly to different levels of nutrition.' ***Even among Europeans, there are substantial differences between Northern and Southern Europeans, which may also substantially alter by learned habits.*** A Polish friend of mine said, "Poles work to live. But Germans live to work!" ***This may have something to do with the German reluctance to ease the conditions for Greece bail out.***

Marathon runners run most efficiently at 49.4°F (9.67°C), for men; for women at 51.84°F (11.02°C):

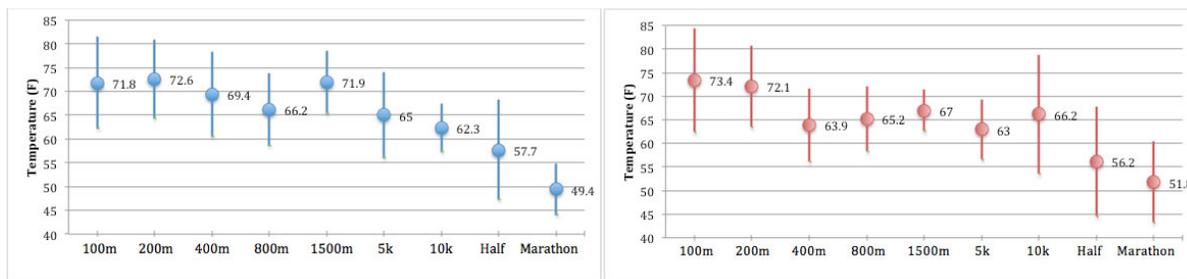


Fig. 24 a. Men: Optimum Temperature for Running Fig. 24 b. Women: Optimum Temperature for Running
 1. Castellini, Ottavio. "Iaaf.org - Top Lists." iaaf.org - International Association of Athletics Federations. 30 Aug. 2010. Web. 2 Apr. 2011. <http://www.iaaf.org/statistics/toplists/>.
 2. "Weather History & Data Archive." Weather Underground. Web. 2 Apr. 2011. <http://www.wunderground.com/history/>.

This industriousness, or lack thereof, is not etched in stone, and can be greatly improved, not eliminated, with a conscious, "painstaking" effort, as the saying goes a handicapped employee is usually more productive. In tropical countries such as India, too many middle class *men* with inherited, modest assets, who do not need to exert to lead a modestly comfortable life, do not do much, of any kind except reading newspapers, or go to a nearby place to hang around and chat; very few have any hobbies.

In humid, tropical heat, exertion causes much more discomfort, as it is difficult to get rid of the body heat from exertion. An easy way to combat this is to remain inert, or do things more slowly. When people live in that climate for millennia, if not centuries, they develop lazy habits, which are reinforced from each other as well, seamlessly blending in with their culture. In India most of the manual laborers do things slowly, which is accepted by the employers as well.

(Their [gross] motor coordination also is not very good with the result that things they make with hands do not have a good finish, unlike those of most other racial and ethnic groups. But a small minority does have amazing fine motor skills, which may be unique to South Asians, though I am not too sure.

If I may opine, based on my careful observation of many years, if darker folks recognize this inherently slower pace they *tend* to operate while performing tasks, they can consciously push themselves to do things significantly faster and eventually learn to be almost as industrious as their white counterparts, as so many of them did learn to be diligent, meticulous and also sufficiently fast, especially in tasks they are good at and enjoy or rewarding, though the fast part may be more difficult. ***In athletics, music, acting as well as verbal gymnastics, African Americans especially, excel and perform superiorly to any other racial/ethnic group, in originality as well – the originality of Muhammad Ali with an estimated IQ of just 78! [But David Remnick of the New Yorker referred to Ali as a "genius"], Michael Jackson, and so many Rappers is astounding! Without being equally industrious to whites, they can't excel in their respective field this way; when they engage in chores they enjoy and naturally excel in, they tend to be as industrious and productive as any other. But they may still not be as productive as whites and Orientals (especially Jews and Japanese) in tasks that are rather dry, not enjoyable.***

Indeed, in Latin America, one way or another, light-skinned people occupy privi-

leged positions, and are far wealthier: “Racial and ethnic discrimination is common in Latin America where socio-economic status generally correlates with perceived whiteness, [while] indigenous status, and perceived African ancestry are generally correlated with poverty and *lack of opportunity* and social status” (Wikipedia, accessed, August 29, 2012). This has been prevalent, maybe slightly differently in the U.S. as well. The Chinese Exclusion Act <https://en.wikipedia.org/wiki/Chinese_Exclusion_Act>, in force between 1882 and 1943, and the provisions of 1924 Immigration Act <<http://history.state.gov/milestones/1921-1936/ImmigrationAct>>, curtailing the entry of Jews, Eastern and Southern Europeans and Orientals, and the 'Hindu Exclusion Clause' (excluding Hindus, Muslims and others, including Christians of South Asia) in it, all meant to solidify White Anglo-Saxon and analogous ethnic dominance in the U.S.¹⁷

Far less just than that and analogous to the persecution and partial extermination of Native Americans ever since European colonization of the Americas, during the Great Depression, nearly two million Mexican Americans, including 1.2 million U.S. Citizens (many of whom U.S. born), were deported to Mexico, to make room for unemployed (white) U.S. workers: “The Mexican Repatriation refers to a mass migration that took place between 1929 and 1939, when as many as two million people of Mexican descent were forced or pressured to leave the U.S. This event occurred during the latter end of the Hoover Presidency and into FDR's second term [1]. The event, carried out by American authorities, took place without due process [2]. The Immigration and Naturalization Service targeted Mexicans because of ‘the proximity of the Mexican border, the physical distinctiveness of mestizos, and easily identifiable barrios’ [3]. The “Operation Wetback” of deporting illegal migrants from Mexico of the 1950s was mutually agreed upon with Mexican government as well, which may have been less cruel, although human rights violations did take place with it.

Studies have provided conflicting numbers for how many people were ‘repatriated’ during the Great Depression. The State of California passed an ‘Apology Act’ that estimated 2 million people were forced to relocate to Mexico and an estimated 1.2 million were US citizens” <http://en.wikipedia.org/wiki/Mexican_Repatriation>!

This plain fact is unknown to most Americans, whereas, most Americans are acutely aware of, and also ashamed of the World War II internment of the Japanese Americans, who have been way high in the totem pole. Even the 2013 Ken Burns documentary, “Roosevelts” aired in September 2014 on Public Television stations, specifically mentioned this Japanese American internment as a big sin,

but no mention about this callous repatriation of 1.2 million Mexican American citizens in the 1930s! Americans still look down upon Mexicans, but they look up to Europeans especially the Anglo-Saxons and the Japanese.

Footnote #17: [Http://racism.org](http://racism.org) – Kevin R. Johnson: academic.udayton.edu/race/02rights/immigr09.htm Excerpts: “Although the Equal Protection Clause generally requires strict scrutiny of racial classifications in the laws, the Supreme Court long ago—in a decision undisturbed to this day—upheld discrimination on the basis of race and national origin in the admission of noncitizens into the country. Similarly, even though discrimination on the basis of alienage status in modern times may mask an intent to discriminate against racial minorities, the Supreme Court ordinarily defers to alienage classifications made by Congress. Because the substantive provisions of the immigration laws historically have been immune from legal constraint, the political process allows the majority to have its way with noncitizens.

“The horrendous treatment of Chinese immigrants in the 1800s by federal, state, and local governments, as well as by the public at large, represents a bitter underside to U.S. history. Culminating the federalization of immigration regulation, Congress passed the infamous Chinese exclusion laws barring virtually all immigration of persons of Chinese ancestry and severely punishing Chinese immigrants who violated the harsh laws. Discrimination and violence, often rooted in class conflict as well as racist sympathies, directed at Chinese immigrants already in the United States, particularly in California, fueled passage of the laws. The efforts to exclude future Chinese immigrants from our shores can be seen as linked to the deeply negative attitude toward Chinese persons already in the country. ... [I]n *Fong Yue Ting v. United States*, the Court reasoned that ‘[T]he right of a nation to expel or deport foreigners ... is as absolute and unqualified as the right to prohibit and prevent their entrance into the country’.

“Congress later extended the Chinese exclusion laws to bar immigration from other Asian nations and to prohibit the immigration of persons of Asian ancestry from any nation. ... The Immigration Act of 1917 expanded Chinese exclusion to prohibit immigration from the ‘Asiatic barred zone’. A 1924 law, best known for creating the discriminatory national origins quota system, allowed for the exclusion of noncitizens ‘ineligible to citizenship’, which affected Asian immigrants who as non-whites were prohibited from naturalizing.

“Other aspects of the immigration and nationality laws reinforced the anti-Asian sentiment reflected in the exclusion laws. For example, the Supreme Court interpreted the naturalization law, which allowed ‘white’ immigrants as well as (after the Civil War) persons of African ancestry to naturalize, as barring Asians from naturalizing. In *United States v. Thind*, the Court held that an immigrant from India was not ‘white’ and therefore was ineligible for naturalization. Similarly, in *Ozawa v. United States*, the Court held that a Japanese immigrant, as a non-white, could not naturalize. This manipulation of the citizenship rights of racial minorities harkens back to *Dred Scott v. Sandford*, in which the Supreme Court held that a freed Black man was not a citizen for the purpose of invoking the jurisdiction of the federal courts. ... Racism unquestionably influenced the anti-Asian exclusion in the immigration laws.

“The national climate of opinion, pervaded by racism and a burgeoning feeling of ethnic superiority or what [has been] called the ‘Anglo-Saxon complex’, certainly contributed not just to the violence but also to the virtual unanimity with which the white majority put its seal of approval on anti-Chinese ends if not means.

“Congress passed the first wave of discriminatory immigration laws not long after the Fourteenth Amendment, which bars states from denying any person equal protection of law, and other Reconstruction Amendments went into effect. With the harshest treatment generally reserved for African Americans formally declared unlawful, the nation transferred animosity to another discrete and insular racial minority whose immigration status, combined with race, made such treatment more socially acceptable and legally defensible. This issue arose in the congressional debates over ratification of the Fourteenth Amendment when a member of Congress declared that Chinese persons could be treated less favorably than African Americans because ‘[the Chinese] are foreigners and the negro is a native’.

“It was no coincidence that greater legal freedoms for African Americans were tied to Chinese misfortunes. As one historian observed, “With Negro slavery a dead issue after 1865, greater attention was focused [on immigration from China].” Political forces quickly reacted to fill the racial void in the political arena. In California, partisan political concerns, along with labor unionism, in the post-Civil War period figured prominently in the anti-Chinese movement. ...

“A heavy dose of anti-Semitism fueled the demand for the national origins quota system. Proponents hoped to limit the immigration of Jewish persons to the United States. This anti-Semitism mirrored the discrimination suffered by Jewish Americans in this country. During World War II, anti-Semitism, enforced and reinforced by the quota system, unfortunately influenced the U.S. Government’s refusal to accept many Jewish refugees fleeing the Holocaust, one of the tragedies of the twentieth century. ...

Despite persistent criticisms, including claims that it adversely affected U.S. foreign policy interests, the Anglo-Saxon, northern European preference in the immigration laws remained intact until 1965.

Congress, though it tinkered somewhat with the quota system, maintained the quotas in the Immigration & Nationality Act (INA), the comprehensive immigration law that (as frequently amended) remains in place today. President Truman vetoed the INA (a veto that Congress overrode) because it carried forward the discriminatory quota system. In defending the INA’s version of the quota system, one commentator of the day claimed that the nation’s ethnic composition should not be changed and that, because some known Communists opposed the law, opponents should be circumspect before joining the fray. A Senate report concluded that the national origins quota system ‘preserve[d] the sociological and cultural balance in the United States’, which was justifiable because northern and western Europeans ‘had made the greatest contribution to the development of [the] country’ and the nation should ‘admit immigrants considered to be more readily assimilable because of the similarity of their cultural background to those of the principal components of our population’. ...” (Last Updated, April 24, 2012. Millions visited this site, since Sept. 11, 2001.)

Until typewriter started to be commonly used to send memos and (formal) letters, the clerical staffers were predominantly men. But ***when typing became part and par-***

cel of office work, men were seen as inadequate to do the job, as they were not very good spellers. Soon clerical jobs became less valuable, as they began to be women's job, as trusted and reliable assistant to the boss, the ubiquitous secretary, with drastically reduced remuneration, and status, but a lot more important for the boss to depend on "his" secretary to remind him and assist him in so many ways, of his decision-making!

"Desperate for a more efficient way of recording information, Christopher L. Sholes invents the first typewriter in 1867, which creates more opportunities for women in secretarial roles because their fingers are considered more dexterous. By 1930, women made up 95-percent of employed clerical workers due to their exceptional typing skills, high literacy rates, and **willingness to work for lower wages[!?!]**" <<http://www.jobs.net/Article/CB-93-Talent-Network-Hospitality-A-Look-Back-at-the-Secretary-Profession/>>

ECONOMIC EQUALITY IS NEITHER ACHIEVABLE, NOR THAT IMPORTANT

I would also assert that although **economic justice and fairness are necessary, Economic Equality is neither feasible, nor that important, as Inerasable Inequality is integral to humanity**, based on **age, gender, mental and physical health, social and verbal skills, race, looks and intelligence**, as well as a nebulous and an unusually important factor, **Likeability**, which may manifest itself as 'charisma' in natural leaders <<http://www.charisma.improvementtower.com/charisma-can-make-you-likeable.html>>.

If I may elaborate this a bit, infants are almost completely at the mercy of others, but almost all of us love and adore them, even when they are not ours. It is understandable that old and infirm are all too vulnerable; far too often they depend on the good will and kindness of others.

In most societies, females are far more vulnerable to cruelty, injustice and societal restrictions. Physical abuse of women is far too common, even in advanced societies as in the U.S. It is estimated (June 2013: <http://domesticviolencestatistics.org/domestic-violence-statistics/>), "**Every nine seconds in the U.S. a woman is assaulted or beaten. Around the world, at least one in every three women has been beaten, coerced into sex or otherwise abused during her lifetime.** Most often, the abuser is a member of her own family. ... **Everyday in the U.S., more than three women are murdered by their husbands or boyfriends.**"

In a recent gut wrenching documentary video, aired on *PBS Frontline*, in July 2015, the terrorist organization ISIS, also known as Daesh, by its Arabic acronym, stoned a young woman to death who was accused of adultery. In fact her own father requested a cleric to impose this punishment for her "crime" against him and her religion. The sound of stones falling on her was audible, along with her subdued begging for mercy; soon her voice disappeared, but the stones kept falling on her! Her father also joined the stone-throwing crowd with a large stone, then the cellphone video ended.

And females toil substantially more than males do, most of the time in most societies. Only they get pregnant.

A woman is also usually trusted as a safe refuge for children to be sent to. But a man is often looked upon as a potential "sexual weapon," more like a kitchen knife. This indeed makes a man's life uneasy in this regard. (For the life of me, I cannot come to grips with the law that an eighteen-year-old woman could be penalized for having sex with a seventeen-year-old boy! I knew a 38-year-old man, an alcoholic patient of mine said, when he was sixteen he regularly had sex with a 46-year-old woman in the neighborhood. And he thoroughly enjoyed it, he said. [He did not become an alcoholic because of that.] For boys such adventures are a thrill with little negative psychological impact. But that is not the case for girls, which men do not understand as women do. And as a rule, I believe consensual sex between a woman and a boy of fifteen or older ought not to be criminalized, under ordinary circumstances.)

Resilience and endurance are enhanced by better mental and physical health, and lacking that, especially in mental health, the individual becomes too vulnerable to day-to-day stresses. A strong-willed adult, depicted as a good example in Chris Kyle (in the movie, *The American Sniper*, 2014) can endure and adapt to challenges of more severe stresses of different type coming at them at faster pace, which may fell an average person, let alone a child, an old person, too feminine a woman, and an effeminate man.

Testosterone could improve resilience, but not in a straightforward way, however. Scientific studies seem to indicate, as A.J. Hirschy and J.R. Morris (*Personality and Individual Differences*, 2002;32:183-196) noted, "Masculinity was the best unique predictor of attributional styles for success ... [even] in women, [as in men]." However, testosterone, which metabolizes to numerous other sex steroids, including estrogens may also make men, and women too, more domineering, aggressive and/or more impulsive, and may even enhance the propensity to abuse alcohol and street drugs. High testosterone individuals tend to be indifferent to other's pain and discomfort, and may engage

in aggressive criminal activities and spending more and more time behind bars; they may also have a tendency not to learn well from experience. However, as Christopher Mims writes in *Scientific American*, January 11, 2011, “Hormones don’t necessarily make men violent, but they do cause them to seek social dominance.”

Verbal skills are a great asset, which would be appreciated better by people who lack them and also quite cognizant of it, as I am, but without at least a modicum of social skills, which I feel I lack, most other assets are hardly a plus.

No matter how one looks at it, being of European descent is sensed by most as a unique asset in itself. Indeed human brain is ‘wired’ to appreciate lighter skin color and sharper features, which Europeans possess best much more than other racial/ethnic groups. But when it comes to women, Asians’ heightened femininity, with its associated joint flexibility, trumps lack of joint flexibility of European women – a good example maybe between the *relative* stiffness of Nancy Kerrigan compared with the more feminine flexibility and grace of Kristi Yamaguchi in 1992 winter Olympics, helping her win gold, while Kerrigan had to settle for silver.

The value of looks and intelligence is self-explanatory.

I would assert that likeability could trump most other assets in that if you are not likeable, your life tends to be much less happy than from the lack of any other asset, or even a bunch of other assets.

Historians and journalists knew Richard Nixon was not very likeable, probably a main reason for his impeachment and ouster, whereas, George W. Bush, unlike his father, and his brother Jeb Bush, is an immensely likeable person, believe it or not, also “over-powering,” despite the widespread acknowledgement that he was an intellectual light weight, unlike his father, and also mangled his words providing unique words like uniter and decider, and made-up ones by comedians on his behalf, like “strategy.”

Indeed, as much as I admire president Obama, he was elected and re-elected with comfortable margins, *largely* because he was just likeable; he is also sincere and quite confident. (The Nobel Peace prize he received, before he did anything tangible also has a lot to do with these assets.) Despite a determined Republican opposition that wanted to see Obama failed, even if the country went down with him (see the *New York Times* editorial, July 12, 2013, “In the House, a Refusal to Govern,” summing up the general attitude and approach of the ‘hard right’), he achieved so much, as Michael Grunwald, in his 2012 book, “The New, New Deal: The Hidden Story of Change in the Obama Era,” illustrates. ***Despite his enormous gifts and likeability, president Obama often lapses into disengagement, which shaved off a great deal from his***

potential achievements. He could have achieved substantially more, especially abroad easing the misery in Africa, Iraq and Syria. He could have been the fourth most consequential president, after Washington, Lincoln and FDR! He may still end up being one of the better presidents, when history eventually judges him. His “disengagement,” and aversion to be an indefatigable fighter, as a loyal soldier who would lay his life for a cause, so-to-speak, similar to Bill Clinton, Jimmy Carter, LBJ, FDR or Lincoln, I would hypothesize, is a reflection of a twin-factor namely, his skin color and introversion. (However, president Obama is much more industrious and engaged than George W. Bush.)

Despite being sufficiently liberal, many, including (the liberal) journalists, frequently displayed a visceral dislike, if not hatred, of Bill Clinton (which has now extended to Hillary Clinton) and mercilessly attacked him throughout his presidency and even after that, until he became a do-gooder, international mega star. Chris Matthews, a genuinely liberal journalist, who was a vigorous “persecutor” of Clinton, even more vitriolic than Kenneth Starr, made a 180-degree-turn, to call him “President of the World,” in an MSNBC program, first aired on February 21, 2011. Bill Clinton was referred to as the “first black president” as well as the “first woman president!” Despite that, two prominent, liberal African American journalists, Bob Herbert of the *New York Times* (August 6, 1998), and Clarence Page of the *Chicago Tribune* (November 15, 1998, ‘An interview with myself’) called for Clinton’s resignation, whereas, Rep Sheila Jackson-Lee appealed to Clinton, during the House Impeachment Hearing, “Mr. President, if you are listening, don’t resign.”

That deficiency in likeability was a critical factor for Clinton¹⁸ to become the second President to complete the impeachment process! Clinton’s amazing resilience, extraordinary self-confidence and empathy in a “gigantic brain,” saved him from political extinction, I would say, for the betterment of humanity. Similarly, if Nixon had been half as likable as Reagan, he probably would not have been ousted. When likeability manifests itself in rare leaders, as in Reagan or FDR, or Fidel Castro, they exude extraordinary charm, charisma. Both likeability and charisma are too nebulous to quantify, but not that difficult to sense them, although we hardly ever take this most important factor into consideration when we discuss ideology and policy pronouncements of different presidential candidates leading erroneous assessments of them; what a candidate says is less important than who says it and how they say it. A good example is the unexpected fall of Jeb Bush and rise of Donald Trump, as of January 2016.

Footnote #18: I think the difference in likeability between Presidents Bill Clinton and George W. Bush is so stark that Clinton was impeached for a trivial personal failing, a sin, which was a transgression *only* against Hillary Clinton, not even against his daughter Chelsea, let alone the Nation as a whole, and was none of others' concern. Nevertheless, he was impeached, enabled by a whole host of left-leaning journalists as well as some Democrats. Whereas, very few expressed any desire to impeach George W. Bush who essentially all but destroyed Iraq, creating sectarian enmity there, largely because of his natural disengagement and "instinctive" personal liking of Nuri Al-Maliki and sticking with him (Obama also worsened the sectarian violence there by not pressing Maliki to leave a much larger residual force in Iraq), which would last for generations, and led to the creation of ISIS/Daesh, as of now, is far worse than Al-Qaeda ever was, with a brutality comparable to any in history! **Compared with the philandering of JFK, who had a field day in the White House with many women, what Clinton did was miniscule.** Joe Klein, risking the wrath of his compatriots, was a rare defender of Clinton. Furthermore, the journalists, if anything enabled JFK's exploits, and hid it from the public. (Recently, on a July 2015 *PBS-McLaughlin Group*, the participants uniformly agreed that JFK had extraordinary charisma.)

What more, the high esteem journalists held, as during the days of Walter Cronkite, who was considered the most trusted man in America, plummeted during the impeachment, as Joe Klein describes in his book [*The Natural*, 2003], aided also by Rush Limbaugh and the *Fox News* television channel, despite *PBS*, from which the journalists have not recovered, still. Despite shrinking readers and listeners to individual journalists on television and radio, for some reason, they do not make a genuine attempt to regain their trust and status. It is a pity they do not seem to care as long as they make enough money!

Nevertheless, money has a unique value, as a currency to acquire other "happiness-generating" stuff, which sometimes or more often are illusory. And a "fair and balanced" disparity between any two individuals in a nation is within 100-fold in incomes (though a 50-fold disparity is more desirable), and 1,000-fold in wealth. Progressive taxation, along with an adequate minimum wage, always keeping up with inflation, ought to be structured to achieve that end. An analogous, but not the same disparity in incomes and wealth among nations also ought to be a goal for international economic justice and fairness.

It is intriguing, also fascinating that as far back as 1999, Donald Trump suggested a wealth tax of 14.25 percent on the wealth of over \$10 million in the U.S. to wipe out national debt!²⁰

Footnote #20: "Donald Trump has called for a one-time 14.25 percent tax on the net worth of individuals and trusts worth \$10 million or more. Trump says this would generate \$5.7 trillion in new taxes, which would then be used to eliminate the National Debt. The savings in annual interest payments, which Trump estimates at \$200 billion, would be used to ensure the solvency of the Social Security system.

Trump's proposal is intriguing he would also eliminate estate taxes for everyone. ... In other words, the super-wealthy would trade an up-front tax of 14.25 percent for elimination of the 55% estate

tax. Trump, who puts his net worth at approximately \$5 billion, would pay about \$712 million under his plan.” - Robert L. Sommers, *The San Francisco Examiner*, November 28, 1999

In spite of his earlier “balanced” view on taxation and wealth, after becoming a Republican presidential candidate, in September 2015, Trump proposed a most radical tax proposal of extremist tax-cuts, which was estimated to create an additional 10-year accumulated budget deficit of up to \$10 trillion! Only one of the some 17 Republican candidates, John Kasich, dared to criticize other candidates’ higher and still higher tax-cut proposals; Kasich unlike other Republican governors, expanded Medicaid in Ohio under the Affordable Care Act.

Moderate inequality in wealth and income has little adverse effect in overall human comfort level, again when other more consequential, inerasable inequalities exist. Further, without competition and eventual excellence, sports and arts etc. may not offer the enjoyment they do.

THE ‘PIE’ CAN’T KEEP ENLARGING INDEFINITELY:
THE PLUSSES AND MINUSES OF ‘FREE-MARKET’

Although a “well-regulated” Free-Market system should be promoted for its productivity and innovation, it should also be restrained as it can breed unacceptable inequality, and runaway ‘crazes’, as in the 2000-2006 housing bubble, and the stock market bubble of the “roaring twenties,” and the “tech bubble” of 1990s, resembling the “Dutch Tulip mania,” of 1636.

