

# A COMPLETE ECONOMIC RECOVERY PLAN FOR AMERICA

## 1. TERMINATE the Personal Income Tax and the Withholding of Tax from the Earnings of Citizens.

Income tax is the second plank of the Communist Manifesto. It is repugnant to our national system of morality and law as founded and established in the U.S. Constitution. It is fundamentally repugnant to the therein philosophically established sacrosanct personal Right of the individual to own and possess private property, and increase such, through the accumulation and preservation of the fruits of his own labors. If the good American People were suddenly allowed today to keep and take home 100% of their earned pay, as the founding fathers envisioned, and as was the case for the first 137 years of this nation's existence, it could immediately jump-start the economy of every single community, village, town, city, county, parish, and State in the nation, almost overnight. The American people could finally pay-up (or pay-off) their bills, mortgages, and debts, and thus be able to keep their homes; or, help their family, friends, and neighbors do the same. Also, a certain number of citizens would finally be able to take a chance at starting a new small business of their own. American spending and consumption would resume and certainly increase immediately, thus stimulating our economy. A new productivity would begin, and we would again have economic growth through sustainable expansion. All this is easily attainable in a short period of time, **BUT ONLY IF** the American People are allowed to **keep for themselves and enjoy the fruits of their own labors within their own American communities**, rather have the money siphoned off to fund the wasteful and unnecessary spending of an out-of-touch and far-away political elite who have embarked on a reckless global spending agenda that is not in the best interests of the American People that they supposedly represent. Why should the American people be denied the use of their own earnings, money, and property, when no tax is actually due to be paid to the government under the letter of the law until April 15th, and especially at a point in time when they so desperately need the use of their own funds and resources to keep their own economic heads above water?

## 2. FLAT TAX Corporate Earnings, NOT "income", Without Regard To Expenses

The taxation of income, because it intrudes upon and ultimately destroys the individual's right to private property, is also the destruction of capitalism and the capitalist system. Thus, what we are now witnessing, is **not** the collapse of Capitalism, as it is so popularly but fraudulently been portrayed by the broadcast and print medias, but rather, what we are actually witnessing is the collapse of progressive socialism system that has been in place since 1913 when the Federal Reserve Bank's newly granted monopoly on money and credit, together with the federal income tax, were used to convert America from a Constitutional system of private property, to a socialist system of a quasi-Marxist state where the government is unconstitutionally empowered to take 100% of the proceeds of a person's labors if it wishes to do so. This is not capitalism, nor is it a moral system of private property, nor is it the constitutional taxation that was upheld by the Supreme Court when tested. Capitalism is actually the economic system where-in a free people voluntarily create contractual partnerships, and then companies, in order to legally maximize the profits of the business conducted, in order to provide a return on the investment, in the form of interest or a dividend to be paid to their shareholding investors and lenders on a regular basis. Under a true capitalist system, the people are motivated to invest in new and growing businesses, because the successful businesses return the investment to the investors many times over. The whole capitalist system works **ONLY** because companies are operated in a manner that is designed to legally **MAXIMIZE** operational profits, in order to make large returns on investments, **where principal is repaid many times over to the investors**, with interest, through dividends and appreciating stock prices, while still growing the company and business at a manageable and sustainable rate. Today of course, **this situation does not exist because of the corporate income tax**. Since 1913 and the adoption of the income tax under the 16<sup>th</sup> Amendment, companies have been operating in a manner **NOT to make profits, but instead, to AVOID SHOWING ANY PROFITS AT ALL** at the end of the accounting year, **in order to AVOID PAYING ANY INCOME TAX**. Thus there is rarely much profit for the company to distribute at the end of the year, because it has all been expensed away to avoid paying federal income tax. Thus there is no meaningful return of capital made to the shareholders, and thus very little apparent incentive for any average person to invest their money in any business, new or old, rather than just spend it on themselves. Furthermore, this near total loss to the government of corporate tax revenue, expensed and deducted away from the depleted profits of the corporation, results in insufficient tax revenues for the government to operate, and thus compels the government to fraudulently shift the burden of the federal income tax from the intended corporate subjects, to the backs of We the People, the labor class, thus directly taking from the mouth of labor the bread it has earned, in a very un-American taxing system, that effectively transforms America from a free nation based on private property, to a controlled State based on the government's power to take whatever it says it needs, and however much it wants right up to 100%, whenever it wants or claims it needs to! **The taxation of income insidiously destroys the capitalist system by destroying the corporate motivation to show profit**. This perversion of the capitalist system has resulted in the American companies **expending all their profits on themselves**, thus growing into huge impersonal wealthy bureaucratic monoliths that act more like an extension of the government and its agencies' bureaucracies, than as the private property and agent of the people owning the company, the shareholders. This **fascist merger between the enormous wealth of the corporate bureaucracies and the enormous political power of the government bureaucracies** is extremely dangerous to the rights and liberties of the American People. So, since 1913 when Congress taxed "income" instead of earnings, the intended corporate **subjects** of the federal income tax have been living high on the hog, generating needless and excessive business expenses in order to reduce or eliminate nearly all of the corporate profit, and "income", so as to avoid paying any (or very much) tax on the company's business. Because of this philosophical mistake made by Congress in 1913, very few of the intended corporate subjects today actually serve as a meaningful revenue stream to the U.S. government, because there are no meaningful profits to tax that are left over after corporate expenses are all accounted for and deducted, and the bonuses are passed out, and new cars are perked, and the paid trips to conventions in Hawaii, China, Paris, Rome, Las Vegas, and Cannes are all *accounted* for, etc., etc., etc.; and the government is therein forced to unconstitutionally (and unlawfully) **extract by extortion its revenue funding directly from the Sovereign, We the People**, rather than being able to survive on the indirect tax revenues of its lawful *subjects* or the corporations and foreign parties present in the U.S. However, just as Congress is authorized to tax the *income* of the corporations as an excise on corporate activity (*see Flint v. Stone Tracy Co.*, 220 U.S. 107 (1911)) **they are also constitutionally authorized to tax the earnings or total revenues of the corporations** as an excise as well. If the government eliminated the corporate "income" tax entirely, **AND JUST FLAT TAXED ALL CORPORATE REVENUES AT THE RATE OF 3 %**, without regard for

