

## **EMAIL BLAST**

An Ongoing Dialogue from

**The Delta Group**

### **REVENGE OF THE 1% LOAN: Part XII**

August, 2011

Brother that was close! Debt ceiling raised and the Federal government gets to live another day. But nobody is happy. The cuts were too small and the revenue gains were to...er, there weren't any tax increases.

And for the tax the rich-repeal the Bush tax cuts for fiscal sanity-crowd, here's the deal. Let's not just move the top rate from 35% to 39%. Let's go all the way. Move it up to 100%. Take it all..!!

Amount collected: \$365B projected. Would run the government for five weeks. 35 days.

The monies are not at the top. The money is in the middle. The debate was/is really about saving the middle class from a national sales tax, much like Europe's value added tax. As the national debts rings up trillion after trillion, the choice is between a bad one and a worse one.

Twenty five years ago, we made a bold claim. Social Security, designed as part of the New Deal in the 30's, would go kaput, as do all ponzi schemes. Our annual contributions were just accounting gimickry, as is the \$2.5T trust fund that holds treasury securities the Feds owes to itself. Because of earlier retirements and higher unemployment, more money is flowing out than in.

Social Security offers no guarantees, only promises by the government to pay a benefit, which can change at the whim of Congress. Greece rioted for days on the prospect of their retirement age getting pushed back to 64 years, from 60. Ours too will eventually drift towards 70 as these debt ceiling debates take on entitlements.

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