As said above stellar companies’ share prices dropped precipitously by 50-to-75 percent in a matter of weeks, since 2000, so did the tech-heavy NASDAQ index. But the total dollar amount of that fall was too small compared with the bursting of the housing bubble, though the *relative loss* of real estate prices was substantially smaller than, say, the share prices of Cisco, Intel, Microsoft and even GE; the dominance of these four companies have been about intact at their respective fields, during the past 15+ years! (Even GE share price and market capitalization value is less than half of what it was in July 2000, which dropped by about 60 percent in two years. No less a person than the chief investment strategist Al Goldman of A.G. Edwards and Co., now part of Well Fargo, in St. Louis recommended to buy GE in 2000, “If you have a weak heart,” as the investment in GE was considered quite secure, when the share price was close to \$60 [I was taken aback thinking that it was too high a price then, hence I remember it, which indeed fell to about \$10 in January 2009 when the market dropped precipitously]. Most of the period between July 2002 and December 2015, the share price of GE stayed be-

low 50% of its peak price of \$60, reached in July 2000, closing the year 2015 at \$31.15! The Dow Jones Index during that 13.5 years about doubled.)

Free-market system also creates unnecessary waste of non-renewable resources, aggravating the global warming and preventable pollution. Frantic competition among innovators and manufacturers also produce too much waste, canceling out much of the benefit of rise in productivity.

GDP growth and pollution go up about in tandem. The rapid growth in China and India resulted in the premature deaths of hundreds of millions. *The New York Times reports*, July 08, 2013, based on a [study released](#) on July 08, 2013, “The results provide a new assessment of the enormous cost of China’s environmental degradation, which in the north is partly a result of the emissions of deadly pollutants from coal-driven energy generation. The researchers project that the 500 million Chinese who live north of the Huai River will lose 2.5 billion years of life expectancy because of outdoor air pollution.” And a “[new study](#) [February 22, 2015 - UPI] has found poor air quality in India is shortening people’s lives by about three years.”



Fig. 25: A cyclist in Beijing. A reliance on coal in the north of China has had widespread health effects.



Fig. 26: A busy road in New Del-

hi. The World Health Organization said in 2014 that New Delhi had the most polluted air of the nearly 1,600 cities it surveyed. *The New York Times* reports, December 16, 2015, “The air in New Delhi, grows especially thick and hazy in the winter as exhaust from vehicles and diesel generators mixes with construction dust and particles from the burning of trash and crops. ... On December 16, 2015, the Delhi government announced a plan to limit the use of private cars, allowing them on the road on alternate days, depending on whether the license plate ended in an odd or even number.” An estimated 600,000 premature deaths occurs in India annually.

And *TIME* magazine reports < <http://time.com/3997626/china-pollution-study/>> “Air pollution in China is responsible for the deaths of about 1.6 million people every year, or about 4,400 per day, according to a new study. Researchers from Berkeley Earth, a non-profit climate research organization, published an online study finds that pollution causes about 17% of deaths in China. Researchers came to their conclusions after analyzing four months of data taken at 1,500 locations across China, South Korea, and Taiwan. The most deadly pollutant, according to the study which is set to be published in the peer reviewed journal *PLOS One*, comes in the form of tiny particles derived from places like electric power plants and fossil fuels used in homes and factories for heating. These particles can enter the lungs and bloodstream and cause illnesses ranging from asthma to heart disease. According to the study, ‘92% of the population of China experienced [more than] 120 hours of unhealthy air’ over the four month period as defined by the American Environmental Protection Agency ‘and 38% experienced average concentrations that were unhealthy’. The study follows others that have determined between 1.2 and 2 million people die due to pollution in China every year.”

My online comment on Paul Krugman's column, "When China Falters," *The New York Times*, January 8, 2016, may be relevant, "Chinese have a prevailing habit of 'high saving and very low consumption [which] was only sustainable as long as the country could grow extremely fast' as it did in the recent past.

"In the age of spitting out industrial pollutants, leading to foul air people breathe when more and more are moving to (congested) cities with too many cars aggravating the deteriorating air quality, not to mention the highly damaging effect of global warming to agricultural outputs, something totally different needs to be planned. And China is in the best position to implement it in a very large scale, as they successfully implemented a one-child policy.

"China can effectively 'command' its citizens to go along with AGAIN a HIGH GROWTH STRATEGY towards minimizing CO₂ and other pollutants by resorting to sun and wind power to produce electricity and also improve 'battery power' technology, to be a model for the rest of the world to follow. ... They can, if they are determined to focus internally to transform the country into 'non-carbon dependent industrialization'. If they channel their enormous productivity in that direction, the world would be far better than it would be otherwise."

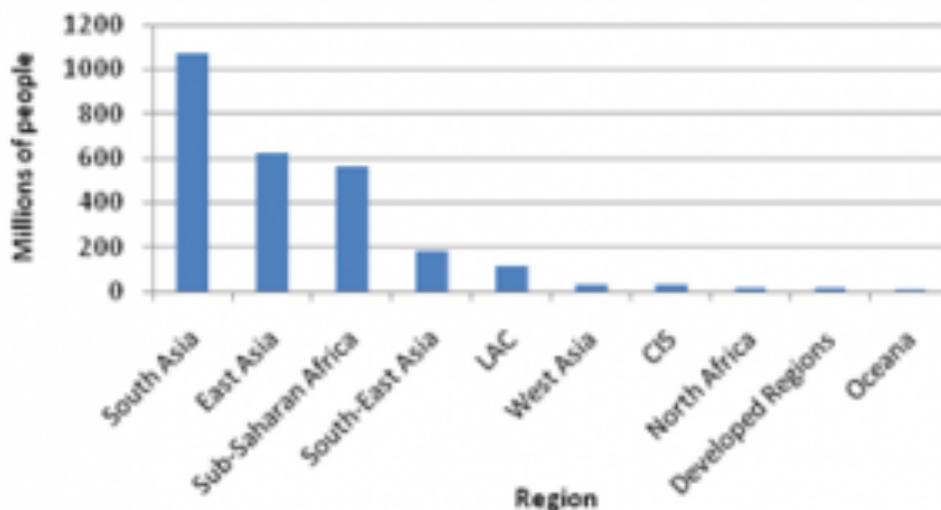


Fig. 27: Regional distribution of the 2.6 billion people without improved sanitation (LAC, Latin America & Caribbean; CIS, Commonwealth of Independent States). Source: WHO/UNICEF (2010)

Free-marketeers habitually claim, some may even sincerely believe, that any kind of restraints in the free flow of money and accumulation of wealth by progressive income tax, for instance would only stifle economic growth, thus depriving everyone to have more than they have, or could have. The pie can be made only so much larger. Further, if the pie grows too much, too fast, so that all can have plenty of "goods and services," sooner than later, the earth could become non-habitable. If all seven billion of

us use toilet paper, there may not be enough land to grow trees for that; it may not be possible to devise methods to recycle all the used toilet paper in time. The environmental insult to the earth from cars for all over age 16 would be just unbearable, before renewable energy sources to run them are crafted. Deaths and disabilities from road accidents would be too numerous to endure.

Alan Dunn, for instance writes ('Average America vs. the One Percent' <<http://www.forbes.com/sites/moneywisewomen/2012/03/21/average-america-vs-the-one-percent/>> *Forbes*, March 21, 2012), "Between 2007 and 2009, Wall Street profits swelled by 720 percent, even while unemployment rates doubled and home equity dropped by 35 percent. Since 1979, the bottom 90 percent of the nation has consistently lost money while the upper classes have gained. If the average person's wages had kept pace with the economy since the 70s, most people would be making \$92,000 per year. ... The so-called trickle-down economy has never worked, despite the protestations of conservatives. Most extremely rich people do not spend enough money to stimulate the economy; they save or invest their money rather than spending it. This ... doesn't promote wealth among the lower classes. ... [T]he top 400 highest earners ... pay only 18 percent personal income tax." They may now be paying another 8.6 percent since 2013, however, which though far from adequate, is a good chunk of money.

[THE FOLLOWING SEVERAL PARAGRAPHS NEED TO BE REVISED]

[[HTTP://THEDIANEREHMSHOW.ORG/SHOWS/2015-10-26/PROS-AND-CONS-OF-RAISING-TAX-RATES-ON-AMERICAS-WEALTHIEST](http://thedianerehmsshow.org/shows/2015-10-26/pros-and-cons-of-raising-tax-rates-on-americas-wealthiest)]

MISCONCEPTIONS ABOUT TAXES

This chapter contains a good deal of excerpts from publications of *Center on Budget and Policy Priorities*.

Nearly half of U.S. households do not owe federal income tax. The Urban Institute-Brookings Tax Policy Center estimated that 46 percent of households owed no federal income tax for 2011 <<http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=3054>>. "These figures are sometimes cited as evidence that low- and moderate-income families do not pay sufficient taxes. Yet these figures, their significance, and their policy implications are widely misunderstood <<http://www.cbpp.org/cms/?fa=view&id=3505>>. ... ***These figures cover only the federal income tax and ignore the substantial amounts of other federal taxes — especially the payroll tax — that many of these households pay.*** ... In 2007, a more typical year, [14 percent did not pay either federal income tax or payroll

tax]. This percentage would be even lower if it reflected other federal taxes that households pay, including excise taxes on gasoline and other items. Most of the people who pay neither federal income tax nor payroll taxes are low-income people who are elderly, unable to work due to a serious disability, or students, most of whom subsequently become taxpayers. ... Moreover, low-income households as a group do, in fact, pay federal taxes. Congressional Budget Office data show that the poorest fifth of households paid an average of 4.0 percent of their incomes in federal taxes in 2007, the latest year for which these data are available — not an insignificant amount given how modest these households' incomes are; the poorest fifth of households had average income of \$18,400 in 2007[6]. The next-to-the bottom fifth — those with incomes between \$20,500 and \$34,300 in 2007 — paid an average of 10.6 percent of their incomes in federal taxes.

- Moreover, even these figures greatly understate low-income households' total tax burden because these households also pay substantial *state* and *local* taxes. Data from the Institute on Taxation and Economic Policy show that the poorest fifth of households paid a stunning *12.3 percent* of their incomes in state and local taxes in 2011[7].
- When all federal, state, and local taxes are taken into account, *the bottom fifth of households pays about 16 percent of their incomes in taxes, on average*. The second-poorest fifth pays about 21 percent. [“The top 400 households paid only an average of 18 percent in personal income tax,” as said above!] It is also important to consider who are the people who do not owe federal income tax in a given year.
- TPC estimates show that 61 percent of those who owed no federal income tax in a given year are working households[9]. ***But they do pay payroll taxes as well as federal excise taxes, in addition to state and [a far higher percentage of their meager incomes as] local [sales] taxes.*** Most of these [“61%” of] working households also pay federal income tax in other years, when their incomes are higher — which can be seen by looking at the low-income working households that receive the Earned Income Tax Credit (EITC).
- The leading study of this issue found that the majority of households that receive the EITC get it for only one or two years at a time, such as when their income drops due to a temporary layoff, and pay federal income tax in most other years. The study examined the filers who claimed the EITC at least once during an 18-year

period and found that they paid *a net of several hundred billion dollars in federal income tax* over that period. This finding shows that while some households will receive refundable tax credits [ETIC] in a given year whose value may exceed their payroll tax liability, they pay significant federal income taxes over time in addition to the payroll and state and local taxes they pay each year.

- The remainder of those who pay no income tax are primarily elderly, disabled, or students.

The fact that ***most people who don't owe federal income tax in a given year pay substantial amounts of other taxes — and also are net income taxpayers over time — belies the claim that households that do not owe income tax in a given year will form bad policy judgments because they 'don't have any skin in the game'.***

Furthermore, ***although the federal tax system is progressive overall, but far less so since 1981 but for a modest reversal in the Clinton era, state and local tax systems are regressive (except in California since 2013) causing the burgeoning inequality, since the Reagan era. When most Republican presidential candidates, in lockstep, unabashedly talk about “flattening, lowering and broadening” the federal income taxes, they are in effect trying to aggravate and worsen this burgeoning inequality. Nevertheless, they do not fail to blame president Obama for the inequality, and the low incomes of the bottom 90 percent of households. They vehemently oppose raising the minimum wage and extending unemployment. Unanimously, they advocate further cutting of the federal income tax, as well as spending.***

Nevertheless, Donald Trump did make two pertinent tax policy pronouncements in August 2015: “Hedge fund managers should pay up.” Then he announced, “I will cut taxes of the middle class,” which indeed was Bill Clinton’s goal when he announced before the 1992 election that he would raise taxes on the rich. Most of them already are paying federal payroll and excise taxes, as said above, which are huge burdens on them. And few, including most of the taxed seem to realize this brutal fact. However, as said above, Trump’s subsequent “tax reform” proposal cut taxes drastically, and Pollyannaish, causing an estimated accumulating deficit of over \$10 trillion in ten years, which would likely hurt the poor most, in turn the middle class.

And on the spending part, according to a December 10, 2015 report from CBPP,

“most states provide less support per student for elementary and secondary schools than before the Great Recession!” <<http://www.cbpp.org/research/state-budget-and-tax/most-states-have-cut-school-funding-and-some-continue-cutting>> ***A few relevant quotes:***

- Twenty-five of the 46 states are providing less general aid per student this year than in 2008.
- In seven of those 25 states, the cuts are 10 percent or more.
- In three states — Oklahoma, Alabama, and Arizona — the cuts are 15 percent or more.
- Thirty-five states raised general funding per student in 2016, after adjusting for inflation.
- In at least 14 of those 35 states, per-student funding was above pre-recession levels even before this year’s increase.

But among the other 21 states, only four raised \$7 per-pupil increase this year was far from enough to offset the state’s \$1,097 per-pupil cut over the previous seven years. Michigan’s \$45 per-pupil increase this year pales in comparison to the state’s \$526 cut between 2008 and 2015.

- At least 12 states *cut* per-student funding this year. In nine of these states, the cuts came on top of previous cuts, leaving the state even further below pre-recession levels. [Some states, including California have been excluded in the above compilation because of insufficient data, or other changes in their formula of funding.]

States’ large cuts in K-12 funding reflect a combination of outside factors, such as weak revenues and rising costs, and state policy choices, such as a reliance on spending cuts to close budget shortfalls and enactment of recent tax cuts.

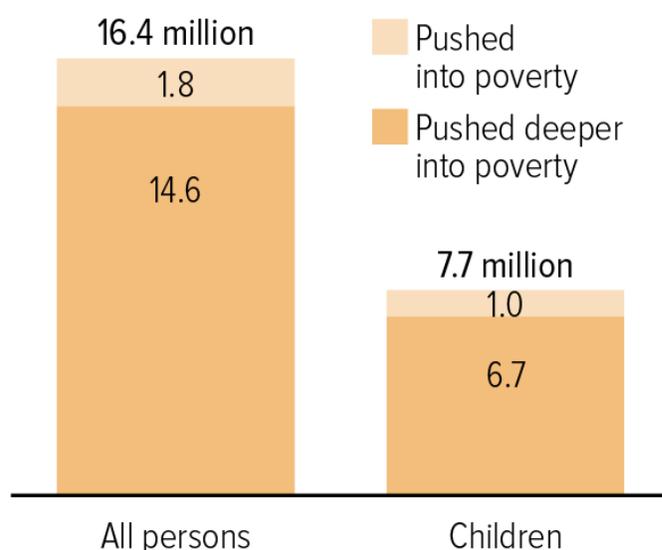
- **States relied heavily on spending cuts after the recession hit.**
- **Federal aid to states has fallen.**
- **Costs are rising.**
- **Some states have cut taxes deeply.** [For example, Oklahoma cut personal or corporate income tax rates as much as 24.2 percent since 2008]

“16 Million People Will Fall Into or Deeper Into Poverty if Key Provisions of Working-Family Tax Credits Expire.” September 11, 2015:

<http://www.cbpp.org/research/federal-tax/letting-key-provisions-of-working-family-tax-credits-expire-would-push-16>

Letting Key EITC and CTC Provisions Expire Would Push Millions Into or Deeper Into Poverty

Impact on poverty (using Supplemental Poverty Measure) if provisions expire at end of 2017



Note: Unlike the official poverty measure, the SPM counts the effect of government benefit programs and tax credits. The key provisions set to expire at the end of 2017 are a lower-earnings threshold receiving the low-income Child Tax Credit (CTC), marriage-penalty relief in the Earned Income Tax Credit (EITC), and an EITC boost for larger families.

Source: CBPP analysis of Census Bureau's March 2014 Current Population Survey and 2013 SPM public use file.

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Fig. 28

Republicans faithfully lay the blame on the Obama administration's doorstep, for the rising inequality! Many of their leaders at least are fully aware that if the higher marginal tax rates on higher incomes are eliminated, as done during the Reagan administration, this huge, painful inequality will only worsen. It is quite exasperating that when the Republican leaders complain about the huge national debt but also want to lower the income tax rates, with broadening the tax base (with the spurious assumption that it would stimulate the economy), Democrats simply remain quiet, maybe because they

themselves would be paying less. Some, including the Republican leaders, however, may not even know that their taxation ideas are the opposite of what should be proposed to mitigate this horrible inequality.

When Bernie Sanders loudly complained about the growing inequality, and wanted to raise taxes on the very rich, he had been branded as a Socialist, which he didn't mind admitting to, even when he had been seen as impractical and unrealistic. And he was thus dismissed by most "professional pundits." When he gained unexpected popularity starting with college campuses, those pundits were perplexed. He then gained popularity and traction among voters, overtaking Hillary Clinton in New Hampshire and coming close to her in Iowa, in earlier polling data, despite being a long shot to eventually getting elected as president!

In a December 2015 interview on Charlie Rose, when Rose asked about cutting the payroll tax on low income households, Hillary Clinton dismissed that as not beneficial, because when the cut ended, after two years, nobody noticed, or said anything. The reason is that the low income-people especially do not understand the benefit of it, as they don't understand the huge bite sales taxes takes out of their buying power. Only the rich who tend to be better informed would see those things. Why should they worry about a 2 percent rise in payroll taxes as there is a cap on it of about \$118, 500 for 2015, when they make in the \$millions. They are worried only about the top marginal income tax rate, the 5 percent rise in capital gain tax and the 3.6 percent levy on every dollar over \$250,000 from all sources to pay for the Affordable Care Act costs. The latter two are a good source of revenue for the U.S. Treasury, but hardly any pain for those who pay at that slightly higher rate.

Unless and until the better informed, the like of Hillary Clinton and the MSNBC hosts and guests repeatedly explain to the general public about the huge burden of payroll tax, sales taxes and state taxes on low income households, the public, including the learned, do not become cognizant of this not-so-difficult to ease that burden on the less fortunate among us.

I would suggest Democratic activists like Bernie Sanders' supporters ought to make a concerted drive to put California model of progressive state income taxes on all other state ballots in 2016.

Payroll tax ought to be reduced to 1 percent on the first \$10,000 in income and to 2 percent on the second \$10,000. The cap on payroll tax ought to be eliminated, but on over \$500,000, it should be reduced to 2 percent, and on over \$1 million, to 1 percent,

so that the very rich would not feel they are taxed too much to fight tooth and nail against it, I hope. This would ensure about permanent solvency of Social Security trust fund, I think. Today's youngsters do not have any faith in the availability of Social Security when they become eligible 30-to-40 years down the future. These changes could reassure the security of Social Security forever, which would be a huge relief for those who worry about their future and of their children and grandchildren and of subsequent generations. That sense of security Social Security System provides would be a significant relief for many of the affluent who would at least be worried about their grandchildren and down as well. I believe that sense of relief ought to be felt by all regardless of their current financial situations.

The famous bipartisan Simpson-Bowles Commission proposed to lower the top federal individual income tax rate to below 30 percent, close to the Reagan era level, disregarding that the Reagan tax-cuts were the very reason that aggravated the inequality. The inequality was close to ideal before the Reagan era. To make the matter worse, as Alan Reynolds stated (see above), the rest of the world has copied Reaganomics to varying degrees.

Thus the "supply siders" could easily convince the masses that while law-abiding good citizens like them were legally paying a lot less in taxes, the government was collecting as much or even more taxes from "unseen tax-dodgers!" And most of the better informed and educated believed that they were all benefitting from the Reagan tax-cut while not depleting the treasury. Furthermore, many lower middle class and also poor aspired to make more money some time in future expected to benefit from the lower rates.

Even now ***most hardcore conservatives say, and a sizeable number sincerely believe too, that the 1990s' prosperity with creation of some 20 million new jobs and the modest surplus were all delayed benefits of Reaganomics and Reagan tax-cuts!*** All the Republican presidential candidates in lockstep say the best policy for the (so-called) ills of the Obama economy and fast-rising inequality is more tax-cuts even more than the Bush tax-cuts offered, and letting the "job-creators" keep more of their "hard-earned" money! Jeb Bush proposed a top-rate of 28%. He wants to shrink the government. And cut spending. What his brother as president failed to do was *not* cutting government spending. Jeb Bush promises that he wouldn't make that mistake.

Another, as hinted above, scourge of this very low top rate of 28 percent enticed

many who made millions annually to fudge the law to make as much money as possible so that they could keep 42 percent more of their haul! A telling example was Michael Milken, the Wall Street genius who made \$550 million in 1987 (about \$1 billion in 2014 dollars - but a lot less as compared with Steven Cohen's 2013 haul of \$2.3 billion, or John Paulson's \$4.9 billion in 2010 by betting against "subprime" mortgages -) but ended up in prison for two years; he pleaded guilty to lesser charges but was still sentenced to ten years! His sentence was later reduced to two for "cooperating with testimony against his former colleagues and for good behavior." <<http://www.nytimes.com/1992/08/06/business/milken-s-sentence-reduced-by-judge-7-months-are-left.html?pagewanted=all&src=pm>> His critics cited him as "the epitome of Wall Street greed during the 1980s, and nicknamed him the 'Junk Bond King'."

Milken may not admit that he would not have committed that crime if the top rate were 70 percent. ***But I would argue that Milken might not have ended up in prison, and that he would be much richer now if a 70 percent top rate existed then, not for over \$ 1 million or so in 2015 dollars, but for over \$25 million, or on about top 0.01% in income. Such a marginal income tax rate would hardly hurt any households, including the wealthiest Americans. One other marginal rate I would recommend is a 50 percent rate on over 0.1 percent in household incomes, or on over about \$5 million. This rate would not affect 99.9 percent of households! But these higher rates would bring in enormous amounts in revenue to make a real dent in the National debt, which is good, if not necessary now.***

The Reagan administration started cutting the marginal tax rates. First the top marginal rate was reduced only to 50 percent from 70 percent, on incomes over \$203,661, in 1982. It was essentially elimination of the rates over 50 percent. During the 1985 tax reform bill, although the top marginal rate was cut to 28 percent, it was supposedly a "revenue neutral" reform. But the 28 percent top marginal rate was a big deal. Some liberal Democrats even supported, and proudly so still²¹, and participated in formulating that tax reform! One probable reason was that a significant percentage of the upper middle class would pay less income tax, leading to a resurgence of inequality. Resurgence of inequality then steadily grew to the current level.

President George HW Bush attempted to mollify the heartless attack of the Right on the poor and disadvantaged. He thought he had to promise not to increase taxes to win presidency in 1988, with his famous pledge, "Read my lips. No new Taxes." Since he hiked the top marginal rate from 28 percent to 31 percent, he broke his pledge, technically at least. People still assume he lost the 1992 election because of that. My read-

ing was he lost for other reasons: He was seen as a weak, not very coordinated man, a wimp; in reality he was anything but a wimp, as John Meachum's 2015 well-researched biography contends. And, Bill Clinton was an indefatigable campaigner, for that matter, not unlike Bush (Sr.) himself. Bill Clinton had a lot of help, especially from James Carville and George Stephanopoulos. Ross Perot's candidacy also helped. In 1988, he could easily beat Michael Dukakis, thanks to Bernard Shaw's question about how Dukakis would react if his wife, Kitty Dukakis, were raped and murdered that would he then support death penalty for the perpetrator? Then the repetition of the "Willie Horton" attack ad also sealed Dukakis's political demise as a presidential candidate.