ANY expenses, everything in this country could be fixed in three months, without further unconstitutionally directly taxing the American people a single dime. With this simple change, everything can be changed in the twinkling of an eye. Every company in the nation, instead of being able, and allowed, to entirely avoid paying any federal tax at all and passing its exorbitant and exaggerated expenses to the American taxpayers, would instead, immediately, all become a meaningful revenue stream to the U.S. government on a monthly basis regardless of their profit or *income*. Every business in the country would immediately **terminate all needless expensing away of business profits**; they would **all start making their business decisions based on good business practices, rather than on accounting gimmicks and games, or tax considerations** (because there would be NONE), and of course they would then **all start making more money, thus paying more tax, AND DIVIDENDS, thus not only raising more money for the government, but also stimulating more and more investment in other businesses all over the country.** Under this plan, every business in the nation would **immediately become a meaningful revenue stream to the U.S. government on a monthly basis.** Business will BOOM, debts will be paid off, sales will grow, cash registers will start ringing, new small businesses will be started, local economies will begin to grow (and then explode), there will be the beginning of a complete restoration of the system of private property AND CAPITALISM. Instituting a return to the recognition of fundamental individual rights this country was founded on, and an expansion of liberty, freedom, and the resultant dynamic economic vitality **that comes only from that FREE existence. REVENUE FOR THE GOVERNMENT, FREEDOM FOR THE PEOPLE!** Now that sounds like a real plan for America! **RESTORE THE CONSTITUTION and ABANDON THE COMMUNIST MANIFESTO** as the ruling philosophical doctrine for taxation in this nation, **True Prosperity, comes ONLY from the excess produced out of personal liberty and individual freedom, and never from the government. This is how we can restore the general public's willingness to invest again in the businesses building our future.**

### **3. Pass Three Amendments to the U.S. Constitution**

Amend the Constitution three times (all at once): **First** - Repealing the 16th Amendment; **Second** - Defining "*interstate commerce*" as **only those goods that actually cross State lines**; and **Third** - Prohibiting all corporations (who do not vote and who are **not** represented by Congress) from contributing any money at all to any federal politician, for any purpose. If they want to spend their money advertising, as recently upheld by the Supreme Court, that's fine, **BUT NO FEDERAL MONEY AT ALL SHOULD BE ALLOWED TO BE GIVEN DIRECTLY TO THE POLITICIANS**, or their causes, projects, charities, families, friends, companies, or business partners!

