

How the Omnibus Reform Plan's SMART TAX Can Save the Dollar, Rescue the Economy

THE IMPACT OF SPENDING ON THE ECONOMY

To stimulate economic growth, our government is incurring repeated budget deficits and a rising public debt. Consumers, who once revered savings and thrift, are caught up in a rising spiral of credit card and mortgage loan payments. Worst of all, government's wasteful spending and increased debt have sent U.S. trade down a slippery slope and prompted loss of confidence in our currency. In the last four years, the dollar has lost one third of its value against the euro.

TO SPEND OR NOT TO SPEND

By removing the burden of taxes and employee health care, the Omnibus Reform Plan would enable industry to reduce its costs, thus strengthening U.S. competitiveness in world markets. The Plan's tax-deferred savings accounts would encourage consumers to reduce personal spending and increase savings. In addition, the Plan's Health Care Allowance and federally administered major medical insurance would obviate the need for most of today's runaway governmental health programs.

SAVING YOUR DOLLAR[S]

There was a time not so very long ago when saving was integral to our way of life and people were encouraged to put their earnings

away to provide for their future. Now, thrift and investment have almost disappeared. On average, Americans save just three percent of their personal income

The Smart Tax would encourage investment through sheltered Personal Savings Accounts (PSAs). Savings would be tax-exempt and their yield would grow tax-free until spent. Currently, income is taxed three times—as both corporate and personal earnings and as spending. By taxing only what you spend, the Smart Tax would create a powerful incentive to budget expenditures and to save.

RESCUING THE ECONOMY

It is wrong to use industry, labor, and capital to raise revenues. By taxing corporate profits, mandating Social Security withholding, and shifting health care to industry, we are increasing the cost of production.

Industry must pass these costs along in order to survive. Investment firm Morgan Stanley estimates that benefits for retirees of General Motors cost the company \$5.2 billion last year, with employee health care adding \$1,824 to the cost of every GM car.

We have the best industrial capacity in the world. Taking these burdens off industry will restore our competitiveness and stop the outsourcing of jobs and technology.



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