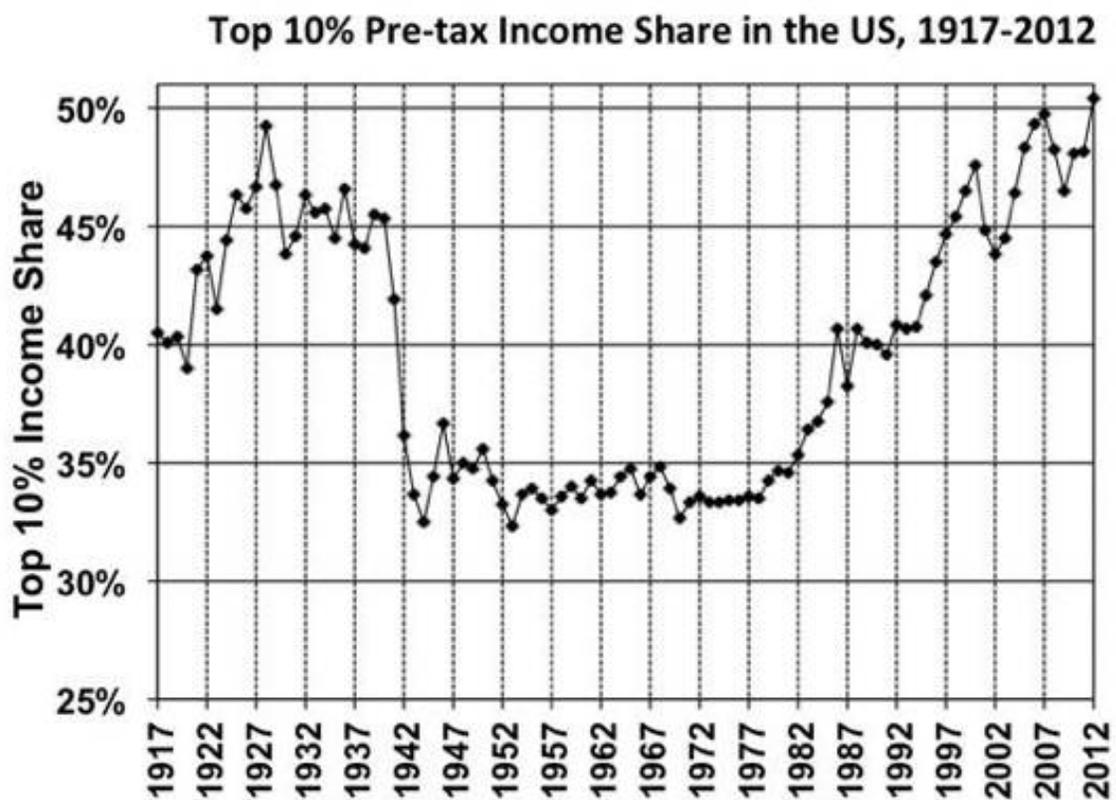
Footnote #21: Former Senator Bill Bradley (D-NJ) in a discussion on the *Charlie Rose* program (PBS, August 19, 2011), sounded very proud of his participation in cutting the top rate to "revenue neutral" 28% in 1985! Martin Feldstein, another participant in that discussion of the Reagan administration sounded uneasy about George HW Bush having raised the top marginal tax rate even to a modest 31%.

Professor Paul Krugman, the 2008 Nobel Laureate in Economics writes, ***"Historically, America achieved its most rapid growth and technological progress ever during the 1950s and 1960s, despite much higher top tax rates and much lower inequality than it has today. In today's world, high-tax, low-inequality countries like Sweden are also both highly innovative and home to many business start-ups. This may in part be because a strong safety net encourages risk-taking: People may be willing to prospect for gold, even if a successful foray won't make them quite as rich as before, if they know they won't starve if they come up empty. So coming back to my original question, no, the rich don't have to be as rich as they are. Inequality is inevitable; the vast inequality of America today isn't"*** *The New York Times*, January 15, 2016.

No, monetary inequality, to a substantial extent is not that consequential to overall human happiness, when, as said above, ineradicable inequality based on other assets, or lack thereof, as age, gender, mental (especially) and physical health, race, looks and intelligence, and above all, likability, would trump monetary inequality. When we focus on one asset, such as job security and pay, that is the most important and we tend to forget others. Or when we focus on race a little too much, that is the only thing what

matters.

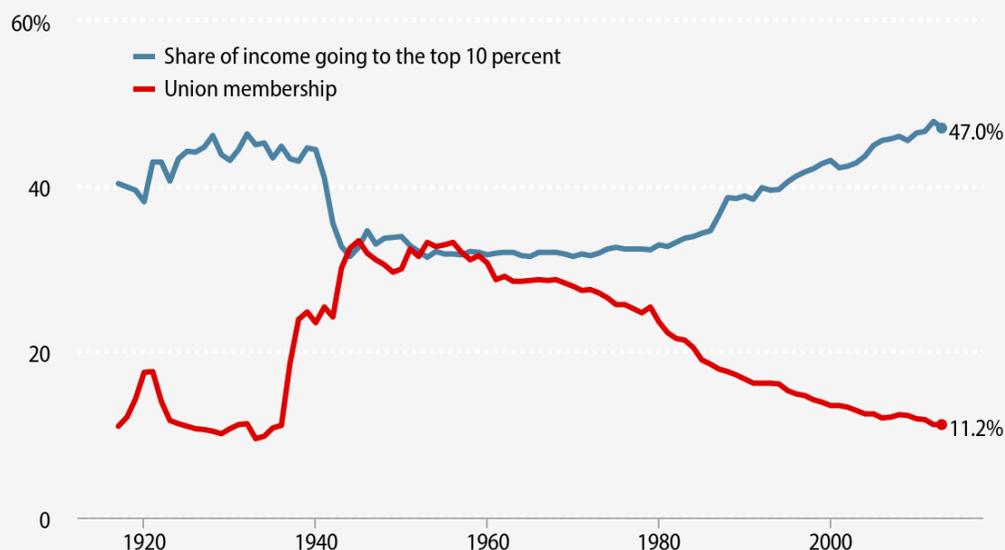
When *modest* redistribution by higher taxation was in play in the 1950s and 1960s, the gross domestic product (GDP) grew faster and the middle class grew larger.



Source: Piketty and Saez, 2003 updated to 2012. Series based on pre-tax cash market income including realized capital gains and excluding government transfers. 2012 data based on preliminary statistics

Fig. 30

Union membership and share of income going to the top 10%, 1917-2013



Source: Author's analysis of U.S. Census Bureau and Piketty and Saez (2013)

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Fig. 31

But that clumsiness ought to be looked upon as a sign of the extreme complexity of the science of monetary issues, economics (see below). The inequality now has reached the late 1920s level (see the writings of Robert Reich, and Nobel prize-winning economists Joseph Stiglitz and Paul Krugman, and, especially, the most recent and widely acclaimed, lengthy, well-referenced book, *Capital in the Twenty-first Century*, by Thomas Piketty, the 43-year-old French economist, among those of others).

Until Ronald Reagan reversed the FDR trend of the New Deal, the inequality wasn't bad, indeed even admirable. **In 1979, the top 1 percent got about 10 percent of the total income, which more than doubled in 30 years** (National Bureau of Economic Research paper <<http://www.nber.org/papers/w19075>>) The famous "Piketty and Saez Graph" (Fig. 30) shows that between 1943 and 1981 the top 10 percent of the incomes in the USA ran close to below 35 percent, which zoomed to about 51 percent in 2012.

And during **most of the past 100 years, the top 10 percent of the households' income remained around 40 percent. Furthermore, during the most productive period of World War II years, as well as the most prosperous years of 1950s and 1960s, the top 10 percent of household income remained mostly under**

35 percent. This level of distribution in incomes was extended to in the 1970s when the top 10 percent of households' income remained below 35 percent (Fig. 30). ***During that period the top marginal tax rate was close to 90 percent, until 1964; then dropped to 70 percent, until 1980.***

Only during stock market-bubble before the crash of 1929, before the tech-bubble bursting of 2000 and during the housing bubble and its burst, did the top 10 percent of the household income reached closer to 50 percent. And in spite of very high unemployment during the entire period of the Great Depression, the incomes of the top 10 percent again remained just above 45 percent.

Furthermore, despite a good job recovery, statistically at least reaching an unemployment rate of 5 percent during the second half of 2015, the incomes of the top 10 percent are still in the neighborhood of 50 percent! The unemployment rate had reached a peak of 10 percent in October 2009.

I would argue this is because the federal income tax rate for the top 10 percent is still quite low. Without raising their income tax modestly back to the Clinton era level, and stimulating the general economy with the higher revenue as we did in the 1950s and 1960s, the prosperity the top 10 percent enjoys may dwindle, in favor of the top 1 percent. That 9 percent towards the top may not feel that much of a pinch, if the paid their income tax at the Clinton era level, but the entire society would feel a little more comfort by witnessing their less fortunate brethren are a lot less unhappy.

And a strong sustained correlation between heightened general misery and heightened economic inequality could be found from the Piketty-Saez Graph (Fig. 30). Only rigorously instituted progressive taxation, and far stronger safety net programs could relieve this misery. Any "economist," and there are plenty, who would argue otherwise ought to be condemned by the entire economic profession, all over the world.²²

Footnote #22: The Nobel Committees were created at the behest of Alfred Nobel to reward scientists and humanitarians who strived for the good of humanity. Then another prize was added to include Economic Science as well in 1968, although Nobel did not mention a prize for economics in his will. The first prize in economic science was awarded in 1969 to Ragnar Frisch and Jan Tinbergen. And it was also known as a Nobel Prize.

If an economist's theory has an overwhelming chance to create "pronounced" inequality, as we

see now, whether by advocating “unfettered free-market system,” or otherwise, such an economist ought to be automatically disqualified as a contender for the “Nobel Prize” in Economics, as it counters the wish of Alfred Nobel, and the spirit of his endeavor.

When the Republican Congress denied stimulus spending and tax increases, Ben Bernanke, the Chairman of the Federal Reserve Board, continued pumping money, while keeping the interest rates low, which was more like a “Plan B,” which was unnecessary to continue this long, if the Republican Congress were less intransigent, with the (stated) purpose of opposing president Obama at every step of the way. Despite being a Republican, he indirectly helped reelecting a Democratic president, as he is a great patriot, as most Republicans as well as Democrats have been. (Pundits say the president “fired” Mr. Bernanke, on Charlie Rose Show (*PBS*, June 18, 2013). If this reading of the pundits were accurate, that was unfortunate in that it was a blatant expression of ingratitude, to say the least, also risky to change the captain when the ocean was still unsettling. Though Janet Yellen is unlikely to make drastic changes in the monetary policy, it could still be risky even if she ended up doing very well, as the indication so far appears to demonstrate.

If it were not for the deft handling by Ben Bernanke, with the initiation or collaboration of Henry Paulson and of the approval²³ of President George W. Bush, we would have had a (worldwide) Depression on our hand. Bernanke, who studied the course of the Great Depression in depth, along with Paulson was willing to do anything unorthodox, to prevent another Depression, which succeeded to a great degree. The Congress reluctantly coopted. This does not mean everything was designed well, and went well. But under the circumstances the almost Second Great Depression has been blunted, but only blunted. Better handling was deliberately obstructed by a determined opposition led by the Tea Party leaders, who were more energized and determined when the House of Representative flipped in 2010, to Republican control, from the Democrats, with Nancy Pelosi as Speaker, from January 2007-to-January 2011.

Footnote #23: The country, indeed the world *may* “owe a deep debt of gratitude” to president Bush for heeding to the advice of Paulson and Bernanke.

Although the initial efforts to deal with the “almost Great Depression II” went not badly, the subsequent handlings were far from optimum. A simple example is the way the public sector employees lost their jobs. Most of those jobs, like those of teachers and firefighters and police are quite important if not indispensable. And the bankers who caused that disaster got away with it unscathed. According to the *PBS* program, “*Money, Power and Wall Street*,” by Christmas, 2011, they received a total of \$80 billion in bonuses alone, since the start of the Great Recession!

The main stumbling block to a more robust recovery was the Republican Congress members, who put barrier after barrier, with a not so secret plan to defeat President Obama in the 2012 election; a bad economy, they determined would kill Obama's chance for reelection. Sen. Mitch McConnell (R-KY), the minority leader, announced at a Heritage Foundation event, December 7, 2010, “Our top priority for the next two years is to deny president Obama a second term!” They continue to practice obstructionism,²⁴ at every turn. With a majority in the house and in the Senate since 2014, Republicans have tremendous power, and they are using it to the hilt. A virulent Tea Party naïvely came handy for the Republicans in their pursuit to keep the economy down.

Footnote #24: Thomas Friedman writes about the Arab countries, *The New York Times*, July 7, 2013, “Extremists tend to go all the way, while moderates tend to go away.” Similarly, hard right Republicans, the like of highly vocal, to the point of irrationality with his 21-hour non-filibuster filibuster, Texas Senator Ted Cruz, a leading Republican presidential candidate and former Virginia Representative and majority leader Eric Cantor, the mild-mannered, but highly effective, cold and callously indifferent to the plight of the poor and helpless, with the mouthpiece of loud and quite effective Rush Limbaugh, and others, including not very loud Dick and Liz Chaney and Dick Army and Jim DeMint tend to go ‘all the way’, while moderates, the like of former Senator Olympia Snowe [R-ME] ‘tend to go away, as she did at the end of her third term, frustrated by the extremists’ obstructionism. Kevin Robillard writes (Politico.com, May 28, 2013 <<http://www.politico.com/story/2013/05/olympia-snowe-bob-dole-91930.html>>), “Sen. Snowe [R-ME] said Tuesday she agrees with former Senate Majority Leader Bob Dole’s critique of the modern GOP and said ‘Republicans need to rethink their approach as a political party. I certainly do agree with the former majority leader, Bob Dole, with whom I worked when I first entered the Senate and who was a consensus builder and understood what was essential and important for the Republican Party and what was important for America’.” Dole said, on Fox News Sunday (May 26, 2013), that the Senate Republicans were a little too extreme to the extent that he doubted whether he, being a moderate, mainstream Eisenhower Republican, or Richard Nixon, or even Ronald Reagan could make it in today’s Republican Party.

All of a sudden, deficit and debt became the most important problem for the United States! In 1943, when the top marginal rate (of federal individual income tax) was 88 percent, to fund the war, the deficit was the highest at 227 percent of the revenue, and 28 percent of the GDP. Still the top rate was increased to 94 percent for 1944 and 1945. ("FDR proposed a 100 percent top tax rate. At a time of 'grave national danger', Roosevelt told Congress in April 1942, 'no American citizen ought to have a net income, after he has paid his taxes, of more than \$25,000 a year'. That would be about \$400,000 in today's dollars [flaglerlive.com, August 14, 2011] <<http://flaglerlive.com/26685/gc-fdr-and-taxes/>>.³) With that high deficit spending, and high taxes on the affluent, the deficit came down so fast that by 1947, there was a budget surplus, by a combination reduced spending following the war and maintaining the high federal taxation. The top marginal rate remained at around 90 percent until 1964, and 70 percent until 1981.

But the Republicans want to keep marginal rates as low as possible, from a fanatically held view, but not based on reason, that cutting taxes is the best way to spur economic growth, which in turn would trickle down and benefit all, no matter what the circumstances are! George W. Bush displayed this *blind faith* in his tax-cutting binge during the costly, in everyway, invasion of Iraq! Although Ronald Reagan was more reasonable, and not averse to substantial tax increases, as he did as governor of California in the 1960s, today's Republican leaders invoke the cutting of taxes in Reagan's name!

Robert Schlesinger writes ("The Myth of JFK as Supply Side Tax Cutter," US News & World Report, January 26, 2011), "Conservatives love to quote a speech Kennedy gave at the Economic Club of New York in December 1962. Here's one quote—I've italicized the crucial part often left out: '***Our present tax system, developed as it was, in good part, during World War II to restrain growth, exerts too heavy a drag on growth in peace time; that it siphons out of the private economy too large a share of personal and business purchasing power; that it reduces the financial incentives for personal effort, investment, and risk-taking***'. ... ***The top marginal tax rate was [a confiscatory, unnecessary, if not counterproductive] 91 percent, which JFK wanted reduced to a 'more sensible' 65 percent. Compare that with today's 35 percent top rate, and ask: If supply-siders are so enamored of JFK's tax policies, would they advocate a return to a 'more sensible' 65 percent top rate?***"

Applying Kennedy's tax talk to the current structure, JFK biographer Robert Dallek says, is like comparing 'apples and watermelons'.

Paul Krugman writes (NYT, September 29, 2013 <<http://www.nytimes.com/2013/09/30/opinion/krugman-rebels-without-a-clue.html?partner=rssnyt&emc=rss>>), "... it's important to note that the Clinton-era shutdowns took place against the background of a booming economy. Today we have a weak economy, with falling government spending one main cause of that weakness. A shutdown would amount to a further economic hit, which could become a big deal if the shutdown went on for a long time." Krugman continues, "... a government shutdown looks benign compared with the possibility that Congress might refuse to raise the debt ceiling. First of all, hitting the ceiling would force a huge, immediate spending cut, almost surely pushing America back into recession. Beyond that, failure to raise the ceiling would mean missed payments on existing U.S. government debt. And that might have terrifying consequences. Why? Financial markets have long treated U.S. bonds as the ultimate safe asset; the assumption that America will always honor its debts is the bedrock on which the world financial system rests. In particular, Treasury bills — short-term U.S. bonds — are what investors demand when they want absolutely solid collateral against loans. Treasury bills are so essential for this role that in times of severe stress they sometimes pay slightly negative interest rates — that is, they're treated as being better than cash."

Barack Obama, being an African American President of the United States, made the situation particularly resistant to any further improvement. They were about intoxicated by the 'win' of November 2010, calculated that if they kept at the tactic of opposing everything Obama is for, in the House, they could take (back) the White House in 2012. For that, the economy had to stay weak. The unemployment rate had to be high. On top of that, the entire nation had to be scared to death about the "trillion dollar deficits" and "skyrocketing" national debt. The entire "Republican Party Machine" trumpeted up the imminent dangers of never-ending "trillion-dollar-deficits," and the skyrocketing *debt* "we are passing on to our children," etc., etc. Indeed, a sizable percentage of the public bought that argument.

In spite of their stated fear of high national debt, the 2016 Republican presidential candidates, as said above, have proposed about extreme tax-cuts, which would very likely raise the ten-year deficit by about \$5 trillion on average!

SELFISHNESS AND ALTRUISM MAY COEXIST

We all are a mixture of both selfishness and altruism. As the saying goes, ‘a fair dose of selfishness is necessary for survival’ – I read it as Bertrand Russell writing it. But a variety of altruistic behavior in tandem is also indispensable for the survival and perpetuation of the species.

If the mother/parent doesn’t protect and nurture the offspring it wouldn’t thrive. Without a certain extent of altruism, the instinct to protect the progeny cannot exist. And life itself is inherently endowed with both selfishness and altruism, whether crafted by supernatural powers, or *just* simply “evolved by chance,” whatever that “chance” may be.

And all humans possess both, but to *widely* varying degrees, owing to a number of factors, which are *almost impossible to decipher* in individual instances. So those factors could be classified broadly as biological, i.e., *largely*, but not entirely embedded in our genes as well as dependent on circumstances one is exposed to, or both, i.e., *by continuous* ‘interactions of nature with nurture’, to put more simplistically. The complexity comes how much the environmental factors, eventually influences biological as well as genetic factors²⁵: Modern neuroscience tells us, *a great deal*, in that it has been shown that psychotherapy has been demonstrated to induce changes in neuronal functions, by modifying neuronal connections, through glial cells, or white-matter-structures.

Footnote #25: Sometime later, changes in genes may take place, from continued “exposure” to biologically changed environment. For example, identical twins have same genes, but their constitutional features may not always be identical, in that discordant handedness is far too common among them - one twin could be left-handed and more introverted, while the other could be right-handed and more extraverted. It hasn’t yet been determined when genetic changes occur following biological changes. For example, after humans migrated to colder Europe, their skin color lightened, and features sharpened, after living in colder Europe, perhaps for millennia. Along the way, their genes also changed. But it is not yet known when genes changed following constitutional changes – what was the “lag-time” for changes in the genes, for constitutional changes?

Although the very rich in general accumulate their wealth, essentially by exploiting others, the less lucky, poorer sections of the population, owing to their altruistic in-

instincts, some or many of them turn around to promote and engage in charitable endeavors. An excellent example is what Bill Gates is doing through the Bill and Melinda Gates Foundation, the best and largest in history, spending his humungous wealth to help the neediest in the world. Bill Gates had even casually announced, in the 1990s, "In the end I will give it [his fast rising wealth] away to charities. And although he built a huge 66,000 plus sq. ft. mansion with most technological sophistication, he expressed an appreciable guilt, implying it was too much "for one person," during its construction, in an interview with Charlie Rose at a McDonald's restaurant, to a surprised Rose!

The more organized populations with rule of law, the exploitation is carried out, stealthily but without actual stealing. On occasions, such exploitations are hardly distinguishable from stealing, as during the recent housing bubble when Goldman Sachs, bet against subprime mortgage-based derivatives, enriching some of their clients, while promoting the same derivatives to some other naïve clients to buy them, and making money in commissions at both ends for the bank, its stock-holders and traders, as Jesse Eisinger writes, "Goldman's form of shorting prolonged the boom and made the crisis that followed much worse!" (*The New York Times*, June 15, 2011). The later life philanthropy of "robber-barons," such as the creation of the Rockefeller foundation, may have been the result of simmering and accumulating sense of (even unconscious) guilt, sometimes, however with varying degrees of narcissism.

But the most extreme example maybe that of Indian emperor Asoka (circa B.C. 304-239), who after eight years of rule, waged an extremely bloody war against the kingdom of Kalinga (today's Odisha, until recently Orissa), but was so horrified at the carnage he had caused that he completely renounced violence, adopted Buddhism, and spent the rest of his time promoting the non-violence of Buddhism throughout India, as well as abroad, as far as to Greece to the West, in addition to China and the rest of Asia.

Indeed, it is man's natural instinct, to be simultaneously, or sequentially selfish and altruistic, not unlike "bipolar/manic-depressive" illness. Many rich people also give handsomely, with sufficient sincerity, as Mitt Romney commendably did, to various charities, after accumulating wealth by exploiting others in various unethical ways, which may, even must have caused avoidable misery to very many; some even do so, for purely narcissistic reasons.

The Bill and Melinda Gates Foundation, which could hardly be seen as narcissistic, is the largest philanthropic organization in history, even when adjusted for inflation, and *may* also be the most beneficial to humanity. Warren Buffett is infusing some \$50 billion to the Gates Foundation. He was quite impressed by their great work mostly in the Third World. Bill Gates Sr. is an advocate of philanthropy. Not a small part, Melinda Gates actively advocated and participating in the Foundation's charity endeavor.

It may be in some of these moguls' genes, as Buffett's children have their own charities, and are more than supportive of their father's efforts rather than sored by it, for being depriving them of great wealth. Furthermore, Buffett advocates raising taxes on the affluent. It is laughable when conservatives ridicule this and suggest Buffett and likeminded others could as well send checks to the U.S. Treasury, of their chosen amounts.

Instead of pledging half of their wealth to give to charities, it would be far better if they pledged a little less and join Buffett and others to campaign for raising the marginal tax rates closer to pre-Reagan era level, so that the federal government (as California substantially raised state income taxes on the affluent to become "solvent" with the 2012 ballot measure) would have enough revenue to spend on essential programs like strengthening the safety net, repairing infrastructure and extending unemployment insurance benefits until *real* unemployment rate came down to about 5 percent or so. That would enhance tax revenues at state and local levels as well. Upper middle-class also should share part of the tax burden but without experiencing such a very small tax increase burdensome. Altogether, this would substantially improve the state of widening inequality, and reversing the trend, which would be beneficial to all.

Footnote # 26: The loyalty as well as viciousness of dogs is profound. A Pit Bull would fight its master's enemy literally to death, while dogs, including, or especially the Pitt Bull always would long to please their master. Numerous soldiers have had displayed similar loyalty and sacrifice as well as viciousness, over the millennia, as by the most feared kamikaze pilots during World War II, as well as more recently by the suicide bombers. In fact, the viciousness towards others, usually to the adversary of the party one is loyal to, is a consequence of the purported loyalty. Secret service agents and commandos as the bravery and readiness to sacrifice their lives as the Seal Team 6 who raided the bin Laden compound in May 2011, demonstrated (watch CBS 60-minutes, aired May 26, 2013). Even bodyguards show similar loyalty and sacrifice. And there are so many heroes who display momentary heroic deeds risking their lives to save other lives.

Although the viciousness of the Rwandan genocide was almost as brutal as any, the perpetrators and the victims now live side-by-side without too much animosity! And man's reservoir to forgive is incredibly vast, as his readiness to persecute fellow humans, who may have been his friends the day before, when circumstances are rife for such actions. The British and the French were in frequent battles for centuries, but now they are the best of friends, as are the Germans and the French.

Svetlana Alliluyeva, Josef Stalin's only daughter defected to U.S., but went back, and then returned, finally settling and dying in Wisconsin, in 2011. Nikita Khrushchev's son, Sergei Khrushchev emigrated to US, in 1991. But if Nikita Khrushchev, or President Kennedy were a little more reckless, we could have had a nuclear holocaust, with incalculable consequences to humanity, for generations! All these illustrate the "inherent insanity" of humans. It is important for all of us to realize this inseparable irrationality of man's reasoning.

The long-standing Sunni-Shia rift has severely aggravated more recently to the birth of Daesh (ISIS/ISIL). Daesh is unleashing insane brutality, in the name of Islam, which promotes kindness and peace like any other religion. Paradoxically, the victims are mostly other Sunni Muslims, when Daesh assumes the victims do not conform to the rigid extreme code of behavior!

It appears this brutality is mostly the product of one man, Abu Bakr al-Baghdadi, in his self-aggrandizing, narcissistic quest for the creation of a worldwide Caliphate, of a distorted version/vision of Islam²⁷, to become the caliph of the so-called Islamic State!

Footnote #27: At a much smaller scale a similar paradox exists, which appears subsiding, in the USA with Evangelical Christians who are unreservedly advocate death penalty, while simultaneously want to ban any and all abortions. They are also against homosexuality – it is convenient to persecute homosexuals as they are a small minority. ***It is ironic that Jerry Fallwell railed against teletubies as they depicted the "flexibility" and innocence of gay boys! If Fallwell could sense the "gayness" of teletubies, based on their movements, texture and apparent innocence, how could he denigrate gays for their appearance, which is almost entirely determined by their inborn constitutional nature, not learned with practice? It is contrary to the teachings of Jesus Christ. And indeed, Pope Francis correctly preaches the essence of Christ's teachings, the true spirit of Christianity!***

The "momentary" human greed, as the most affluent now displaying, which is having a devastating impact on fellow humans, is so tenuous that it is readily reversible, but under the right circumstances (witness the current habits of the Gateses in news video clips while they frequently visit the poorest sections of the world, after building and still owning an ultramodern, 66,000 sq. ft. mansion, with vast technological sophistication). If only we realized this, the world would be so much (more) free of preventable misery.

Most of the perpetrators of atrocities by the Nazis, and of the Khmer Rouds were not "natural-born" killers or sadists, but transformed into being so. Shin Donghyuk's gripping story, as he told, which was aired on CBS 60-Minutes, originally on December 2, 2012, re-aired on May 17, 2013, is quite an illuminating example. In Shin's case, he was born in a prison camp in North Korea, and lived there for 23 years, until he escaped, eventually reaching South Korea. The most dramatic event of his story was that he reported his mother and brother to the authorities about their plan to escape. They were executed, which Shin had to watch. He had no feeling, or regret then, as he thought it was his duty to report, but also because he thought he could get a full meal, as reward!

As Anderson Cooper reports, "Some 150,000 people are believed to be doing hard labor on the brink of starvation in these hidden gulags. But it's not just those who have been *accused* of political crimes, it's their entire families -- grandparents, parents, and children -- a practice called 'three generations of punishment', instituted by the founder of North Korea, Kim Il Sung. Now [Shin] feels guilty, and said, 'My mother and brother, if I could meet them through a time machine I would like to go back and apologize to them'."

(The pity is that the children, the women and the old who become wrapped inside this sort of traps, 'neither can stand the heat nor can they get out of the kitchen!' Healthy adult men who have been [most of] the soldiers, and also the decision-makers," do not get this!)

I hope the paradoxically "cannibalistic," instead of the noble healing culture of Big Pharma, as it has cost millions of lives especially in the Third World, particularly in Black Africa of AIDS, so gradually with enough time to end this viciousness and reverse

course, and also caused severe hardship for many in the U.S., would someday end, for the benefit of humanity. Their profit motive, ironically has largely been futile, as the stock prices of most major pharmaceutical companies either remained stagnant or dropped substantially, as that of Pfizer, which still has a net profit margin of over 17 percent, and a gross profit margin of over 80 percent, but its share price dropped by about 33 percent between December 2000 and December 2015, instead of doubling or tripling, as the stock-holders expected! For comparison, during that period, Dow Jones Industrial Average rose by about 59 percent, though the Dow dropped substantially in between. Pfizer is a Dow-30 stock.



The Share Prices' Course of Eli Lilly (LLY), Merck (MRK) & Pfizer (PFE), between Dec 31, 2001 & Sep 30, 2013, Compared with that of Standard & Poors500 (S&P500).

Fig. 32

IMPORTANCE OF PRESCHOOL EDUCATION FOR SOCIALLY DISADVANTAGED CHILDREN (may go elsewhere; needs to be revised)

Preschool education is extremely important especially for inner-city minority students. Instead of focusing too much on higher education and affirmative action, which benefit only a small proportion of minorities, preschool education along with a \$15 minimum wage would benefit almost all.

The preschool ought to start at age 3, if not earlier. If it is started at age 2, during the fast development stage of the brain, the children could be taught to read and spell. It may not be possible to nurture the developing brain of the infant/fetus earlier than that. But expectant mothers could be taught how to nourish the developing brain of fetus and early weeks and months of the infant. From age 2 onwards, they could be taken to preschools to stimulate their brains in different ways. Most mothers have the instinct to nurture their infants as well as the developing fetuses. The principal reason why teenage girls are eager to get pregnant is to have someone to love and cherish. One way to compensate that is to employ them as babysitters with a decent remuneration. I have witnessed psychologically strikingly dysfunctional young women dramatically change and act quite normal and loving when they interact with a baby they are responsible for. All their dysfunctional childish behavior instantly goes out the window when they start interacting with the baby.

For some reason, black children have a built-in problem to learn to read and spell correctly. Their “ebonic accent,” which is too pervasive, could be blunted if they are educated by dedicated, white preschool-teachers. That could be enough for most of them to be employable in the modern society. Without good pay it is not possible to attract competent teachers. The perceived status of preschool teachers ought to be close to that of university professors.

CRITICAL ROLE OF LEADERS TO EFFECT CHANGES, INCLUDING IN TAXES

An underestimated but critical role of leaders in shaping our future and fortune, nay our destiny, ought to be stressed. The casual use of a common phrase, “Nobody is indispensable,” is so wrong. A single leader with enormous charisma²⁸, as FDR, or Ronald Reagan, but not anyone at the helm, can “move mountains,” if and when they choose, and also are determined.

Not too infrequently, horrible leaders, the like of Hitler, Stalin and Pol Pot also get power. Therefore, I would argue, the greatest blessing, asset or fortune, a nation, a group can have is to be led by the “right” leader, a competent as well as benevolent leader. Unfortunately though, the best leader available, much less the one gets elected in a democracy, may be far short of the right one, a sad reality, to be grappled with.

The predicament of the Republican party in the 2016 election season is a good example. The two with the most votes are intensely disliked by most in the party. De-

spite his unrestrained and “uncivilized” disposition, Donald Trump, because of his enormous charisma is unusually popular. His interest in politics, much less in public service is quite low. His quest for presidency is almost entirely a reflection of his narcissism. Equally if not more gifted Ted Cruz lacks charisma but he compensates it with his cool, smart, confident eloquence, though his almost absent human touch and extreme narcissism come in the open in just about everything he says and does. Cruz is devoid of conscience; it has either never developed or completely atrophied. His claim as a Christian is not unlike Hitler’s claim as a Christian; Stalin was a seminary student too. For that matter during the middle age some narcissistic Popes sat on the same throne now Pope Francis sits on! David Brooks’s column, “The Brutalism of Ted Cruz.” *The New York Times*, dated January 12, 2016, illustrates the callousness of Cruz. Brooks writes, “Ted Cruz is now running strongly among evangelical voters, especially in Iowa. But in his career and public presentation Cruz is a stranger to most of what would generally be considered the Christian virtues: humility, mercy, compassion and grace. ... Traditionally, candidates who have attracted strong evangelical support have in part emphasized the need to lend a helping hand to the economically stressed and the least fortunate among us. Such candidates include George W. Bush, Mike Huckabee and Rick Santorum. But Cruz’s speeches are marked by what you might call pagan brutality. There is not a hint of compassion, gentleness and mercy. Instead, his speeches are marked by a long list of enemies, and vows to crush, shred, destroy, bomb them.”

Because of all this, as much as possible, citizenry ought to actively participate in shaping the political processes, which is, however, easier said than done. A testament to the scarcity of leaders is that during the past several election cycles, there were only very few innocuous and beneficial leaders came to the fore-front in the U.S.: JFK, Hubert Humphrey, Robert Kennedy, George McGovern, Gerald Ford, Jimmy Carter (both Ford and Carter were a little too weak), Ted Kennedy, George H.W. Bush, Walter Mondale, Gary Hart, Michael Dukakis, Bill Clinton, John McCain, Mitt Romney (yes, Romney; if he hadn’t picked Ayn Randian, Paul Ryan as his running mate, I wouldn’t have been disheartened if he were to win presidency, in 2012), Hillary Clinton and Barack Obama.

Ronald Reagan, in my assessment happened to be the worst president of the past 100 years, or so, while FDR was the best, the main reason being they both were exceptionally effective, “transformative” and adored by huge numbers here and abroad. FDR may have been the greatest blessing to humanity since the dawn of the 20th centu-

ry. Hitler, Stalin and Pol Pot probably had been the greatest curse to humanity, during this period. If Stalin hadn't gained power in the Soviet Union, socialism would not have had such a bad connotation. Winston Churchill said, paraphrasing, "The greatest misfortune for Russia was the birth of Lenin. The second was his premature death [at the age of 54]!" If Lenin had lived for another ten years, the chances for Stalin to gain control of USSR probably would have been far less, as towards the end Lenin didn't like Stalin at all.

Less liberal people are likely to choose Ronald Reagan also, as their first choice. To me, Reagan was far worse for the people at large than George W. Bush, though both have been strong, unambiguous and charismatic, with excellent personal attributes, such as strong character and scruples. Whereas, Ted Kennedy's personal attributes were poor, but he, as his brothers probably would have been a good president.

In the U.S., citizenry is too indifferent to actively participating in electoral processes; many poorer and much less literate countries, such as India are much more involved, with much higher electoral participation. However, higher percentage of voting may not mean electing better ones among the available leaders.

Footnote #28: Charisma is defined in a Glossary of Psychiatric Terms, as "an overwhelming charm or allure a leader casts over his followers instilling devotion." Webster's dictionary gives an example, "The cult's charismatic leader had managed to persuade seemingly rational people to obey him blindly." I have a strong feeling, without convincing evidence, however, that Abu Bakr al-Baghdadi, the 44-year-old Daesh (ISIS, Islamic State of Iraq and Syria) leader has such a spell over his followers, for them to be so effective to capture large swaths of Syria and Iraq, almost choking Bagdad, by the middle of August 2014, far beyond any agency's earlier assessments.

Leadership is considered to be a universal human phenomenon, regardless of culture and ethnicity, or time in history. James Macgregor Burns in his 1978 book on Leadership described leadership as "one of the most observed and least understood phenomena on earth," probably because there is a certain mystical quality to it.

(see the mystical nature of the 'boss' among cats, below). According to President Truman, "You can't breed or teach leadership, it comes naturally." Martrum Torre, in a pamphlet, "*5-Minute Hour*" in 1975, published by CIBA-Geigy, perhaps put it best when he said, "Political leaders have certain personality characteristics not [seen in ordinary people, and that such] traits enable them both to seek out and be cast in a leadership role." S. Stark wrote, "In times of crisis, a highly dominant figure, a hero with charisma, makes enormous feats of leadership happen" (Toward a Psychology of Charisma. *Psychological Reports* 1977;40:683-696). He quotes from Joseph Goebbels's personal diary from 1925-26, admiring the 36-year-old Adolph Hitler: "I am finishing Hitler's book. Thrilled to bits! Who is this man? Half-plebeian,

half God! Really Christ, or only John? ... That man has got everything to be a king. ... We ask. He gives brilliant replies. ... He has thought it all out. ... I bow to his greatness.”

In a less dramatic way, the American public was mesmerized by Ronald Reagan’s strong charismatic personality in the 1980s when they collectively perceived the immense contrast between him and Jimmy Carter. Reagan, like Franklin Roosevelt, offered simple solutions to complex problems, and articulated them forcefully, and both displayed no ambiguity whatsoever. These two titans could steer the middle-of-the-road American public decidedly to the left in the 1930s, and 50 years later, decidedly to the right!

The charismatic force of FDR’s personality greatly influenced American psyche until Ronald Reagan reversed it in the 1980s. Despite so much progress in the social structure of America, by electing an African American as president, and the gradual acceptance of gay marriage, and gay culture, when it comes to other social issues, such as taxing the rich, or improving social safety-net programs, the country accepted the radical Right agenda. “Greed is good” mentality is quite pervasive. When Reagan proclaimed, “Government is not the answer to your problems, government is the problem,” almost the entire nation blindly accepted it as gospel truth! That was a remarkable event in the U.S. history, as it was, when FDR proclaimed, “An army of unemployed people is *our* problem,” the nation again accepted it, and was willing to pay higher taxes and go along with WPA, etc. The charismatic Barack Obama also charmed the world, even awarding the Nobel Peace, before doing a thing for it. (Obama’s charisma might not have ‘penetrated’, unless there was already enough “social progress.”)

Economic justice, and the role of government have been on the decline since the Reagan era, after they were on an upswing path since the New Deal days of FDR, in the 1930s. President Reagan, who ironically started out as a Roosevelt Democrat, with his amazing persuasive skill, rivaling that of FDR, convinced the public with his famous, rather infamous quote, “Government is not the answer to our problems; Government is The Problem.” (The history of minimum wage in the US is a fair example to appreciate the ensuing “Revolution of the Right” – Figures # 11 and 33a and 33b)

Ironically again, Reagan was not against taxation. He was probably "reacting," a delayed one perhaps, against the unnecessary, very high marginal individual income tax rates of the Eisenhower era. Or, he was influenced by the wrong advice of his misguided colleagues; his Budget Director, David Stockman, published a piece in The Atlantic, very critical of the tax cut of even 1981, when the top marginal rate was only cut from 70 percent to 50 percent. Indeed, Ronald Reagan could achieve nearly anything he wanted, with the force of his personality, which still remains unappreciated, or underappreciated. When he was the governor of California, Reagan raised taxes there at an unprecedented level.

Bruce Bartlett, who worked as a senior domestic policy adviser at the Reagan White House, and served as a top treasury official under the first President Bush (but

now a heretic in the conservative circles where he once was a star), writes, June 4, 2013: "California was a high-tax state, in no small part because of huge tax increases enacted by [Reagan]. One of his first acts in office in 1967 was to ask for a \$1 billion tax increase, the largest tax increase in state history, equal to one-third of state revenue. Reagan also supported further tax increases in 1971 and 1972. ***State revenue tripled on his watch, to \$8.6 billion from \$2.9 billion, in eight years.***"

Federal minimum wage

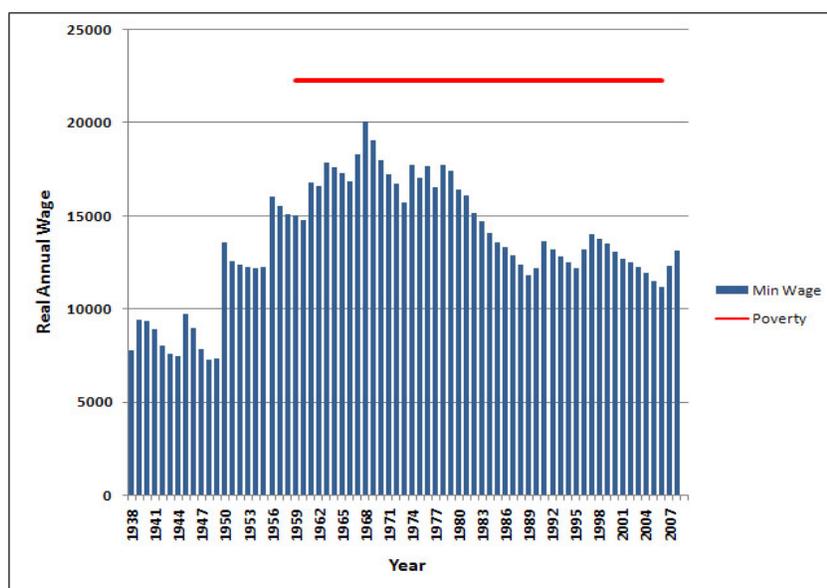
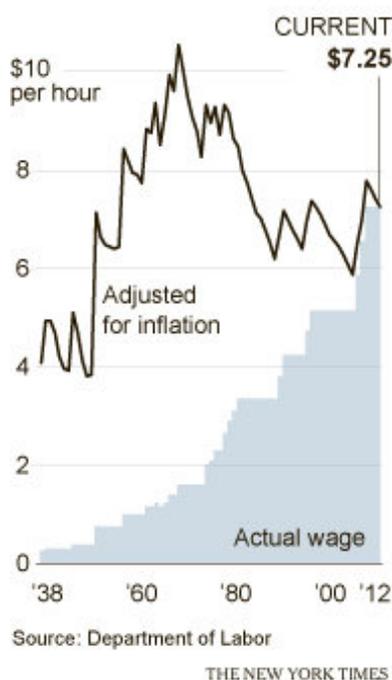


Fig. 33a.

Fig. 33b. *Minimum Wage in Relation to Poverty line statistics.*

(If the initial trend from 1938 to 1968 continued, by 1990, the minimum wage could have touched, if not crossed the poverty line, and kept even upwards, akin to Australia, Netherlands or France, relieving most from avoidable misery! That would have been a model for the Third World – in Kerala²⁹, India, it has already been achieved over a decade ago, aided by the strong influence of the Communist parties [!] with the result that many unskilled manual laborers come to Kerala in droves, initially from the neighboring Tamil Nadu, where labor conditions soon improved greatly, later from Northeastern parts of India, including from West Bengal²⁹.)

Footnote #29: Kerala had the unique status as the first place in the world, where the Communists attained power through ballots in 1957, (only) forty years after Bolsheviks took power in Russia. They introduced workers' rights and other progressive reforms, similar to the New Deal or the Scandinavian model, though with very meager resources. In Human Development Indices (HDIs), Kerala advanced so far ahead, closer to many developed Countries. Thus the "Kerala Model" [Wikipedia, accessed, June 6, 2013] had been touted as a great way to achieve progress in quality of life with low GDP. ***Tellingly, unlike in West Bengal where the Communists had a monopoly for a thirty-four-year-stretch*** [BBC, May 13, 2011], ***Kerala had alternate right-wing and left-wing coalition governments, almost ever since 1957, and any progressive agenda one government introduced, usually by the left-wing, had to be continued by the next government, for fear of losing public support, which was not necessary in W. Bengal. Lack of "competition" as in the free-market system may have been one reason for keeping the wages too low for the poor in W. Bengal. Since 2010, W. Bengalis have been going to Kerala in droves***, along with laborers from neighboring states, for fairly lucrative manual labor, which for some curious reason is plentiful in Kerala still. The progress in Kerala's quality of life, however, was only partly from the leftist movement; <http://www.nybooks.com/articles/archives/1991/oct/24/the-kerala-difference/> there were other factors that preceded it.

Alan Reynolds of the Cato Institute writes (Concise Encyclopedia of Economics, 1993), "[The] topic of marginal tax rates became the central theme of a revolution in economic policy that swept the globe. ... By the end of [1980s], more than fifty nations had significantly reduced their highest marginal tax rates. Neither Karl Marx nor John Maynard Keynes had so much influence on so many countries [though the less fortunate there paid a heavy price for this] in so little time."

Reynolds put this as follows in the second edition of Concise Encyclopedia of Economics, without specifically attributing this "revolution" to Ronald Reagan <http://www.econlib.org/library/Enc//MarginalTaxRates.html>: "The seemingly arcane topic of marginal tax rates became the central theme of a revolution in economic policy that swept the globe during the last two decades of the twentieth century, with more than fifty nations significantly reducing their highest marginal tax rates on individual income (most of which are shown in Table 1).

The commitment of many present-day governments, in addition to the Third World, to focus on the needs of the poor, and less educated, with less overall caliber, including in intelligence has been grossly inadequate. I would say that has been the creeping and still lingering effect of “Reaganomics,” promoted by the exceptionally persuasive power of an unusually charismatic U.S. President Ronald Reagan! Those who discount the far-reaching impact of a *single* leader, nay, even a single event are burying their heads in the sand.

Table 1 Maximum Marginal Tax Rates on Individual Income

	1979	1990	2002
Argentina	45	30	35
Australia	62	48	47
Austria	62	50	50
Belgium	76	55	52
Bolivia	48	10	13
Botswana	75	50	25
Brazil	55	25	28
Canada	58	47	46
Chile	60	50	43
Denmark	73	68	59
Egypt	80	65	40
Finland	71	43	37
France	60	52	50
Germany	56	53	49
Greece	60	50	40
Hungary	60	50	40
India	60	50	30
Ireland	65	56	42
Israel	66	48	50
Italy	72	50	52
Jamaica	58	33	25
Japan	75	50	50
S. Korea	89	50	36
Malaysia	60	45	28
Mexico	55	35	40
Netherlands	72	60	52
Norway	75	54	48

Pakistan	55	45	35
Philippines	70	35	32
Singapore	55	33	26
Spain	66	56	48
Sweden	87	65	56
Thailand	60	55	37
Turkey	75	50	45
UK	83	40	40
US	70	33	39

Osama Bin Laden received enormous adulation as well as loathing and fear. Days before “9/11,” Bill Clinton spoke in Australia, which was released in July 2014, saying he had the opportunity to kill Bin Laden, but chose not to as it would also kill too many other innocent men, women and children. And he waited for another opportunity. He then passed the information about the danger posed by Bin Laden to the incoming Bush administration, which unfortunately did not take it seriously then.

Now Abu Bakr Al-Baghdadi is not seen as important as Bin Laden, despite that he and his men captured huge swaths of territory first in Syria and then his home country of Iraq, and called that region, a caliphate of ISIS. He has enormous ambitions: to create a world consisted of only his brand of Sunni Muslims. When pundits talk about ISIS (Daesh), they would only say, “ISIS fighters are battle-hardened and dedicated,” and that they drove away huge numbers of Iraqi soldiers, capturing not only land but U.S. supplied sophisticated weapons as well. They fail to say it is the impact of Al-Baghdadi, which maybe a mistake. He is, I could be wrong, however, far more charismatic and influential than Bin Laden ever was. His followers seem to be prepared to die for *him*, and waiting for his orders to obey blindly!

"LAFFER/LAFFER-KHALDUN CURVE"

<http://en.wikipedia.org/wiki/Laffer_curve>: “Although economist Arthur Laffer does not claim to have invented the Laffer curve concept, it was popularized with policy-makers following an afternoon meeting with Ford Administration officials Dick Cheney and Donald Rumsfeld in 1974 in which he reportedly sketched the curve on a napkin to illustrate his argument. The term ‘Laffer curve’ was coined by Jude Wanniski, who was also present at the meeting. The basic concept was not new; Laffer himself notes antecedents in the writings of Ibn Khaldun and John Maynard Keynes. The ‘19th-century European

scholars also acknowledged ... and considered Ibn Khaldun [of late 14th century] as one of the greatest philosophers to come out of the Muslim world'. The Laffer curve, or Laffer-Khaldun curve, became part of the 'Supply-side' economic theory, which was also referred to as 'trickle-down' economic theory, based on an assumption, 'rising tide lifts all boats', in that when income taxes are cut, it would stimulate the economy resulting in rising GDP, 'the rising tide', which would benefit everyone."

The trickle-down theory glorifies and promotes inequality, and high concentration of income and wealth at the very top, which would supposedly trickle down benefiting all! A subsequent revised version of the "Laffer-Khaldun curve" is given below.

<http://en.wikipedia.org/wiki/File:LafferCurve.svg>

A non-symmetric Laffer Curve with a maximum revenue point at around a 70% tax rate. This graph is based on the results from "How Far Are We From The Slippery Slope? The Laffer Curve Revisited" by Mathias Trabandt and Harald Uhlig, NBER Working Paper No. 15343, September 2009. Specifically, it mimics the above curve found in Figure 2 of that paper. Their research estimated Laffer Curve maximum revenue points to be between 60-to-80 percent tax rates, not at 28 percent or 35 percent.

[Next 7 paragraphs need to go elsewhere:

Even more vocal, liberal Democrats are not against reducing the top marginal tax rate from 39.6 percent to below 30 percent, similar to what the Simpson-Bowles Commission recommended. They tacitly join the chorus who advocates "broaden the tax base and lower rate," without saying so "loudly," as they all benefit personally from a much lower top marginal tax rate. This is a most regressive tax reform. As Simpson-Bowles Commission was appointed by President Obama specifically to reduce the deficit, there is a naïve tendency on the part of the public at large that anything they recommended ought to be the right way to go.

There may be many good recommendations in Simpson-Bowles Commission Report, but its recommendation to drastically reduce the top marginal rate, I believe, is the worst kind of tax reform, similar to "revenue neutral" 1985 tax Reform when the top marginal rate was cut from 50 percent to 28 percent. The sad part is that few vocally oppose this aspect of their recommendation. Those who have res-

ervations on this lower top rate, which shifts the tax burden to the lower income-groups, who are burdened by high sales and payroll taxes, remain mum, along with the victims of this change who are generally oblivious to this shifting tax burden towards them.

General knowledge, educational achievements and, face it, general intelligence and curiosity are roughly inversely proportional to income and success in life. There is some relationship between income and industriousness, but that relationship ought to be far, far less, as discussed above.

This *regressive* tax reform of Simpson-Bowles Commission, as it is viewed as the Commission's recommendation, there has been a general feeling that it must be the right way to go. And there is a widespread, albeit not very forceful complaint that 'it was Obama, who appointed the Commission in the first place, but then he ignored its recommendations'.

I could see few forceful arguments against the Commission's recommendations. This has been a blatant failure on the part of progressives. Then pundits blame Obama for not heeding to his own Commission's recommendations. Besides, some members of the Commission, notably, Ayn Randian Paul Ryan, did not sign on to its final report. This added to the justification of criticizing Obama for ignoring his Commission's recommendations.

On the other hand, if a Commission were to be constructed to be headed by, say Robert Reich and Bruce Bartlett, a liberal Democrat and a moderate Republican, and they were to recommend that the Bush-tax-cut rates ought to be retained only on all but the top 10 percent in household incomes, but beyond that income level, the Clinton era rates ought to be brought back, the opposition on the part of almost all Republicans, and too many Democrats would be ferocious, although 90 percent taxpayers would not pay any additional federal income tax but would benefit from better public services with better schools and better infrastructure. Only a minority among the top 10 percent would pay substantially more in income taxes, which they can easily afford as the most of the rise in incomes went to the very top in income ladder. Even most of this 10 percent would be paying at the rate they paid until George W. Bush cut their taxes in 2003 and 2005. (The sad reality is that about 95 percent of the general public is oblivious to how little they pay

in the form of federal individual income tax. They are equally oblivious to the fact that they are paying too much as sales taxes, and also as payroll tax. They tend to expect them as part of life, like expecting clean water and sewage disposal and traffic rules.

Sales taxes are stealth tax! Very high-income households pay miniscule portions of their income in sales and payroll taxes, as compared with lower income-groups. The bottom fifth in income pays seven times more as a share of their incomes in sales taxes, compared with the top one percent does! I believe, it is the duty of the federal agencies and less conservative economists to educate the public, about this. Unfortunately, many of them have a personal stake in keeping the federal individual income tax rates as low as possible, do not object to any sales tax increase, but would oppose to payroll tax limit increase!]

IMPACT OF REAGANOMICS ON THE THIRD WORLD

The (marginal) tax-cutting binge has had a devastating impact on the less fortunate, far more so in the Third World countries, as their governments, one after another blindly, and often “gleefully” copied tax cuts of Reaganomics as most who set policies there personally gained handsomely by the tax-cuts and associated economic reforms like lifting barriers for importing fancy consumer goods, at the expense of the poor masses, while recording impressive, but hardly useful for most, GDP growth. “In India, 43.5 per cent of children under five are underweight [not too small a number of them, however, have a poor appetite, not necessarily poor], which accounts for almost two-thirds of the country’s alarmingly high Global Hunger Index score. From 2005-2010, India ranked second to last on child underweight — below Ethiopia, Niger, Nepal, and Bangladesh” (*The Hindu*, October 12, 2012; the Per capita Purchasing Power of Bangladesh is only about half that of India. In a few other Human Development Indices also, Bangladesh is ahead of India). However, the nutritional status has improved substantially, according to a later analysis (*The Hindu*, June 15, 2013).

The widening (economic) inequality of late has been far worse in the Third World than in the U.S. The enormous disparity in residential amenities, or lack thereof for a family in the slums of Mumbai, and of Mukesh Ambani (net worth: about \$19 billion, 2016, which is less than the \$25 billion he was worth in 2014), so close to them, in his

\$1 billion-plus mega-mansion, the world's most expensive residence, as of today, is a testament to this.

The sad part is that the governments of Maharashtra and India permitted that to happen, an egregious political and economic crime, a blatant example of universally ignored and omnipresent corruption, which is not even seen as unseemly or unnatural! Worse still, few in India are concerned about this blatant decadence. There is indeed, as said above, an indirect relationship between such decadence by a few and poverty for the masses at large, which I would argue is an “unseen” effect of the popularity of Reaganomics, in turn the far-reaching, indirect effect of Ronald Reagan’s extraordinary personality, his charisma!

The oft-repeated argument, “It’s his [Ambani’s] money” is utterly wrong – 90+ percent of “his” money, belongs to all Indians, especially the poor, low caste and ill-educated, some of whom may be toiling (not for Ambani) along with their undernourished small children, as “bonded laborers,” a modern form of slavery mostly for the Dalits (untouchables) and largely in Central and Northern parts of India, trapped for generations, under arcane and conveniently crafted traditions, in clear violation of even the Preamble of the Indian Constitution, adopted in 1949.



Fig. 34a. Dharavi, a densely populated huge slum of near 1 million, near the richest Indian, (Right Fig. 34b) Mukesh Ambani’s costliest (>\$1 billion) mansion in the world, has severe problems with **public health**, due to the scarcity of toilet facilities. As of Nov 2006, only one toilet per 1,440 residents of Dharavi! To redevelop Dharavi, to make it “livable,” the estimated cost is only a little over \$2 billion. If Mr. Ambani were taxed the

equivalent of \$10 million (or, to be exact, 10.73 million on a 30-year-mortgage at 5% interest of \$2 billion), every month, and used the revenue to make “mortgage” payments on \$2 billion, to the Reserve Bank of India, and used that amount to make Dharavi “livable,” that would not be illegal, as the Preamble of the Indian Constitution specifically states, “INDIA is A SOVEREIGN SOCIALIST SECULAR, DEMOCRATIC REPUBLIC!”

"Of the 2.5 billion people in the world who defecate openly, some 665 million live in India. This is of greater concern as 88% of deaths from diarrhea occurs because of unsafe water, inadequate sanitation and poor hygiene" (Betwa Sharma. "665 million Indians still defecate in open: UN," Rediff news; retrieved September 19, 2010; the number may be less now).

Though many unfair dealings are treated as illegal, too many could not yet be placed in that category. Again progressive taxation, if effectively implemented, could sufficiently mitigate, not eliminate (which is not at all necessary) the results of such unfair exploitation. Hence the concept of progressive taxation, as well as a living minimum wage, ought to be welcomed as an indispensable guiding principle.

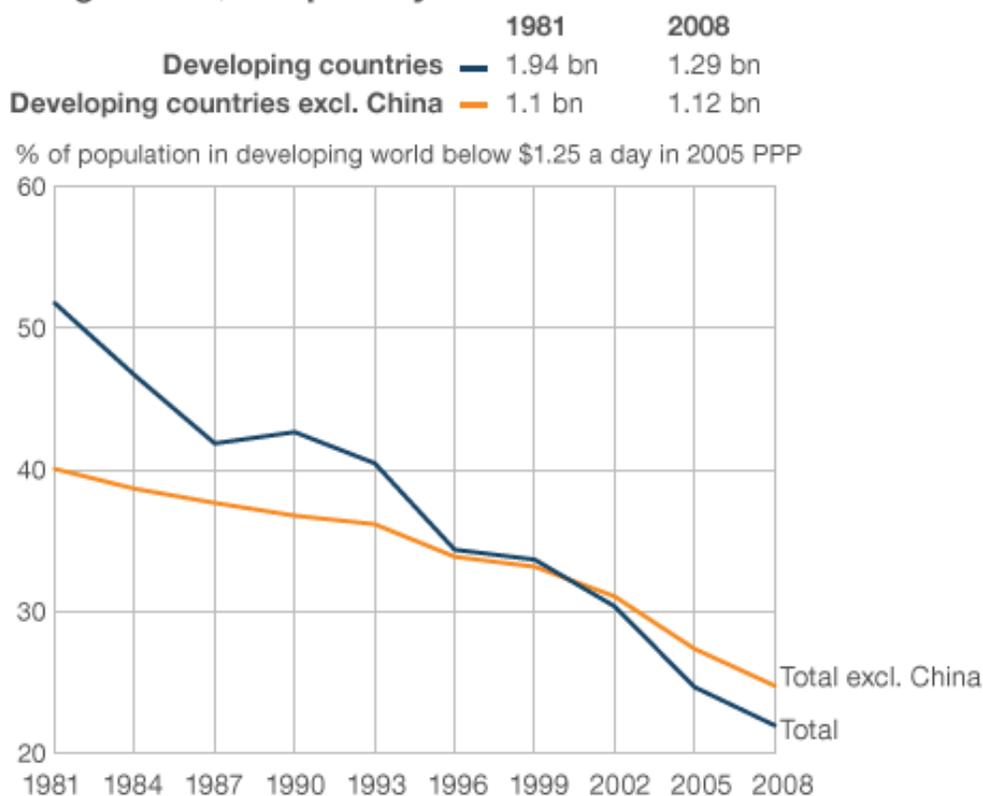
Yet another quirk is that today's exploiter could become tomorrow's exploited. Even when people trade stocks etc., invisible exploitation, continually takes place. (When stockbrokers and commentators advice their clients and listeners, to buy or sell a stock for instance, they are essentially telling their audience to “stick it to others” who are not their audience at that moment.) And, the descendants of today's exploiter, down the line, may be after a few generations, could well become tomorrow's exploited. The vast majority creates wealth to pass on to their descendants, rather than spending all of it on themselves.

ABJECT POVERTY AND FAMINE-RELATED DEATHS MUST END AND SOON

The persistence of abject poverty and famine anywhere in the world, especially in this day and age, is absolutely unnecessary, which must end, and very soon. Jim Yong Kim, the World Bank president said on April 18, 2013 (*PBS, News Hour*), there are 1.2 billion, of the seven billion plus of the world's population live on less than \$1.25 a day, and that it was a “moral stain” on us. He added, in one Indian state (Uttar Pra-

desh) alone, eight percent of the world's poorest 1.2 billion live, which is nearly half of the 200 million in UP (or about half-way between the total populations of Germany and Japan!) with per capita income of about \$560, while the neighboring Bihar with a population of 104 million has only about \$440, but Bihar is growing much faster now.

Living below \$1.25 poverty line



Source: World Bank

Fig. 35

Such horrible poverty, in such a huge scale, in spite of being such a rapidly growing economy as that of India, is a convincing example for what would happen, when too much of the national resources, as well as power, are concentrated in very few, as very little of it would trickle down to the vast majority.

In India this is indeed a reversal of a trend, albeit tepidly started with Independence in 1947, which then stalled if not ended in 1991, with the unwise economic liberalization (see the writings of the Nobel Prize winning Indian economist, Amartya Sen, e.g., Quality of Life: India vs. China, <http://www.nybooks.com/articles/archives/2011/may/12/quality-life-india-vs-china/?pagination=false> *The New York Review of Books*, MAY 12, 2011). (I sincerely hope this assessment of mine is false. And that despite some widening inequality, which

has been a worldwide trend, poverty is being reduced in India, along with the GDP growth.) For, there are some (2015) 100 billionaires in India, with a combined assets of \$345 billion as well as numerous multimillionaires.

The nominal per capita gross domestic product (GDP) of India is about \$1,200, with a purchasing power parity of \$3,600, which is quite good, if it were distributed much less unequally, at least as in the Southern Indian State of Tamil Nadu, where, before a decade ago, poverty and low wage for manual laborers were crippling the State's poor. Manual laborers migrated in droves to the neighboring much smaller State of Kerala where wages for unskilled and semiskilled laborers have been, and still are, comparable, in purchasing power, with union wages in the U.S.! Almost all without roots in Kerala went back to Tamil Nadu, where the wages, when added to liberal benefits, offered by the State of Tamil Nadu, are as good as in Kerala.²⁹ Now laborers are coming to Kerala from far away places of Bihar, Odisha and West Bengal. Income inequality is far wider in much of North and Northeast, including West Bengal, where the Communist Parties of India (West Bengal branch), had an uninterrupted reign for 30 years. Whereas in Kerala they only had power, following alternate elections, like clockwork, since 1957!

The mega-rich in India probably acquired a big portion of their wealth (rather, loot), since the economic liberalization in 1991, not too unlike the Russian plutocrats did following the collapse of the Soviet Union, also in 1991 (I thought, as Alan Reynolds of the Cato Institute postulated, paradoxically, as a great event in economic progress [see below], this calamity had a lot to do with the impact of Reaganomics). From an HDI perspective, so much wealth is concentrated in so few, while so many live in abject poverty, as per most legitimate reports, and also dying in huge numbers from preventable diseases owing to lack of sanitation and clean drinking water, have a lot to do with the dismal collection of taxes from the most affluent in India and also prioritizing the revenue collected by spending on programs that would disproportionately benefit the affluent.

Thomas Picketty visited India in December 2015. His observations about the current economic system are quite illuminating, generating a number of articles including one in *The New York Times*, <<http://www.nytimes.com/2015/12/10/world/asia/thomas-piketetty-inequality-india-mumbai.html>>, by Manu Joseph. Joseph writes, "Mr. Picketty told

me that he found the elite of India ‘hypocritical’ for urging their government to address inequality by pouring resources into economic development, like building infrastructure or helping selected industries. This is self-serving, he says, and only increases the gap between the rich and the poor. ***In his opinion, governments should find the means to invest more in social welfare, like primary education and health care. Before the world wars, he said, ‘the French elite used to say the same things that the Indian elite now say, that inequality would be reduced with rising development’. But after the wars, he said, the French began to see that direct investment in welfare was the way forward. ‘I hope the Indian elite learn from the stupid mistakes of the other elites’, he said. ‘Learn from history’. India is just emerging from what many regard as a catastrophic experiment in a type of socialism, the sort that economists like Amartya Sen, the Nobel laureate, say was not socialism in the first place, because it neglected health care and primary education. What the Indian elite learned from that history was to fear and loathe the idea of the welfare state. In 1991, India reached the nadir of an economic crisis that forced it, in exchange for a financial rescue from the International Monetary Fund, to begin liberalizing its economy along the free market lines that were championed then by Washington [the proverbial Republican line, but practiced a lot more social welfare domestically, while preaching the wonders of Reaganomics for foreign consumption]. In the years that followed, the rich and the educated benefited the most, though the poor are better off today than they were before those changes.’***

India collects about 17.5 percent of the GDP in taxes, but much or most as “excise” duty, which rather evenly spread across the various income groups, except those in consumer goods, which the poor consume very little of it – the top income tax is only 30 percent, and too many do not report much of their income who get away with impunity, *unlike* in the U.S. Furthermore, many high income groups consider huge income tax arrears even as a badge of honor, as if the size of income tax arrears determine one’s degree of affluence in India!

Furthermore, the pervasive indifference to the suffering of the masses in India on the part of most of the affluent there is even worse than the attitude of the whites in South Africa towards the Apartheid, or to the Slavery in the US, but sadly, not anywhere near to what has been happening during the past several decades in different parts of Africa, especially in Congo where over five million perished

(<http://www.genocidewatch.org/drofcongo.html>), almost as many as the Jews perished in the Holocaust!

In Congo, as in many other places, rape has been rampant, and also a weapon in the genocide - ***A 22-year-old soldier in Congo boasted, "Twenty-five of us gathered together and said we should rape 10 women each, and we did it. I've raped 53 women! And children of five or six years old. ... because it gave us a lot of pleasure. ... We could do what we wanted,"*** Pete Jones, *The Guardian* April 11, 2013.

(Before that, Joseph Mobutu, in addition to totally neglecting his vast country, then Zaire, with huge natural resources, robbed the country blind, with the blessings of the West, and the indifference of the powers to be in Africa.) This brutality may be surprising, and shocking to many who are oblivious to this, as the media coverage has been sketchy, and without any passion, unlike when George Clooney and others condemned the Darfur genocide.

The indifference to the agony of post-colonial Africa, by the same folks who profoundly expressed their moral wrath against the Apartheid, including, or especially by the African leaders is at best odd. Indeed, columnist Bill Keller writes more than two decades ago (*The New York Times*, August 7, 1994), ***"The outside world's usual indifference to Africa can be deplored, but at least it can be explained, [but how to] explain Africa's indifference to itself?" In spite of Mandela, that indifference remains unabated.***

These examples are by no means isolated incidents. History is peppered with horrific atrocities with resultant unimaginable miseries. What is happening right now, and during the past two decades in North Korea is just one example of human atrocities to fellow humans, with resultant chronic famine and deaths, along with a callous indifference on the part of exceptionally affluent South Korea, as well as Japan in the immediate neighborhood. Much of the world "reflexly" and conveniently blame the Kim dynasty and gang for the plight of North Koreans who are for all practical purposes just hostages of the "Kim Dynasty, Inc." This chronic catastrophe, was preceded by a shorter-lived far more monstrous one in the neighboring Cambodia, where about two million, or 25 percent of its population perished, by systematically administered torture, using

“novel methods” of unimaginable brutality and starvation under the Pol Pot’s Khmer Rouds, which probably would stand out as the most brutal in history, surpassing those of Genghis Khan’s army, the Japanese ‘Rape of Nanking’ and of the Nazis!

CURRENT TAXATION IS BARELY PROGRESSIVE,
OFTEN DECEPTIVELY REGRESSIVE!

The top 25 U.S. hedge fund managers together made an astonishing sum of \$25.3 billion (with a ‘b’) in 2009, though significantly less in 2010-to-2013 (not by the same 25), still a total of \$100 billion in those five years, but only \$11.6 billion in 2014. Most of their incomes were treated as “carried interest,” to be taxed at long-term capital gain of 15 percent, until 2012, and 20 percent in 2013-2015; they would pay an additional 3.8 percent Medicare tax to cover the Affordable Care Act expenses; the “huge jump from 15-to-23.8 percent probably is resented by the ultra rich, one more reason to hate president Obama.

(The star hedge fund player was John Paulson who made an astonishing \$4.9 billion in 2010 alone, in addition to almost \$4 billion in 2007! Paulson made his billions *on* the pain, but *not from* the pain, of so many, by betting against subprime mortgages, before 2008; Goldman Sachs also bet against subprime mortgage-derivatives, against many of their own clients’ interests [*The New York Times, December 24, 2009*]!

Bloomberg News, April 11, 2013, reports, “John Paulson, who last month considered a move to Puerto Rico to lower his tax bill, is starting a fund to help investors reduce the amount they owe to Internal Revenue Service. ... ‘He seems to be more focused on avoiding income taxes than on generating returns for his investors’, said Brad Alford [of Alpha Capital]. ‘It gives billionaires a bad name.’”) What Leona Hemsley famously blurted out, “Only the little people pay taxes,” is ever so true! (In the January 2, 2013 “fiscal cliff-deal,” the rate was raised only to just 20 percent – see “A Costly and Unjust Perk for Financiers,” *The New York Times*, February 24, 2013).

As said above, what the hedge fund managers do have very little social value. Whereas, what the US Air Flight 1549 pilot Capt. Sullenberger did by crash-landing on the Hudson River in 2009, saving perhaps all 155 aboard, was priceless. Or what numerous, nameless paramedics do saving lives on a daily basis may also be priceless. The list of similar heroes in hospitals, in the military and elsewhere is endless.

On the other hand, Adolf Hitler almost singlehandedly ended the lives of over fifty million, “unnaturally.” FDR and others stopped that carnage. What could possibly have happened had Hitler won the war, which was quite possible, is anybody’s guess.

Though far less than many hedge fund managers, the average Fortune 500 CEO's compensation has been over \$10 million during the past few years, and climbing fast, as the rich are getting richer at an alarming rate, when the US President's pay was only \$400,000, plus liberal perks, but most of his perks are necessary for his job, which is seen as the most important in the world, as well as often quite stressful. Further, the US Supreme Court Justices' pay is only about \$215,000, with the Chief Justice getting about \$225,000, even if their job is far from stressful, as well as unusually respectable, until perhaps the partisan divide became too blatant and predictable.

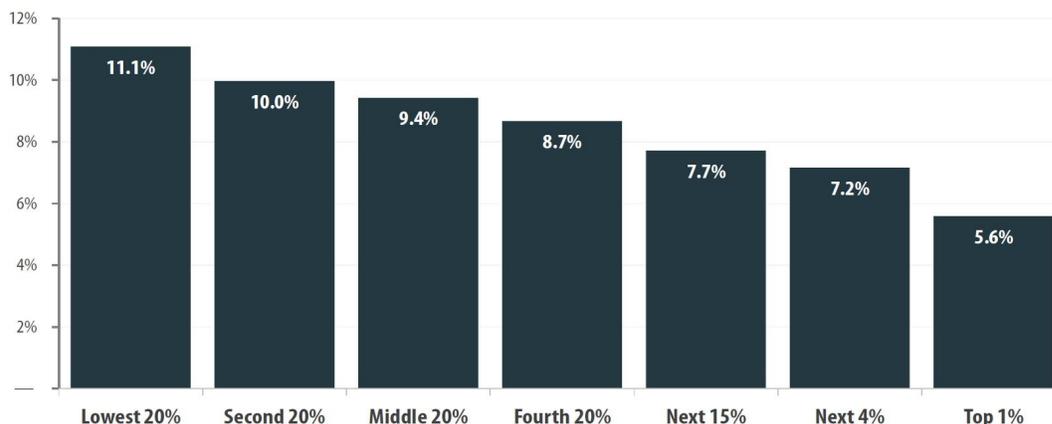
The general public also has a stake in the earnings of CEOs and other private sector employees reflected in the prices they pay for the products and services these firms provide. (See below a glimpse of how some highly paid executives manage to get such exorbitant remunerations at taxpayer expense.)

Warren Buffett lamented about his lower rate of taxation compared with that of his secretary. Indeed there are other high earners who also want to pay at much higher rates, if it were to be levied on others like them as well (The sarcastic suggestion that a handful of billionaires "donate" to U.S. Treasury, if they think they are not paying enough taxes is ludicrous).

This cleverly crafted regressive tax code favoring folks with exorbitant incomes as well as assets, not actually earned, but accumulated by exploiting the system, i.e., exploiting the low wage workers, is closer to the national average federal individual income tax rate of 13.6 percent for the upper half of US households with taxable incomes starting at \$33,048 in 2010. In addition to that, most of them pay 7.65 percent of payroll tax (as per January 2, 2013 fiscal cliff-deal), on most of their incomes, as it is levied only up to the first \$118,500 in 2015, thus quite regressive! A median wage earner making \$40,000 will lose 2.3 percent in take-home pay, whereas, a couple making \$200,000 each (\$400,000) would lose only 1.8% in take-home pay, despite paying \$1,350 in additional Medicare tax, due to ACA, which the median wage earner doesn't need to pay (*Forbes*, April 8, 2013). For further comparison, the national average hotel/motel room sales tax rate was 13.73 percent in 2009 (*USA Today*, April 5, 2010). Further, as said above, the bottom fifth in incomes pays seven times more in sales taxes, as shares of their income, than the top one percent does – "In 2010 the [national] average combined sales tax bite rose by a full one percentage point [to partially offset the diminishing federal subsidies] to 9.64 percent" (*Forbes*, February 17, 2011), and 9.60 percent in 2011 (*Forbes*, Feb. 2, 2012).

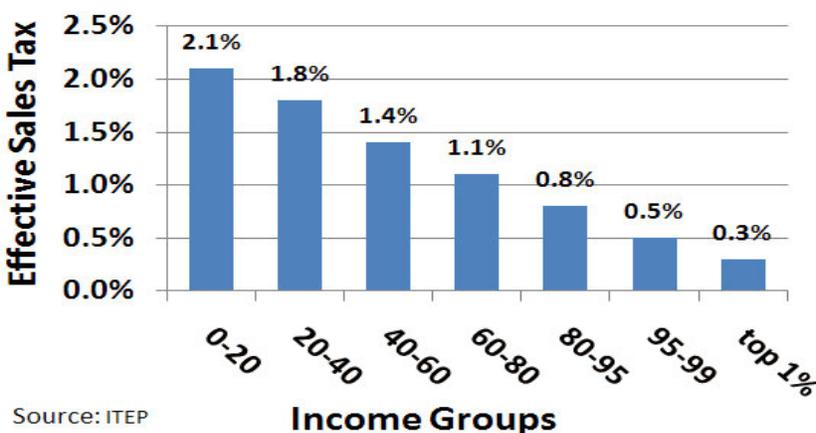
Averages for All States

Total State and Local Taxes Imposed on Non-Elderly Residents, as Shares of 2010 Income



<http://thinkprogress.org/economy/issue/> Fig. 36a.

Average Effective Sales Tax for the 50 States for Different Income Groups



Source: ITEP

Fig. 36b. As Shares of Income

This purports to show that flat tax-rates are too high, while progressive taxes are too low, causing people who struggle to make ends meet are burdened unduly by high taxes, while folks who have plenty of money coming in are taxed too low, which is too unjust and cruel.

Furthermore, this situation is the main drag on the economy, as well as the principal cause of the continued “underemployment,” deficit, and rising national debt, which ‘everyone’ is so worried about, at least the Tea Party activists say so. The unnecessary “sequester cut” in spending, with ensuing further rise in public sector layoff of essential workers (in addition to the ‘Air Traffic Controllers’ who were promptly rehired!) is adding to about a total of one million job loss in the public sector, since the great recession began, though close to ten million private sector jobs have been created on president

Obama's watch by 2015!

The “sequestration-aftermath” alone is likely to contract the economy with loss of hundreds of thousands of necessary public sector jobs, and consequent loss of private sector jobs, from decrease in demand, from the unemployed public sector employees, perpetuating this refractory recession and misery for the lower strata in incomes, similar to the double-dip recessions in Southern Europe from too much “austerity,” in perhaps, another (futile) attempt to taint president Obama, causing the whole nation pain and hardship.

I would add if the Republican obstructionism to defeat Obama in 2012 hadn't taken place, the unemployment rate could have been at least a percentage point less; besides many part-time employees would get fulltime jobs. And the Feds would have stopped printing money to prevent the economy from falling into another recession. No economic policy is inconsequential. And the recent Federal Reserve Board policy, reluctantly undertaken by Ben Bernanke, to ease the stress of high unemployment, also could have unforeseen, undesirable consequences.

Since Obama has been reelected, if the Republicans quit “pushing the economy down,” things would be so much better, easing the pain of millions of (unemployed and underemployed) families. The unrealistic expectations of the Tea Party activists, who appear to have hijacked the Republican Party, are the principal threat to the US economy. Some Tea Partiers misperceived the current economic situation, and are aimlessly shooting in the dark.

And as of March-end 2016, if the current, reluctantly assembled Republican establishment-push to knockdown the front-runner Donald Trump and install Ted Cruz, a genius without a heart or scruples, as their standard-bearer would be disastrous to the nation, in turn to the world, owing to the U.S. dominance in the world, in the unlikely event Cruz becomes the 45th President of the United States.

In spite of the lopsided tax system that Flat Taxes are Too High, while Progressive Taxes are Too Low, Gov. Bobby Jindal (R-LA), after lecturing Republicans, “We must stop being a stupid party,” wants to repeal the 6 percent State Income Tax and replace it by higher sales tax! (See “In the South and West, a Tax on Being Poor, *The New York Times*, March 10, 2013). However, on April 8, 2013, he “parked” that plan.

Other Republican governors are leaning towards such taxation. (If they didn't, a Tea Party candidate might kill them in the next primary – they seem to be queuing up to pay homage to a mythical god who could be pleased only with evermore, draconian budget and tax cutting promises!). For instance, Scott Rothchild (Lawrence Journal-

World, June 5, 2013 <<http://www2.ljworld.com/news/2013/jun/05/analysis-group-believes-new-tax-plan-could-ruin-Ka/>>) writes, “A nonprofit, nonpartisan organization that analyzes tax policy warned that the tax plan recently approved by the Kansas Legislature could put the state ‘on a path to ruin’. Kansas legislators passed a plan ... to drain the state’s reserves, cut taxes for the rich, raise taxes for many lower-income families and slash education in the process’, wrote Nicholas Johnson ... [of] Center on Budget and Policy Priorities. ... The bill ... will increase the state sales tax and reduce itemized and standard income tax deductions, while phasing down income tax rates, with the ultimate aim of totally eliminating state income taxes. ... [Kansas Republican Governor] Brownback says the key to economic growth is elimination of the state income tax[!]”

Paul Krugman writes, (*The New York Times*, June 30, 2014) “Two years ago Kansas embarked on a remarkable fiscal experiment: It sharply slashed income taxes without any clear idea of what would replace the lost revenue. Sam Brownback, the governor, proposed the legislation — in percentage terms, the largest tax cut in one year any state has ever enacted — in close consultation with the economist Arthur Laffer. ... But Kansas isn’t booming — in fact, its economy is lagging both neighboring states and America as a whole. Meanwhile, the state’s budget has plunged deep into deficit, provoking a Moody’s downgrade of its debt.” Still in a Republican Sweep Brownback was re-elected in 2014, despite many predicting the contrary.

On the other hand, Gov. Brown (D-CA), almost miraculously, managed to raise state income tax on higher incomes by popular will (with a 55.4-to-44.6 percent margin) in 2012, to up to 13.3 percent on incomes over \$1 million. (This not very widely known development is by far the best news since the Clinton tax-hike in 1993, or for California, since 1978 ‘proposition 13’!) But a similar attempt failed in Washington State in 2010 – most people who voted against it wouldn’t have to pay a dollar more, but would have benefitted from such a tax increase, with better services, in addition to a better safety net for the deserving. Again, many of the currently employed with reasonable good income are only one step away from being unemployed and needing “taxpayer-funded” assistance to get by. If not them in their lifetime, some of their descendants down the line would need safety-net benefits.

In fact, President Reagan was not a tax-cutting radical, as his right-wing ideologue-admirers paint him to be. Bruce Bartlett writes (*New York Times*, June 4, 2013), “On June 6, 1978, California voters approved an amendment to the state constitution known as Proposition 13. It cut and capped property taxes in the state and remains in

effect today. Prop 13, as it came to be known, arose from three developments. [As cited above] California was a high-tax state, ... Reagan also supported further tax increases in 1971 and 1972. State revenue tripled on his watch, to \$8.6 billion from \$2.9 billion, in eight years[!]"

The idea of a broader federal tax base, with (even) "lower rates," more like Ronald Reagan put in place in 1985, as too many are assuming to be a good thing is just bad - Ayn Randian Paul Ryan again proposed and the House passed just the same, lowering the top marginal rate to 25 percent! It is appalling that the journalists are taking the latest Ryan budget seriously. That is a most regressive tax reform. What we need is broadening of the middleclass economy, as Bernie Sanders repeatedly imply, and an optimal safety net for the unemployable as well as for the legitimately unemployed. To be fair, despite the Republican attempts to squeeze the safety net programs, as of now it is still not too bad, though substantially and unnecessarily restrictive.

Lower income groups are already paying too much in taxes (see Fig. xx), except in federal income tax. Owing to rapidly rising incomes in higher income groups, they do pay a much bigger chunk of the federal individual income tax. Moreover, the Bush tax cuts were indeed quite favorable to the lower income groups, and, unfortunately to the very high-income groups as well, but the lower income groups pay substantially more as a share of their income in unavoidable local taxes (Fig. xx). The lower income groups also need to pay 7.6% in payroll tax on almost all their incomes, which the higher income groups only pay for part, or a fraction of their incomes.

Nevertheless, because of fairly large deficits and debt at the federal level, though both are not anywhere near as the alarmists trumpeted about with ulterior motives to squeeze the folks who are struggling to make ends meet, as we can't always be that sure about economic forecasting, more in the upper middle income groups also should bear a smaller part of the burden. They ought to pay at the Clinton era level, on taxable incomes over \$80,000-to-\$100,000 (i.e., about \$140,000 or better in gross incomes, when median income approximately would be only \$52,000 in 2014), or on over 250 percent of the median income of the given taxpayer, which is a sizable revenue for the treasury. About 12-15 percent of the households would be in that category. But compared with the 2% additional payroll tax by all with taxable incomes up to \$118,500 in 2015, this taxation would be much less painful. Very few pundits were concerned about

the 2% increase in payroll tax for those who have been struggling to make ends meet, rationalizing that it was supposed to be temporary (for two years). But the Bush tax-cuts were also "temporary," for ten years (originally).

Since there are many millions of households with taxable incomes between \$100,000 and \$450,000, this alone would add about another \$3 trillion in revenue in a decade, compared with \$650 billion when the Clinton era level is applied only on over \$450,000, as per the January 2, 2013 agreement. The amount of federal individual income taxes collected, if Clinton era tax level is applied to all, would add only about another ten percent in revenue, which is not much, but too much for those who make under \$100K; further, such a tax bite on the latter would be too much of a drag on the economy, from consequent disproportionately greater loss in demand.

I would further suggest that those who have very high incomes should pay at a 50 percent rate on over \$5 million of taxable income, or those at the top 0.1 percent, whichever is higher, and yet another 70 percent rate on taxable incomes of over \$25 million, or on over 0.01 percent in household incomes, whichever is higher. (Until 1981, 70 percent was the top marginal rate on incomes over \$1.5 million, or less, in today's dollars)

All realized incomes from all sources ought to be treated as "earned income" and taxed accordingly. Furthermore, ideally, a modest taxation, starting at 0.1 percent, and steadily going up to 1 percent, i.e., \$1,000 for 1 million in about ten years, on estimated wealth, in excess of \$1 million at yearend ought to be levied. Progressivity in wealth tax also ought to be applied, like 10 percent on over \$1 billion, and then indexed all to account for inflation. This wealth tax could eventually phase out inheritance (or the so-called death) taxes.

Partly at least correlational, but unlikely to be purely coincidental, when the top marginal tax rates were much higher, not only revenue but economic growth as well happened to be rising significantly, most of the time.

INFRASTRUCTURE REPAIR AND REHIRING ESSENTIAL PUBLIC SECTOR EMPLOYEES

Around half of that extra revenue could be, rather should be spent on another stimulus program to create jobs where unemployment is high, such as Inner City areas,

Rural South and Appalachia. In those areas, WPA-like work programs, for less skilled and less educated workers ought to be implemented. Many of them may not be that motivated. They may also lack disciplined work habits, but most of them could be trained to develop work habits and also skills. Eventually most of them would develop genuine work ethic. That in itself is akin to spending money on public education and building public libraries.

The rest of the extra revenue should be set aside for infrastructure development, repair and improvement, including advancing mass transit, especially mass transit, like regular and mini bus services to all rural areas as well as laying the foundation for a nationwide network of high-speed, or “higher-speed” rail system. Part of that money also should include a nationwide *public* network of heavy fiber optic cables, for free Wi-Fi connections. Such increased economic activities have multiplier effects such as higher revenue from the newly employed workers’ taxes, repaired infrastructure, and starting construction on high-speed rail lines and so on. This would also cut the deficit and keep the debt at a gradually lowering level of Debt-to-GDP ratio, which would further enhance confidence in the US economy.

Furthermore, as Bruce Bartlett writes (*The New York Times*, February 26, 2013), “According to American Society of Civil Engineers, the nation is already in a net deficit position as far as building and maintaining its basic public infrastructure. The society estimates that the added costs to people and businesses from this underinvestment will reduce the aggregate gross domestic product by \$3 trillion over the next decade! The group recommends an additional \$1.1 trillion of public investment through 2020 to what is currently planned, \$157 billion per year.”

RAPID FALL OF DEBT-TO-GDP RATIO: 112.7% (1945) TO 24% (1974)
WITH HIGH MARGINAL RATES, NOT JUST BY REDUCED SPENDING

From 1942 to 1946, the average deficit per year was about 13 percent of GDP! The top rate was raised to 94 percent in 1944 and 1945 for incomes of over \$200,000 (about \$3.5 million in today’s dollars). And yet, by 1947 there was a budget surplus. And the twelve-year average (1947-1958) per year net surplus was about 0.75 percent of GDP (by my rough calculation, which maybe erroneous) largely owing to reduced spending after the war ended, while the top rate remained at around 90 percent until

1964, when the US prosperity flourished with a rapidly growing economy and an expanding middle class, unlike the shrinking one of today, with an anemic growth.

The debt-to-GDP ratio fell *rapidly* to about 45 percent by 1960, from a high of 112.7 percent in 1945 and dipped further to a trough of about 24 percent in 1974, but spiked back up during the Reagan years to reach above 40 percent in 1987 and 1988. It then kept creeping up almost touching 50 percent in 1993 (Fig. xx). Gradually it declined to about 32.5 percent by 2001, while the marginal tax rates were raised significantly with a top rate of 39.6%.

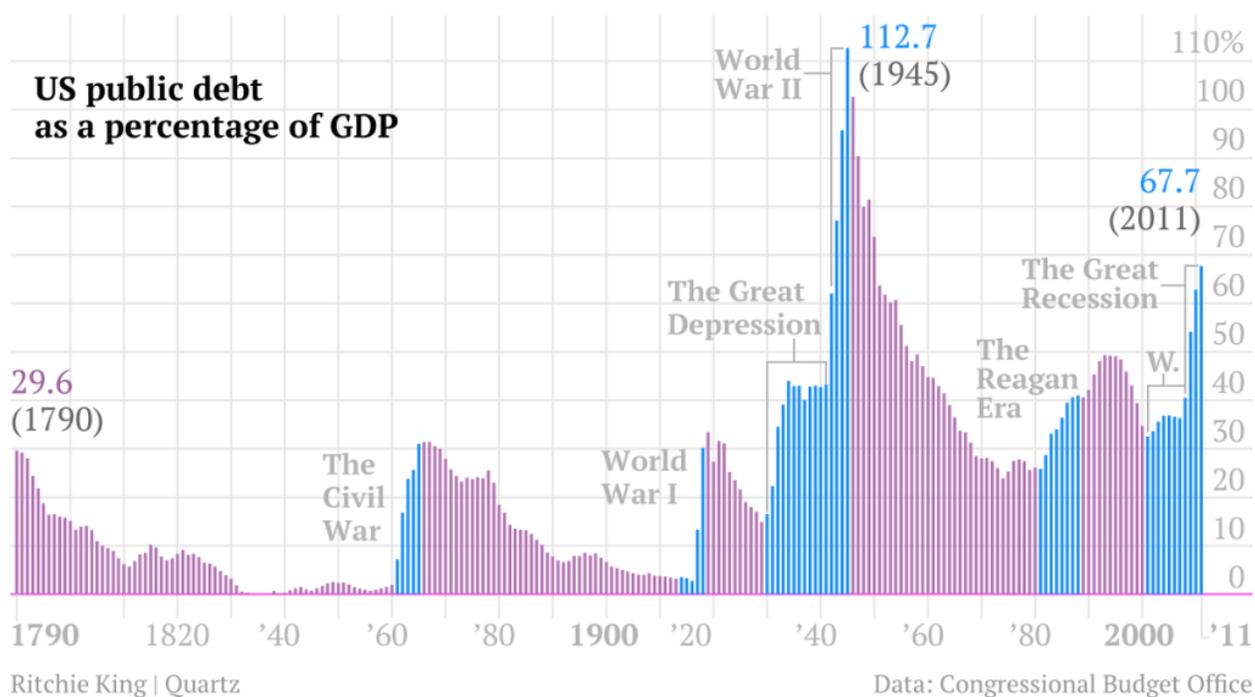


Figure xx. *The Long Story of U.S. Debt, From 1790 to 2011, in 1 Little Chart, By Matt Phillips, The Atlantic, November 13, 2012*

By the end of president George W. Bush years, it crossed 50 percent. The Great Recession has carried the debt-to-GDP ratio rapidly to around 75 percent. Without additional revenue and better employment status, with deficit financing of various development projects (rather than creating for the purpose of eventually destroying most of the war-related materiel, as in WWII) to employ closer to ten million eager-to-work, competent and (mostly partially) unemployed people, the ratio is likely to creep up further to *possibly* unacceptable, even dangerous levels. It is difficult to comprehend why the Republicans, especially in the House, stand in the way of any sensible plan conceived and/or proposed by the president who cannot run again.

INDIFFERENT TAXPAYERS

The main problem with taxation is that the vast majority are indifferent, in turn, ignorant about how the complicated tax system is structured, except for a false notion that if any tax is cut they all benefit, and able to keep more money in their pockets, whether it is federal, state or local taxes. Sales taxes are stealth taxes; few care to look at them and compare them with the noise-making, federal individual income taxes. Sales taxes are often increased by less than half a penny on the dollar at a time; people grudgingly approve such taxes if it comes to a vote, whereas, an increase as a progressive State Income Tax on high earners would be defeated, as happened to the Bill Gates Sr. initiated state income tax on high income households in Washington, in 2010. Most who voted against that State Income Tax on high incomes didn't have to pay any more tax at all by that measure, but they perceived that measure wrongly, rather duped by well-organized opponents to that tax measure. Californians understood its advantage and voted for it in 2012. What more, they also voted against a half-cent sales tax increase in Los Angeles, on March 5, 2013.

As for the ignorance about (federal) income tax, after president Obama's 2012 tax return was released, with he and the first lady were paying at 18.4% in federal individual income tax, on their "adjusted gross income" of over \$600,000, there was an unusually prolonged, heated discussion on "Morning Joe," MSNBC (April 15, 2013). It was astonishing that the pundits gathered there were about unanimous to depict a picture of a president, who was paying "too little" in federal income tax. The same was leveled against Mitt Romney, before the 2012 election.

Though the pundits did not mean to imply that the president did anything unethical, much less illegal, the impression a listener would gather was that the president unfairly, even unabashedly exploited the system! ***The president had indeed said, as Warren Buffett did, he was not paying enough in federal taxes. The most surprising fact was that none of the pundits did feel like explaining, even mentioning that our existing tax law allows anyone with similar incomes as the president, or Mr. Romney had, legally could and would pay at the same rates as the president or Mr. Romney did, when they handsomely donate to charities of their choice, as both Obama and Romney did. It did not occur to any of the pundits, including liberal ones, to voice their concern and outrage, as Warren Buffett did, that it is the current tax law, with the vastly unjust and incongruous marginal rates, not honest***

taxpayers, is to be blamed, and that the rates need to be revamped and restructured more fairly, more progressively.

Furthermore, if the Obamas make about the same amount in 2013, as they did in 2012, their federal income tax rate is unlikely to rise, other than as the rise in Medicare tax on part of their income, from January 2, 2013 "fiscal-cliff-deal," as their taxable income may not exceed \$450,000, even if they cut their donation to charities substantially, instead of donating 24.6 percent of their 2012 gross income. (Indeed their adjusted gross income in 2013 was only \$481,098 but paid 20.4% in federal income tax; in 2014, their income was \$477,383, paid 19.6% in federal income tax and donated 14.8 percent to different charities. They may have reduced their charitable donations, partly at least to quieten the critics, with a detrimental impact on the recipients of their donations.)

In fact, both the president and Gov. Romney ought to be commended for donating such "huge" portions of their incomes to legitimate charities. The only difference between the president and Gov. Romney was that the president wanted to raise the marginal rates significantly more, which is also commendable, ***but Gov. Romney wanted to further cut the rates by a staggering 25 percent, which is abhorrent and harmful to the US economy and the welfare of most who depend on a variety of public services. Even the rich need a good deal of public services, other than "handouts."***

As for Charitable donations, all taxpayers ought to be allowed to deduct almost any amount donated to legitimate charities. And the tax laws should provide *incentives* for people with plenty to donate to their pet projects of substance, for the public good, as much as anyone wants to. At the same time, as long as progressivity is built in and not confiscatory, as during the Eisenhower era, paying taxes should be "taught" to see as a civic duty. In a democracy, public spending of tax revenues, theoretically as well as practically is almost always approved and directed by the public, through their elected representatives. Waste will be there, as in the expenditure of donor money by charitable organizations. For example, when Warren Buffett decided to donate most of his humungous wealth to just one charity, the Gates Foundation, he must have assumed, at least in the long run, a sizable portion of his donation, in some ways, his hard earned money, would be wasted. But he also knew most of his donation would be utilized for the betterment of humanity.

FEDERAL SUBSIDIES AT “FIRE SALE” PRICE!

Although James Mulva of Conoco-Phillips testified in 2005 when crude price was \$60 a barrel that oil companies did no longer need any subsidies, they continue to receive an annual subsidy of nearly \$10 billion, \$4+ billion for oil exploration and production, and another \$5+ billion as ethanol subsidy, but most of which is for adding ethanol to gasoline at the refinery, and very little goes to the farmers (*The New York Times*, August 7, 2011). This colossal waste of federal tax dollars is (figuratively) bought by big oil at a “fire sale” price of just \$8.5 million in 2010, in the form of campaign contributions to members of Congress, two-thirds of which went to Republicans and the rest to Democrats. On top of this, despite raking in huge profits, rising with the pain at the pump, Exxon-Mobil paid no federal income tax in 2009. Neither did Chevron. GE got a refund of over \$1 billion in 2009! However, in other years, many of these corporations may have paid their fair share of the taxes. But the corporate tax system and rates also need to be revamped much more fairly.

Indeed in 2012, ExxonMobil spent some 46 percent in corporate tax, of its staggering profit of \$78 billion, on sales of about \$435 billion.

Crude price started on a downward spiral in 2015, reaching below \$30 a barrel by February 2016, then started edging upwards, owing to a series of changes around the world.

Somehow I felt, the Airline companies have been taxed too unfairly, which may even have led to some of them at least go bankrupt. Domestic Air Tickets are charged a 7.5 percent of the fare, which raises the ticket prices. They have been chasing fewer passengers with too many seats, with self-defeating, rather suicidal pursuit. Suicidal in that all US Airline companies went into bankruptcy, some of them more than once. By 2015, Airline companies started to become profitable. Still the salaries of Commuter Airline pilots remained appallingly low, increasing the chances of pilot-error crashes.

In a letter (March 7, 2013) to his supporters, an unusually scrupulous and dedicated senator Carl Levin (D-MI) vented his profound frustration: “Years of bipartisan work by the Permanent Subcommittee on Investigations that I chair have shed light on tax avoidance schemes that are a major drain on our treasury. ... Thirty of our most profitable companies paid no taxes over a recent three-year-period although they had

over \$150 billion in profits. Tax avoidance schemes that have no economic justification or purpose other than to avoid paying taxes may be legal but they should not be. ***These schemes add hundreds of billions of dollars to the deficit. They lead to cuts in education, research, national security, law enforcement, infrastructure, food safety and other important investments in our nation. And they add to the tax burden of ordinary Americans who have to pick up the slack and accelerate the economic inequality in our country.***

I wish most Congress members were as scrupulous as Sen. Levin. And that they were paid about 1\$ million (see below for an argument supporting this), plus liberal perks, such as at least a good personal assistant at all time wherever they go, a chauffeur-driven luxury car for shorter trips, and first class plane tickets, including for the assistant for longer trips and a decent suite for each attached to the Capitol building, all paid for by taxpayers, in addition to all the current perks. Such treatment of the congress members by the taxpayers would yield good dividends for them. Some members now share apartments with one another; Joe Biden was commuting as a senator daily to DE by Amtrak; after 36 years as a US senator and seven years as Vice President of USA, his net worth is now estimated as about \$560,000 only. According to the latest data, as of 2013, more than half of Congress members are millionaires, Darrell Issa (CA-R), topping the list with \$463 million in assets. And yet there are many whose net worth is less than \$10,000; the assessed net worth of many is negative, i.e., broke, as some presidents who were broke, or close to it when they left the White House!

Further, Exxon-Mobil could afford to give a handsome retirement package of \$400 million to its CEO, Lee Raymond in 2006. By comparison, the total taxpayer expenses on all four former US presidents together was \$3.7 million in 2012, including \$200,000 each as pension, according to the non-partisan Congressional Research Service. Until 1958 when 'Former Presidents Act' took effect, after witnessing President Truman's struggle to make ends meet, there was no federal pension for former Presidents. The Congress members' pensions vary, but even after a 25-year-service, it would be (only) around \$100,000 annually, which may well be better than 98% of pensions. (Gerald Ford was delighted when he became Vice-president, because he would get a big hike in his pension, after 25 years as a House member.)

But what the 535 Congress members do, I would argue (though most would dis-

agree with me, because of their hyper-partisan bickering and ineffectiveness), is infinitely more important than what the Fortune-500 CEOs do. There are so many examples of laws with lasting impacts, both positive and negative, on American lives initiated by one or two Congress members, some with their names attached to those laws.

To cite an example, the 1993 Clinton Budget with a substantial tax increase was hanging in the hands of Sen. Bob Kerrey (D-NE) for a while, as he was unsure of its merits. If he had finally voted against it, that bill could have died; it passed without a single Republican vote in either House. In all likelihood the 1993 Clinton budget was instrumental, not entirely from it, in reducing the deficit every year, since 1993, eventually resulting in surpluses; 22 million jobs also were created. But many Republicans, presumably much less than a majority, sincerely believed that it would only lead to loss of revenue.

Bruce Bartlett, who was a senior economic advisor to both Presidents Reagan and George H.W. Bush, writes, "I would not argue that tax increases are per se stimulative. ... But it is clear from the experience of the 1990s that they can play a very big role in reducing the budget deficit and are not necessarily a drag on growth" (*The New York Times*, August 5, 2012). Furthermore, according to the Congressional Research Service, "The results of the analysis suggest that changes over the past 65 years in the top marginal tax rate and the top capital gains tax rate do not appear correlated with economic growth" (*Washington Post*, December 13, 2012).

However, towards the end of Clinton Presidency, a horribly consequential legislation was also passed, with just one Democratic vote in the Senate, but many more in the House, and signed by president Clinton, repealing Glass-Steagall Act, in 1999. Former Sen. Byron Dorgan (D-ND, author of the book *Reckless*, 2009) was a vigorous opponent of that bill. As he then predicted (watch <<http://vimeo.com/38552090>>), in less than ten years, the worst financial crisis since the Great Depression occurred, resulting in the worst recession since the Great Depression with many million job losses, and contracting the economy by a staggering 9% in the fourth quarter of 2008! Had Sen. Dorgan been successful, the 2008 financial crisis could possibly have been averted, even if there would be a sequentially occurring much milder recession.

The 2007-09 recession could have been even more calamitous than the Great

Depression, but for the prompt intervention by key players including (paradoxically) Henry Paulson and Ben Bernanke, with the approval of president Bush, despite vigorous protestation by Republican lawmakers.

When president Obama took office, in January 2009, the monthly job losses were about 800,000! As Bill Clinton explained at the Democratic Convention in September 2012, Obama stopped that bleeding, and began to reverse that trend, creating about 8.7 million private sector jobs by 2015 <<http://money.cnn.com/2015/11/06/news/economy/obama-jobs/>>, despite a determined Republican obstruction; they nevertheless succeeded in evicting some 600,000 public sector employees like teachers, police and firefighters, from their very important jobs to the public, unlike those of Wall Street traders.

Amy Bingham of *ABC News* (June 5, 2012) writes, “Since Obama took office, 636,000 state and local jobs have been cut. In 2011 alone, 113,000 jobs were cut in local schools, 68,000 jobs were cut in local government administration, and 78,000 jobs were cut in state government administration, according to a Commerce Department report.”

Floyd Norris writes (*The New York Times*, March 8, 2013):

“For the 31st consecutive month, the number of government jobs in February was less than it had been a year earlier. [The recovery] ... is confined to the private sector. The only comparable period in government data ... came after World War II, when the government was shrinking for a very good reason. The year-over-year string of declines ended in December 1947 at 30 months. So we have a new record here [!] — a record being set largely because governments, particularly local ones, have been squeezed by a dearth of tax revenues. Year-over-year jobs have been down for 44 consecutive months in local governments. For the most recent 12 months, private sector employment is up 1.9 percent. Government employment is down 0.5 percent.”

As said above, despite all this, the Republican Governors, with the help of the legislatures want to further deplete the tax revenues!

A year later, Norris again writes,

“One accomplishment — well, to the Tea Party it would seem to be an accomplishment — of the Obama administration is the recession in government hiring. [The jobs report for February](#) 2014 found that governments — state, local and federal — had 21,851,000 civilian employees, on a seasonally adjusted basis. That was down 32,000, or 0.15 percent, from a year earlier. ***This marks the 56th consecutive month, going back to July 2009, that government employment was down on a year-over-year basis, excluding the temporary jobs added for the 2010 census.*** If you count them, the string is 43 months, going back to August 2010, when most of the temporary workers had lost their jobs. ***There has been no other period since they started counting the figures in 1939 that government employment has been so weak for so long.*** This string is now more than twice as long as the 26-month one in the early 1980’s during the double-dip recessions and the Reagan administration cutbacks. There was also a 50-month string of declines that ended in 1947, caused by the downsizing of the government after World War II ended. The good news (if you want people to be working) or bad news (if you hate the government) is that this string may finally be nearing an end. The number of government workers rose 13,000 in February. The current figure is only 9,000 under the number for March 2013, so a comparable increase this month would produce a year-over-year increase.”

A CONTRARIAN ARGUMENT FOR A HUGE HIKE IN SALARIES OF CONGRESS MEMBERS

These examples may illustrate two underappreciated phenomena: Economics is extremely complex and too “slippery to be held” comprehensively, in mathematical equations, or even in the imagination of most thinkers. At the same time, the science of monetary issues is so crucial to the welfare of humanity. (Another about equally important issue to the welfare of humanity is behavioral science, which is also extremely complex, but behavioral scientists treat it as a little “too simple!”)

Two, as Congress members’ jobs are so important, keeping them worried less about their financial security would be rewarding to the taxpayers. They deserve a much higher monetary reward, so that even the current, or a somewhat different crop of Congress members, would be more diligent and less corruptible, and would not be pawns, as very many have been, of lobbyists and campaign contributors (***watch a short, most***

important CBS-60-minutes video aired in 2007
<http://www.cbsnews.com/video/watch/?id=3108688n>. Expecting them to be independently wealthy and a lot more altruistic than most of us, is unrealistic as well as unfair. ***In that video, the "Big Pharma written" Medicare Part D bill was passed, which unnecessarily raised the cost of Medicare drugs by the \$billions to taxpayers, compared with what the US Veterans Affairs Administration was paying, as the VA was allowed to negotiate for the best price, but Medicare was prohibited from doing so, as per that bill!***

The promoters of that particular bill had specific financial incentives for that unnecessarily very expensive bill for taxpayers, to become law, as ***Rep. Billy Tauzin (R-LA), "who steered it through the house,"*** among others involved in that bill, ***took a job as the chief lobbyist for Big Pharma, on a \$2 million salary! Had he been paid \$1 million by the taxpayers, would he have engineered 'Medicare Part D' bill that way?***

An added new problem is that many Congress members are disillusioned, as Olympia Snowe (R-ME), and when they retire, there are fewer new good candidates interested in running for this thankless, low paying jobs, where they feel they can't achieve anything tangible to benefit their constituents and the nation!

Thomas Edsall writes (*The New York Times*, May 22, 2013 <<http://opinionator.blogs.nytimes.com/2013/05/22/kill-bill/>>), "According to statistics United Republic assembled, the prescription drug industry spent \$116 million lobbying for legislation to prevent Medicare from bargaining down drug prices — legislation that enabled drug companies to make an additional \$90 billion annually [\$90 billion sounds too high, may have been a typographical error?]. That amounts to an extraordinary 77,500 percent return on investment. Oil companies, in turn, had a return on investment of 5,900 percent, and multinational companies, 22,000 percent" (Fig. xx).

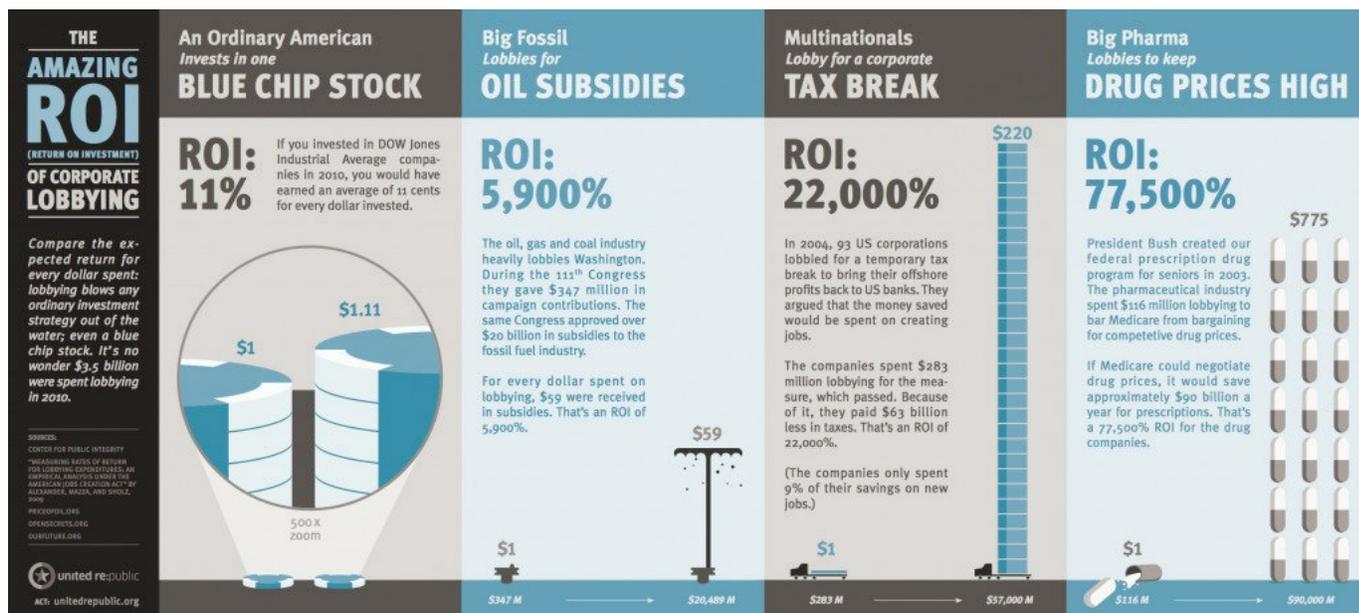


Fig. 37. "Return" on investment as lobbying expenses, for different industries, compared with average return on 'Dow30' stocks.

To modify the mentality of Congress members, and other elected officials, complete public financing of elections ought to be in place. Private financing of any kind, including the candidates' own money ought to be banned. Without a next-to-impossible constitutional amendment, it may not be possible. But until that happens, we will continue to have Dysfunctional Congress. Many Congress members of either party would welcome such a reform, as they hate raising campaign funds, a main reason for some to leave their coveted jobs, which most of them have enjoyed immensely, at least in the past, despite the measly monetary reward.

They should also get handsome pensions as well, so that they would not fall prey to unsavory characters who would want to hire them as lobbyists. Further, lobbying ought to be banned for at least ten years after leaving the Congress, if not forever.

State legislators also ought to be paid reasonably well. Some legislators are paid only in the teens. Often they delegate the composition of bills, including important ones to lobbyists who are naturally eager to do the job for the legislators. All other elected officials and public servants ought to be paid adequately. It is unfair and unrealistic to expect them to be ascetic in a rich and supposedly capitalist country like the United States.

FDR'S CALL FOR 'BOLD, PERSISTENT EXPERIMENTATION'

For many economic problems fully satisfactory solutions may not be possible, a disconcerting reality and a main reason for the wide disagreements among economists, besides their ideological bent. Then deliberate distortion by economists and politicians, to fit their economic philosophy, as well as for personal gain.

During the late 2012, discussions on ending the Bush tax cuts on higher incomes, many progressive sounding 'pundits' from the East and West coasts wanted to limit the ceiling at \$1 million, because they saw it as a threat to their own spending cash, disregarding that a far lower limit would give enough relief to the nation's fiscal problems, and more funds for necessary social programs – those who make around \$300,000 would have a taxable income of about \$250,000; would it kill them if people above that income pay a few hundred dollars more?

Bush tax cuts of 2001 and 2003, and almost reckless spending, and the two unfunded wars, mushroomed the deficit, which still plagues the nation, mostly because of undesirable, even callous, such as in SNAP (Food stamps), cuts in necessary social programs.

However, president Bush may not have engaged in those policies, as few of his predecessors may ever have, for personal gains. It is easy to blame a president by the opposition. A decent way of criticizing a president, by exercising one's freedom of speech, is by mercilessly attacking the current (and proposed) policies, while exercising a modicum of restraint on policies that are already committed and underway. All individuals, unlike advocates (lawyers) representing a client, must try their best not to sound partisan, and think a bit before shooting off their mouth, as Rush Limbaugh and the Fox news people relentlessly barking, attacking the president, usually with little justification.

Tellingly, at the depth of the Great Depression in May 1932, Franklin D. Roosevelt unflinchingly said, "The country ... demands bold, persistent experimentation.... [Try a sensible method]. If it fails, admit it frankly and try another. But above all, try something." That was a welcome relief when few knew what to do. And this "gut-level" statement of FDR probably is a great example of appreciating the great complexity of eco-

conomic science. And as confident as well as persuasive as he was, he prematurely attempted to balance the budget, which led to a recession in 1937, in a slowly recovering ‘depression’, from the New Deal deficit spending. ***But he soon reversed course, and the economy began to recover again, in about a year, before World War II. That kind of flexibility, unlike the blind stubbornness president George W. Bush displayed, is the mark of a truly great leader. The public would understand, may not always be that readily, and sympathize with a leader who admits a mistake and is willing to alter that policy.***

As great as president Obama has been with his well-considered decisiveness, he has also displayed a good deal of stubbornness, and rationalization in his foreign policy failures, in Iraq, and Syria, though he did not cause those Middle East problems. His basic tendency to disengage and withdraw from active participation in matters of importance have been quite consequential, negatively so. After drawing “redlines” and making careless statements like Assad must go, and so on, and not following through had disastrous consequences. He is unwilling to show and express any regret over such statements and belatedly at least intervene in Syria to stop the genocide there, approaching half a million deaths and displacement of close to half of the Syrian population, including millions of refugees who left the country. He is too eager to savor his achievements such as passing the Affordable Care Act and its benefits, which was indeed among the very few major achievements of U.S. presidents, despite a determined Republican Opposition to obstruct him at every step of the way.

Footnote # 30: Economic recovery from a war is horrible, and a bad example for economic stimulus; there can be many other relatively innocuous ways of “wasteful” spending to stimulate the economy. The best aspect of war, if at all there is any, war generates an unusual sense of comradeship and collective willingness to sacrifice, akin to the selfless display of toil, apprehension and then ecstasy of the [government] workers of NASA during the 2012 Mars mission, as well as of the Olympians from various countries in London. Whereas, in booming times recklessness, greed, narcissism and selfishness tend to flourish, as in the 1990s, leading to the outrageous, unconscionable impeachment of a president, for a “manufactured” perjury, a “perjury trap,” of “lying about sex,” and then culminating in the “unnecessary,” arrogant, disastrous invasion of Iraq, which conservative Pat Buchanan declared as “the worst strategic blunder in American history” – McLaughlin Group, July 27, 2012. Very many other pundits said more or less the same about the Iraq war.

Most economic theories can only be partially, or at best mostly correct, including the uncannily accurate prognostications of Nobel laureate, Paul Krugman in recent years, and only in a given set of circumstances. The 1993 Clinton Budget far exceeded all expectations. But the repeal of Glass-Steagall Act in 1999, as said above was quite calamitous, though Steven Pearlstein, in his column (*Washington Post*, July 28, 2012) said otherwise, but **Sandy Weill, who was among the most influential proponents to repeal the Act, now wants to completely reinstate it, and wants to break up the big banks! This recommendation of Weill probably was not out of any spite towards any one.** “What we should probably do is go and split up investment banking from banking,” Weill said. “Have banks do something that's not going to risk the taxpayer dollars, that's not too big to fail.” *CNN Money*, July 25, 2012 <<http://money.cnn.com/2012/07/25/news/economy/sandy-weill-banks/index.htm>>.

Frederick Hayek, a guru of the Chicago-school economists, in his December 1974 Nobel lecture said, “[A]s a profession we have made a mess of things.” He even remarked that economics, unlike physical sciences, was too imprecise to deserve a Nobel Prize. Similarly, in 2005, Alan Greenspan admitted that his support for the Bush tax cuts “in early 2001 unintentionally encouraged policies that helped swing the federal budget from surplus to record deficits.” Krugman criticized those Chicago School economists, including some Nobel laureates, who advocated unfettered free market system in a lengthy exposé, “How Did Economists Get It So Wrong?” *The New York Times*, September 2, 2009. Unfortunately, however, as the Republican Presidential candidates vigorously and confidently do, too many economists, or who claim to be “experts” in economics and finance, still rigidly advocates unfettered free-market policies as the best, even the only solution to any and all economic issues and situations or calamities!

A BRIEF PROPOSAL FOR REVISING TAXATION

I would have nothing different from what president Obama has proposed towards revamping corporate taxation, except for one suggestion that whatever is the U.S. corporate tax rate (current 35 percent or a revised rate of below 30 percent), whether it is headquartered in the U.S. or not, all corporations should pay at the U.S. rate for that portion of its operations, which are conducted in the U.S.A.

Tax cuts have become unusually and unwisely popular, as the cure to any and all economic ills, especially since the Reagan era. The Reagan tax cut did not lead to higher revenue in the 1980s, though the public was led to believe otherwise, but the Clinton tax hike led to higher revenue, arguably, over and above the tech-bubble dividend. And President Reagan himself raised taxes eleven times, in an attempt to right the wrong though those tax-hikes have faded from “active” memory. Unlike his son, George W. Bush who seemed to have felt the answer to any economic problem was ‘tax-cut’ George H.W. Bush correctly called Reaganomics “Voodoo economics.”

As said above, just as FDR’s personality influenced the development of a culture and ensuing leftward-bent economic policies for decades, Reagan’s personality has a lingering, profound influence in the opposite direction - Clinton could only effect a minor though significant dent in it, to be soon reverted back to Reaganomics, in several areas much worse than during the Reagan era, as eventually reflected even in the Simpson-Bowles “deficit-reduction” Commission Report, of a top marginal tax rate of “between 27 and 29 percent,” rather than the existing 35 percent (though raised to 39.6 percent in January, 2013, for taxable incomes over \$450,000, which is far from optimum), let alone a desirable much higher rates, as several prominent economists advocate.

On the other hand, John F. Kennedy (unsuccessfully) pleaded with Congress to lower the rate from a “confiscatory,” and counterproductive top rate of 91 percent to 65 percent, but eventually set at 70 percent by Lyndon Johnson, which was in place until Ronald Reagan cut it in 1981. Even that cut to 70 percent might not have been possible, if JFK had not been assassinated, as both Democratic and Republican lawmakers were strongly opposed to it (see Bruce Bartlett’s “Economix” column, New York Times, January 22, 2013). Bartlett advocates a much higher top rate, closer to 50 percent, though he suggested, from a practical perspective to let all Bush tax cuts expire (*Need to Know*, PBS, March 9, 2012). According to the “Laffer-Khaldun curve,” the top marginal tax rates could be between 50 and 70 percent to maximize tax revenue, and that revenue would only fall beyond that arbitrary level.

Robert Reich proposed a top rate of 70 percent on incomes over \$15 million, which would indeed be quite beneficial to tackle the refractory fiscal problems, if more economists and leaders were to adopt and advocate it; indeed, until 1981, the top rate was just that, not for over \$15 million, but for far less limit of

around \$1 million (under \$600,000 in 1981), in 2015 dollars! Even Bernie Sanders proposed a top rate of only 52 percent, on over \$10 million, after giving out signals for a rate hike to 90 percent, which was stuck in the public mind.

Nevertheless, to be more palatable and lasting, as said above, a top rate of 50 percent on incomes over \$5 million at the 2015 money value, or on over 0.1 percent, whichever is higher, might be fairer, which could temporarily swing in either direction as exigencies demand, like coming down during recessions, and going up beyond the 50 percent level during booming times. (French government temporarily raised the top marginal rate to 75 percent on incomes over \$1.3 million though their highest court questioned its fairness) However, a surtax of, say 20 percent or a total of 70 percent should be levied on very high incomes (as legislating a “top-income limit” is impractical and may be counterproductive) on over \$25 million in 2015 dollars (or top 0.01 percent household income, whichever is higher) – very high incomes ought to be viewed even as anathema. (This could add some \$25 billion to the US treasury in just three years, 2009-2011, from the top 25 hedge fund managers alone! It is estimated that if hedge fund managers’ incomes were treated as ordinary income, and taxed at 35 percent, not 39.6 percent, it would add \$15 billion in three years.)

Such a surtax has an added advantage to the taxed as well in that it would be a strong disincentive for them to operate at the edges of law, and thus substantially lowering their chances of ending up in prison as Michael Milken and others did, as said above. This sort of white-collar crimes skyrocketed since the top marginal tax rate was cut to as low as 28%, along with a tax-cutting culture has been firmly in place with the Reagan revolution. President Reagan with his outstanding persuasive power convinced the populace, as said above, “Government is not the answer to your problems, government is the problem,” which spread beyond the U.S. borders.

THE DESIRABILITY OF WALL STREET AND GAS TAXES

A gradually rising “Wall Street Transaction Tax,” would strengthen ‘Wall Street’, and improve public confidence in it as a reliable venue to invest, rather than as a vehicle to trade. Computer generated, back and forth trading, in lightning speed, is sheer casino-gambling, and ought to be made illegal, which maybe necessary for the long term survival of ‘Wall Street’. Jesse Eisinger of ProPublica, cogently arguing for such a tax,

as many others have advocated, prior and since, writes, “On the New York Stock Exchange, turnover hit a high of 143% in 1928. Then turnover plummeted, staying below 20% from 1938, all the way to 1975. Since then, ... it rose to 59% in 1990 and [215%] in 2007. Hedge funds account for much of this.... [The socially useless] market hyperactivity has been so enduring that hardly anyone notices, but the fact remains: The long-term investor is extinct[!]” (portfolio.com September 18, 2008).

For the benefit of investors, market volatility should be minimal. A Wall Street transaction tax could bring down the turnover as well as the volatility. And Floyd Norris writes (“A Tax That May Change the Trading Game,” *New York Times*, February 21, 2013), “To the dismay of the United States government — not to mention Wall Street — much of Europe seems poised to begin taxing financial trading as soon as next year. ... If Europe proves to be correct, it could turn out to be a seminal moment in the relation of governments to large financial institutions [!]”

Though most have realized who the culprits were for the recent economic meltdown, the big bankers carry on with a disgusting demeanor of their indispensability for the survival of the economy, claiming all the perks and privileges. As Maureen Dowd rebuked Dick Chaney with a title of one of her columns, *The New York Times*, March 5, 2013, “Repent, Dick Chaney.” Actually, these Wall Street bankers also should “repent” and admit their role in the financial crisis. (See “Griftopia: A Story of Bankers, Politicians, and the Most Audacious Power Grab in American History,” by Matt Taibbi, 2011, and other Taibbi essays in *Rolling Stone*, for a thorough grasp of the culpability of ‘Big Banks’ and their enablers, as well as of the messy ‘bailout’, the “TARP;” also watch Taibbi's appearance on ‘*Bill Moyer's Journal*’, in the first week of February 2013 <www.rollingstone.com/politics/videos/why-bankers-dont-go-to-jail-taibbi-visits-with-bill-moyers-20130204>)

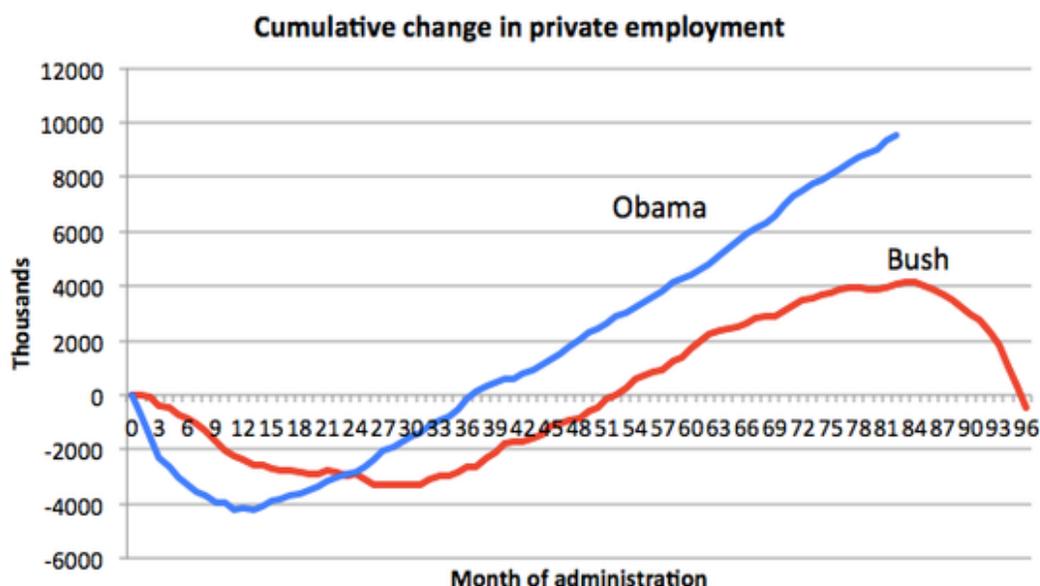
A steadily rising federal gasoline tax, to reach \$2 a gallon in about seven years is also necessary, more so because people are fast moving towards gas-guzzling SUVs, which are actually a menace on the road as well – Simpson-Bowles commission also recommended a 17-cent additional federal gasoline tax. This is about the only flat tax-hike I would support.

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<<http://www.cnn.com/videos/tv/2016/06/25/fired-for-being-white.cnn>> *** Carol Swane



Grover Norquist has a radical agenda to which he is wedded; even if he realizes that his “No Tax Increase Under ANY Circumstances” stance is disastrous, he is too obstinate to relent, like a rigidly paranoid person whose sheer existence would be threatened, if he has to admit that his peculiar notion/belief has been faulty! As a paranoid person, Norquist is intoxicated in his perceived grandeur. Indeed, as of October 2013, Norquist is quieter. Another self-centered, grandiose man, who is quite eloquent with presidential ambition, with "official" power to go with, Texas Senator Ted Cruz is acting much more menacingly. His 20-hour-marathon-nonfilibuster "filibuster" made him a hero in the eyes of Tea Party activists, though most Republicans disapproved of his useless tactics, which only diminished the standing of the Republican party, in the public eye, as the polls show. Thus, only effective progressive taxation, wherever applicable, could mitigate the dangerously growing inequality. Extreme inequality with widespread suffering, in a populace, which is non-averse to violence, when equipped with a unifying, apparently level-headed, and unusually charismatic leader with good oratorical skills, the like of Fidel Castro, Lenin and Mao Zedong, is a powerful recipe for a revolution, though it appears extremely unlikely for the US. But once the conditions reach a “tipping point,” anything is not impossible!

Marxist revolutions have unfortunately been disastrous, with ensuing calamities as in Stalinist Russia, Pol Pot's Cambodia and Kim dynasty's North Korea, though Karl Marx actually only wanted to see a society/world where economic justice prevailed, more like what is prevalent in the Scandinavian countries. Indeed, Mikhail Gorbachev's ultimate goal was also just the same, which the impulsive and feistier Yeltsin, who was often inebriated, ruined for good, with the blessings of the West. True, Cuba so far turned out to be a beacon of hope for a Communist revolution, as it has been in the democratically created, for the first time in the world, Communist government in the Southern Indian state of Kerala²⁹, could be seen as exceptions. One reason for improving the wages and living conditions of the unskilled workers in Kerala could well be the result of competition between the "left wing" coalition headed by the Marxist parties for votes, with the "right wing" coalition headed by the Congress party, and winning elections alternately, like clock work, during the past several decades. Whereas, the Marxist parties in West Bengal had virtual monopoly by winning every election ever since they got power in 1977, until in 2011, when Mamata Banerjee's party snatched the prize from the Marxists. Fig. 29

~~To substantially increase the share of households that owe federal income tax, policymakers would have to take such steps as: lowering the personal exemption or standard deduction — which would tax many low income working families into, or deeper into, poverty; weakening the EITC or Child Tax Credit. But these measures would significantly increase child poverty rates, while reducing incentives for work over welfare; or paring back the tax exclusion for Social Security benefits, which would subject more seniors with modest fixed incomes to the income tax (Revise).~~

~~Many social programs and related jobs were cut in the 1980s leading to the highest unemployment rate of 10.3 percent since the Great Depression by December 1982. Huge hike in defense spending didn't create many jobs other than creating still higher deficits.~~

~~Whereas, deficit spending to create more tax paying jobs, such as to improve the infrastructure and in public sector by hiring more teachers, police and firefighters (instead of cutting over 580,000 public sector jobs, since the Great Recession) would eventually raise revenue, unlike spending huge sums to buy pricy military hardware items.~~

~~During the Eisenhower era (1953–1961), the top marginal rate, regardless of its rationale, was at an unsustainable 91% on over \$2.5 to \$3 million, in 2015 dollars. During those years, as said above, the middle class was growing rapidly and inequality was dropping. Inflation-adjusted median income also grew rapidly and steadily by over 100% from 1950, until 1973! Since then, the median income growth has been quite slow and uneven to reach only by about another 22% higher over the next 40 year period, until 2012 but the productivity continued to rise with the benefits of it mostly going to the top.~~

Personal income tax: California, Median Household income: **\$61,933** in 2014,
1% on the first \$7,850 of taxable income.

2% on taxable income between \$7,851 and \$18,610.

4% on taxable income between \$18,611 and \$29,372.

6% on taxable income between \$29,373 and \$40,773.

A 1% surcharge, the mental health services tax, is collected on taxable incomes of \$1 million or more, making California's highest marginal rate 13.3%.

For married people filing joint returns and heads of households, the rates remain the same, but the income brackets are doubled.

Personal income tax: Missouri, Median Household income: **\$48,363** in 2014,

Missouri's income tax system covers 11 tax brackets:

2% on taxable income between \$1,001 and \$2,000.

3% on taxable income between \$3,001 and \$4,000.

6% on taxable income of \$9,001 and above.

Personal income tax: California, Median Household income: **\$61,933** in 2014,

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Table 4. Sales and Research and Development Expenditures of the 10 Largest Pharmaceutical Companies in 2014^a

Ranking	Company	\$ (in Millions)		
		Total Sales	Research and Development	Research and Development, % Total Sales
1	Novartis	57 996	9943	17
2	Pfizer	49 605	8393	17
3	Sanofi	41 114	5873	14
4	Roche	48 039	10 015	21
5	Merck	42 237	7180	17
6	Johnson & Johnson ^b	74 331	8494	11
7	AstraZeneca	26 095	5579	21
8	GlaxoSmithKline	35 825	5372	15
9	Teva ^c	20 272	1488	7
10	Gilead	24 474	2854	12

^a Sources: List secured from IMS Health. Sales and research and expenditure data compiled from company annual reports and 10-K filings with the Securities and Exchange Commission.

^b IMS Health List-ranked companies specifically by pharmaceutical sales. However, because not all companies reported both sales and research and development costs specifically for pharmaceuticals, aggregate sales and research and development costs were used.

^c Teva principally manufactures generic drugs.

Table 4. Sales and Research and Development Expenditures of the 10 Largest Pharmaceutical Companies in 2014^a \$65 billion Total R&D for the 10 largest Pharmaceutical companies \$65 billion (an average of 15% of sales of \$445 billion)

[Over the millennia, hundreds of millions have unnecessarily perished, owing to their insufficient purchasing power. Within the past two decades, as an exceptionally powerful but “under the radar” example was millions of preventable deaths occurred in sub-Saharan Africa from AIDS owing to, I would call, “quasi genocidal behavior” of the pharmaceutical industry, by keeping the patented 3-drug cocktail price around \$10,000 per patient-year, which has been procured for around \$100, for several years now.

(Bill Clinton's efforts before [by his administration's withdrawal from customarily aiding drug companies in a patent lawsuit in South Africa] and after leaving office as well as the \$15 billion aid pledged by George W Bush in 2003, began to reverse that trend: “Expanded access to antiretroviral therapy ... led to

1	Fremont, CA	\$104,838.00	\$35,959.43	\$3,431.83	\$5,047.00	\$39,391.27	37.57%	\$44,438.27	42
2	Arlington, VA	\$102,501.00	\$31,519.06	\$2,236.89	\$5,102.00	\$33,755.95	32.93%	\$38,857.95	37
3	Irvine, CA	\$87,830.00	\$30,125.69	\$2,555.63	\$5,466.00	\$32,681.32	37.21%	\$38,147.32	43
4	San Jose, CA	\$80,977.00	\$27,775.11	\$2,577.12	\$4,949.00	\$30,352.23	37.48%	\$35,301.23	43
5	San Francisco, CA	\$77,485.00	\$27,739.63	\$2,465.99	\$5,094.00	\$30,205.62	38.98%	\$35,299.62	45
6	Gilbert, AZ	\$81,589.00	\$23,138.64	\$2,314.68	\$1,686.00	\$25,453.32	31.20%	\$27,139.32	33
7	Plano, TX	\$80,448.00	\$20,112.00	\$2,413.98	\$4,309.00	\$22,525.98	28.00%	\$26,834.98	33
8	Anchorage, AK	\$79,045.00	\$19,761.25	\$0.00	\$3,978.00	\$19,761.25	25.00%	\$23,739.25	30
9	Washington, DC	\$67,572.00	\$15,541.56	\$1,413.19	\$2,693.00	\$16,954.75	25.09%	\$19,647.75	29
10	San Diego, CA	\$63,456.00	\$14,594.88	\$1,846.41	\$3,080.00	\$16,441.29	25.91%	\$19,521.29	30
11	Chula Vista, CA	\$60,882.00	\$14,002.86	\$1,771.51	\$3,581.00	\$15,774.37	25.91%	\$19,355.37	31
12	New York City, NY	\$52,223.00	\$12,972.19	\$1,685.76	\$3,824.00	\$14,657.95	28.07%	\$18,481.95	35
13	Anaheim, CA	\$57,550.00	\$13,236.50	\$1,674.56	\$3,367.00	\$14,911.06	25.91%	\$18,278.06	31
14	Chesapeake, VA	\$67,252.00	\$13,954.79	\$1,467.65	\$2,448.00	\$15,422.44	22.93%	\$17,870.44	26
15	Jersey City, NJ	\$54,700.00	\$9,545.15	\$1,392.68	\$6,854.00	\$10,937.83	20.00%	\$17,791.83	32
16	Oakland, CA	\$54,394.00	\$11,422.74	\$1,780.57	\$4,228.00	\$13,203.31	24.27%	\$17,431.31	32
17	Scottsdale, AZ	\$69,690.00	\$12,795.08	\$2,015.13	\$2,182.00	\$14,810.21	21.25%	\$16,992.21	24
19	Seattle, WA	\$70,172.00	\$10,525.80	\$2,424.67	\$3,748.00	\$12,950.47	18.46%	\$16,698.47	23
18	Chandler, AZ	\$71,545.00	\$13,135.66	\$2,029.73	\$1,571.00	\$15,165.39	21.20%	\$16,736.39	23
20	Virginia Beach, VA	\$62,855.00	\$13,042.41	\$1,371.69	\$2,242.00	\$14,414.10	22.93%	\$16,656.10	26
22	Honolulu, HI	\$61,559.00	\$13,912.33	\$1,007.56	\$1,625.00	\$14,919.89	24.24%	\$16,544.89	26
21	Portland, OR	\$55,571.00	\$13,337.04	\$0.00	\$3,257.00	\$13,337.04	24.00%	\$16,594.04	29
23	Madison, WI	\$49,546.00	\$10,538.43	\$991.14	\$4,573.00	\$11,529.58	23.27%	\$16,102.58	32
24	Long Beach, CA	\$52,116.00	\$10,944.36	\$1,706.00	\$2,984.00	\$12,650.36	24.27%	\$15,634.36	30
25	Minneapolis, MN	\$50,563.00	\$11,149.14	\$1,429.88	\$2,927.00	\$12,579.02	24.88%	\$15,506.02	30
27	Los Angeles, CA	\$48,466.00	\$10,177.86	\$1,586.52	\$3,577.00	\$11,764.38	24.27%	\$15,341.38	31
26	Bakersfield, CA	\$54,763.00	\$11,500.23	\$1,493.87	\$2,370.00	\$12,994.10	23.73%	\$15,364.10	28
28	Boston, MA	\$53,583.00	\$10,823.77	\$1,218.07	\$3,160.00	\$12,041.84	22.47%	\$15,201.84	28
29	Riverside, CA	\$54,300.00	\$11,403.00	\$1,579.99	\$2,067.00	\$12,982.99	23.91%	\$15,049.99	27
30	Raleigh, NC	\$55,170.00	\$11,475.36	\$1,354.48	\$1,872.00	\$12,829.84	23.26%	\$14,701.84	26
32	Austin, TX	\$56,351.00	\$8,452.65	\$1,690.91	\$4,467.00	\$10,143.56	18.00%	\$14,610.56	25
31	St. Paul, MN	\$49,469.00	\$10,907.91	\$1,371.95	\$2,368.00	\$12,279.86	24.82%	\$14,647.86	29
33	Chicago, IL	\$47,099.00	\$9,419.80	\$1,584.60	\$3,458.00	\$11,004.40	23.36%	\$14,462.40	30
34	Durham, NC	\$50,522.00	\$10,508.58	\$1,378.18	\$2,354.00	\$11,886.76	23.53%	\$14,240.76	28
35	Charlotte, NC	\$51,034.00	\$10,615.07	\$1,345.74	\$1,972.00	\$11,960.82	23.44%	\$13,932.82	27
36	Lincoln, NE	\$49,419.00	\$9,888.74	\$1,258.22	\$2,747.00	\$11,146.96	22.56%	\$13,893.96	28
37	Santa Ana, CA	\$47,914.00	\$10,061.94	\$1,394.18	\$2,345.00	\$11,456.12	23.91%	\$13,801.12	28
38	Lexington-Fayt., KY	\$47,535.00	\$10,956.82	\$1,037.36	\$1,590.00	\$11,994.18	25.23%	\$13,584.18	28
39	Sacramento, CA	\$48,034.00	\$10,087.14	\$1,485.02	\$1,896.00	\$11,572.16	24.09%	\$13,468.16	28
40	Omaha, NE	\$47,512.00	\$9,507.15	\$1,209.67	\$2,680.00	\$10,716.82	22.56%	\$13,396.82	28
41	Atlanta, GA	\$46,485.00	\$9,761.85	\$1,352.60	\$2,193.00	\$11,114.45	23.91%	\$13,307.45	28
42	Kansas City, MO	\$45,551.00	\$10,021.22	\$1,383.41	\$1,745.00	\$11,404.63	25.04%	\$13,149.63	28
45	Nashville, TN	\$46,803.00	\$9,828.63	\$1,574.64	\$1,667.00	\$11,403.27	24.36%	\$13,070.27	27
43	Boise, ID	\$47,847.00	\$10,717.73	\$1,044.17	\$1,385.00	\$11,761.90	24.58%	\$13,146.90	27
44	Columbus, OH	\$44,426.00	\$9,444.97	\$1,211.89	\$2,434.00	\$10,656.86	23.99%	\$13,090.86	29
47	Colorado Springs, CO	\$53,550.00	\$10,511.87	\$1,486.10	\$1,023.00	\$11,997.97	22.41%	\$13,020.97	24
46	Denver, CO	\$51,089.00	\$10,097.77	\$1,421.52	\$1,505.00	\$11,519.29	22.55%	\$13,024.29	25
48	Baltimore, MD	\$42,266.00	\$9,636.65	\$922.37	\$2,409.00	\$10,559.02	24.98%	\$12,968.02	30
49	Henderson, NV	\$60,819.00	\$9,122.85	\$1,791.80	\$1,785.00	\$10,914.65	17.95%	\$12,699.65	20
50	Albuquerque, NM	\$48,357.00	\$9,623.04	\$1,231.18	\$1,833.00	\$10,854.23	22.45%	\$12,687.23	26
51	Louisville, KY	\$44,893.00	\$10,325.39	\$979.70	\$1,344.00	\$11,305.09	25.18%	\$12,649.09	28
53	Fort Worth, TX	\$52,430.00	\$7,864.50	\$1,573.25	\$2,918.00	\$9,437.75	18.00%	\$12,355.75	23
52	Newark, NJ	\$32,973.00	\$6,083.52	\$839.50	\$5,608.00	\$6,923.02	21.00%	\$12,531.02	38
54	Irving, TX	\$51,722.00	\$7,758.30	\$1,552.01	\$2,914.00	\$9,310.31	18.00%	\$12,224.31	23
55	Oklahoma City, OK	\$46,232.00	\$9,361.98	\$1,408.29	\$1,449.00	\$10,770.27	23.30%	\$12,219.27	26
56	Aurora, CO	\$49,142.00	\$9,670.57	\$1,251.17	\$1,252.00	\$10,921.74	22.22%	\$12,173.74	24
58	Arlington, TX	\$51,400.00	\$7,710.00	\$1,495.61	\$2,877.00	\$9,205.61	17.91%	\$12,082.61	23
57	Norfolk, VA	\$44,030.00	\$9,136.23	\$960.87	\$2,030.00	\$10,097.10	22.93%	\$12,127.10	27
59	Pittsburgh, PA	\$42,004.00	\$8,850.24	\$1,069.43	\$1,542.00	\$9,919.68	23.62%	\$11,461.68	27
60	Greensboro, NC	\$41,150.00	\$8,559.20	\$1,010.27	\$1,884.00	\$9,569.47	23.26%	\$11,453.47	27
63	Phoenix, AZ	\$46,601.00	\$8,555.94	\$1,406.82	\$1,269.00	\$9,962.76	21.38%	\$11,231.76	24
61	Milwaukee, WI	\$35,186.00	\$7,484.06	\$716.68	\$3,144.00	\$8,200.74	23.31%	\$11,344.74	32
62	Wichita, KS	\$43,538.00	\$8,620.52	\$1,132.24	\$1,486.00	\$9,752.77	22.40%	\$11,238.77	25
66	Corpus Christi, TX	\$49,686.00	\$7,452.90	\$1,490.92	\$2,168.00	\$8,943.82	18.00%	\$11,111.82	22
64	Mesa, AZ	\$47,561.00	\$8,732.20	\$1,392.55	\$999.00	\$10,124.75	21.29%	\$11,123.75	23
65	Tulsa, OK	\$41,495.00	\$8,402.74	\$1,285.43	\$1,425.00	\$9,688.16	23.35%	\$11,113.16	26
67	Stockton, CA	\$42,114.00	\$8,001.66	\$1,378.59	\$1,679.00	\$9,380.25	22.27%	\$11,059.25	26
68	Houston, TX	\$45,353.00	\$6,802.95	\$1,360.90	\$2,626.00	\$8,163.85	18.00%	\$10,789.85	23
69	Garland, TX	\$45,848.00	\$6,877.20	\$1,375.75	\$2,390.00	\$8,252.95	18.00%	\$10,642.95	23
70	Memphis, TN	\$36,722.00	\$7,711.62	\$1,235.47	\$1,672.00	\$8,947.09	24.36%	\$10,619.09	28

71	San Antonio, TX	\$45,399.00	\$6,809.85	\$1,362.28	\$2,412.00	\$8,172.13	18.00%	\$10,584.13	23
72	Philadelphia, PA	\$36,836.00	\$8,103.18	\$1,071.83	\$1,376.00	\$9,175.02	24.91%	\$10,551.02	28
73	Indianapolis, IN	\$41,361.00	\$8,280.47	\$1,053.06	\$1,206.00	\$9,333.53	22.57%	\$10,539.53	25
74	Fresno, CA	\$40,179.00	\$7,634.01	\$1,201.99	\$1,622.00	\$8,836.00	21.99%	\$10,458.00	26
75	Las Vegas, NV	\$49,289.00	\$7,393.35	\$1,452.11	\$1,490.00	\$8,845.46	17.95%	\$10,335.46	20
76	North Las Vegas, NV	\$50,133.00	\$7,519.95	\$1,476.98	\$1,310.00	\$8,996.93	17.95%	\$10,306.93	20
78	Dallas, TX	\$41,978.00	\$6,296.70	\$1,259.62	\$2,659.00	\$7,556.32	18.00%	\$10,215.32	24
79	Reno, NV	\$48,740.00	\$7,311.00	\$1,369.46	\$1,479.00	\$8,680.46	17.81%	\$10,159.46	20
77	Winston-Salem, NC	\$37,322.00	\$7,762.98	\$916.29	\$1,550.00	\$8,679.27	23.26%	\$10,229.27	27
80	Lubbock, TX	\$45,728.00	\$6,859.20	\$1,372.15	\$1,874.00	\$8,231.35	18.00%	\$10,105.35	22
81	Glendale, AZ	\$41,037.00	\$7,534.39	\$1,373.18	\$1,176.00	\$8,907.58	21.71%	\$10,083.58	24
82	El Paso, TX	\$41,129.00	\$6,169.35	\$1,234.15	\$2,555.00	\$7,403.50	18.00%	\$9,958.50	24
84	Laredo, TX	\$40,599.00	\$6,089.85	\$1,218.24	\$2,586.00	\$7,308.09	18.00%	\$9,894.09	24
83	Cincinnati, OH	\$34,605.00	\$7,031.74	\$849.59	\$2,077.00	\$7,881.32	22.78%	\$9,958.32	28
85	St. Louis, MO	\$34,488.00	\$7,587.36	\$1,088.69	\$1,214.00	\$8,676.05	25.16%	\$9,890.05	28
86	Jacksonville, FL	\$47,424.00	\$7,113.60	\$1,207.43	\$1,389.00	\$8,321.03	17.55%	\$9,710.03	20
87	Fort Wayne, IN	\$39,878.00	\$7,736.33	\$1,015.30	\$928.00	\$8,751.64	21.95%	\$9,679.64	24
88	New Orleans, LA	\$36,631.00	\$6,959.89	\$1,199.10	\$1,436.00	\$8,158.99	22.27%	\$9,594.99	26
89	Paradise, NV	\$45,201.00	\$6,780.15	\$1,331.67	\$1,242.00	\$8,111.82	17.95%	\$9,353.82	20
90	Baton Rouge, LA	\$38,321.00	\$7,280.99	\$1,254.42	\$741.00	\$8,535.41	22.27%	\$9,276.41	24
91	Buffalo, NY	\$32,392.00	\$6,948.08	\$1,030.89	\$1,184.00	\$7,978.97	24.63%	\$9,162.97	28
92	Tampa, FL	\$42,649.00	\$6,397.35	\$1,085.86	\$1,482.00	\$7,483.21	17.55%	\$8,965.21	21
93	St. Petersburg, FL	\$43,894.00	\$6,584.10	\$1,117.55	\$1,196.00	\$7,701.65	17.55%	\$8,897.65	20
94	Tucson, AZ	\$35,720.00	\$6,386.74	\$1,052.35	\$1,394.00	\$7,439.09	20.83%	\$8,833.09	24
95	Toledo, OH	\$31,907.00	\$6,531.36	\$812.36	\$1,440.00	\$7,343.72	23.02%	\$8,783.72	27
96	Orlando, FL	\$41,345.00	\$6,201.75	\$977.47	\$1,537.00	\$7,179.22	17.36%	\$8,716.22	21
97	Miami, FL	\$31,070.00	\$4,660.50	\$791.05	\$2,595.00	\$5,451.55	17.55%	\$8,046.55	25
99	Cleveland, OH	\$26,096.00	\$5,276.61	\$759.33	\$1,263.00	\$6,035.94	23.13%	\$7,298.94	27
98	Detroit, MI	\$24,820.00	\$5,398.35	\$541.65	\$1,368.00	\$5,940.00	23.93%	\$7,308.00	29
100	Hialeah, FL	\$27,371.00	\$4,105.65	\$696.87	\$1,347.00	\$4,802.52	17.55%	\$6,149.52	22

Clinton: Clinton Foundation helped 9 million with lower-cost AIDS drugs

Jon Greenberg, *Ploitifact*, June 15th, 2016: The Clinton Foundation might be committed to doing good around the world, but Hillary Clinton's critics see it as a ripe target to bring down the presumptive Democratic nominee. Republican Donald Trump recently charged that some countries who gave money to the foundation received favorable treatment in return. For anyone who hasn't heard about the Clinton Foundation, it's the signature project to reduce poverty and improve global health created by former President Bill Clinton. It is part matchmaker, helping wealthy donors connect with doers, and part active participant, directly running programs, especially in health care.

In an interview with Hillary Clinton, CNN's Anderson Cooper quoted Trump and asked if her husband would break all ties with the foundation, should she become president.

Clinton said she would cross that bridge "if we come to it," and proceeded to give a full-throated defense of the foundation. "I'm proud of the work that it has done," Clinton said in the June 8, 2016, interview. "Nine million people have lower-cost HIV/AIDS medicine because of the work of the Clinton Foundation and my husband. We have women across the country, from Latin America and Africa -- across the world, I mean -- getting good jobs, and being able to support themselves for the first time."

We'll focus on the first part of that statement and explore if the Clinton Foundation actually had a hand in making HIV/AIDS drugs more affordable for 9 million people?

The foundation's work on HIV/AIDS treatment dates back to 2002 with the creation of the Clinton Health Access Initiative. That was a time when some countries were paying \$1,000 or more to treat each AIDS patient. The basic goal was to bring in bulk-buying to lower costs. The program consolidated both the supply of raw materials to make the drugs and the bidding to supply the finished product. The result was lower production costs and lower drug prices. Today, the initiative tracks the going price for a menu of treatments and posts them to help health departments around the world as they negotiate with drug companies. In 2014, the World Health Organization reported that by the end of 2013, more than 11.7 million people were on antiretroviral therapy in low- and

middle-income countries. While the kinds of drugs have changed, the WHO said "in the past decade the price of individual antiretroviral formulations has decreased considerably." The treatments used in the early days have fallen from a median cost of about \$600 in 2003 to about \$100 a decade later. A more advanced drug combination introduced in 2005 saw a similar decline. Importantly, the WHO listed the Clinton Health Access Initiative as one of a handful of organizations collaborating on ensuring a steady supply of drugs. The partners in that effort include the biggest players, including several United Nations agencies, PEPFAR (the President's Emergency Plan for AIDS Relief) and UNITAID, a project created by Brazil, Chile, France, Norway and the United Kingdom. UNAIDS announced at the end of May that the number of people under treatment is now closer to 17 million. Technically, the Clinton Health Access Initiative has been a separate nonprofit since 2010, but it is still integrated within the Clinton Foundation and the foundation press office still offers comments on its behalf.

Clinton Health Access Initiative spokeswoman Maura Daley told us that Clinton used an old figure for the people being served by the initiative. "The total number of patients benefitting is 11.8 million," she told us. Not everyone getting treatment is counted as benefiting from the initiative's efforts. Beyond working to reduce drug costs, it also coordinates with nongovernmental organizations inside countries to distribute the drugs once they arrive. Clearly, the Clinton Health Access Initiative did not accomplish all of this on its own, but Clinton didn't say that. Two experts in HIV/AIDS treatment, Jennifer Kates at the Kaiser Family Foundation, and Ellen 't Hoen call the initiative an important player. 't Hoen was the first executive director of the Medicines Patent Pool, a group that streamlines the production of generic antiretroviral drugs. "Without the work of the MPP it would have been much harder for organizations like CHAI to access generic antiretrovirals," she said. The initiative has been faulted for failing to fully report donations from foreign governments and has filed amended returns for 2012 and 2013.

Our ruling: Clinton said 9 million people have lower-cost HIV/AIDS medicine thanks to the efforts of the Clinton Foundation and her husband. Bill Clinton started the foundation and its first big project was the Clinton Health Access Initiative. The program focused on using market mechanisms to reduce treatment costs. Costs have fallen dramatically and the initiative remains a key global player in maintaining a steady supply of affordable drugs. If anything, Clinton understated the number of people who have benefited from the program. We rate this claim True.

WHO: Number of deaths due to HIV/AIDS: Situation and trends

http://www.who.int/gho/hiv/epidemic_status/deaths_text/en/

Expanded access to antiretroviral therapy (ART) and a declining incidence of HIV infection have led to a steep fall globally in the number of adults and children dying from HIV-related causes. The estimated 1.2 million [0.98–1.6 million] people dying from HIV globally in 2014 were 28.5% fewer than in 2009 and 41.4% fewer than when the number peaked in 2005 in spite of a period of substantial population growth in many high burden countries. This puts the world on track to exceed the target of reducing the number of people dying from HIV-related causes by 25% by 2015 (compared with a 2009 baseline)*. **Globally, ART programs averted an estimated 7.8 million deaths between 2000 and 2014.** This trend reflects also the rebound of the life expectancy in some countries with very large burdens of HIV. The drop in HIV-related mortality is especially evident in the regions with the greatest burden of HIV infection, including the WHO African Region, home to about three in four people dying from HIV-related causes in 2014. An estimated 790 000 [690 000–990 000] people died in the African Region from HIV-related causes in 2014, 33.6% fewer than the 1.2 million [1.0–1.5 million] in 2009. The decline in the HIV mortality was most successful in the African region, where HIV related deaths

have been halved in the past decade. The estimated 790 000 [690 000–990 000] AIDS deaths in this region in 2014 were 48% fewer than the 1.5 [1.3–1.9 million] in 2004. In the region of Americas the HIV-related mortality dropped about 33% since 2000 to 66 000 [42 000–120 000] in 2014. Since ART came available in the mid-2000s, HIV related deaths declined both by 30% to 190 000 [120 000–380 000] in South-East-Asia region and 23% to 50 000 [37 000–80 000] in Western Pacific Region in 2014. An opposite trend played out the European Region, where the rate of AIDS-deaths increased about 8% between 2009 and 2014 from 66 000 [42 000–100 000] up to 72 000 [45 000–110 000]. The trend in the Eastern Mediterranean Region is even worse, with a rising from 11 000 [7100–20 000] to 15 000 [9800–28 000], a plus about 28.2%. Children (younger than 15 years) in 2014 had 36.7% fewer deaths from HIV compared with 2009 and 47% fewer deaths compared with 2005. The HIV-related deaths among children have declined faster than adults because of the successful implementation of PMTCT programs especially in African Regions. Therefore the HIV response has also contributed to achieve the MDG4–reductions in child mortality. The increase and strengthening of joint HIV-TB interventions has led to a 22% drop in the number of people dying from HIV-associated TB globally, from 500 000 [380 000–630 000] in 2000 to 390 000 [280 000–520 000] in 2014. Joint HIV/TB interventions averted an estimated 5.8 million [5.2–6.5 million] deaths in the past decade. Despite the progress, TB was responsible for almost on third (31%) of the estimated 1.2 million HIV-related deaths globally in 2014. Misalignment of TB and HIV prevention, treatment and care services, and a lack of provision of integrated TB and HIV services are holding back progress in many countries. HIV testing among TB patients globally increased more than 15-fold since 2004, but it was only 51% in 2014.