### **4. No More Welfare Checks For Millionaires - "MEANS TEST" Social Security (SS) Recipients**

Our current Social security program is nothing but a failing Ponzi Pyramid scheme. It was **not** originally designed as a retirement savings program, or as an insurance program, or as a pension; nor as the entitlement program that it has obviously become. **It is supposed to be a tax** - that supports a welfare program. **By making this program an entitlement, you virtually guarantee the insolvency and eventual bankruptcy of the nation.** By making this program an entitlement, you **completely reverse** the intended effect of transferring wealth from the rich to the poor, and **actually transfer wealth from the poor to the wealthy and middle classes.** Recipients of social security payments **MUST be means tested** if the program is to remain viable within today's demographics, i.e.: if someone has a net worth of over x dollars (the exact amount (x) to be debated and decided by congressional legislation) **THEN NO GOVERNMENT BENEFIT AT ALL IS PAID to that person.** Millionaires and the middle class should not be drawing welfare payments that were intended to be provided to the poor and destitute. It is sickening to know that thousands and thousands of millionaires (and near millionaires) are drawing social security welfare benefits every month. **Completely sickening.**

### **5. Cut the Social Security Tax in Half**

If we **means test** the social security recipients, we can cut the Social Security tax in half and reduce it to about 8% of payroll (4% employee, 4% employer), in place of the current 16%. We can then shift the entire *welfare* burden to the employer, and make employee participation voluntary, all, while **RESTORING COMPLETE SOLVENCY AND FINANCIAL VIABILITY TO THE PROGRAM'S OPERATION, making it sustainable for future generations.**

### **6. Privatize SS Retirement Withholding allowing Individual Investment in the Stock & Bond Markets.**

Right now, **THERE IS NOTHING AT ALL IN YOUR SOCIAL SECURITY ACCOUNT. IT IS COMPLETELY EMPTY.** If you had been allowed to buy stock with those "funds", you would have lost some portion of your holdings in the recent collapse, but **AT LEAST YOU WOULD HAVE HAD REAL ASSETS IN YOUR RETIREMENT ACCOUNT** instead of THE "NOTHING" that exists there now. There is **no money, no assets, no real holdings** what-so-ever currently in your social security retirement *account*, which is really nothing more than a worthless piece of *fictional accounting* paper printed by the operator (the government), but not representative of any real holdings - **JUST LIKE Bernie Madoff's ponzi pyramid operation.** Wouldn't you like to have **SOMETHING**, instead of **NOTHING**, to retire on? Think about it. If the social security system is to viably continue as a personal retirement account system, it must be modified to allow for the investment in actual assets with the withheld personal funds. The government should keep only the social security taxes that the employers pay in and use those funds to pay eligible beneficiaries, and release to the citizens some *investment* control over the 4% portion that the citizens themselves pay; for retirement investment in T-Bills and/or certain bond and/or mutual funds, or *approved* blue chip stocks. As all of these moneys flow into the newly invigorated stock market and related investment vehicles and funds, **the market decline will halt and reverse itself**, driving us back into **another stock market driven economic BOOM.** These *real* personal retirement savings accounts should substantially reduce and delay the people's need to seek a welfare benefit at age 62.

### **7. Terminate the Individual Health Care Insurance Mandate**

The federal government has no constitutional authority what-so-ever to require citizens to buy health care insurance, **or any other "product", manufactured** or otherwise, for that matter. The Supreme Court ruled in the 1930's that Congress has no lawful power or constitutional authority to compel an employer to provide any such related care either. The specific language of the Court's ruling reads:

"The catalogue of means and actions which might be imposed upon an employer in any business, tending to the satisfaction and comfort of his employees, seems endless. Provision for free **medical assistance, nursing, clothing, food, housing, and education** of children, and a hundred other matters might with equal propriety be proposed as tending to relieve the employee of mental strain and worry. Can it fairly be said that the power of Congress to regulate interstate commerce extends to the prescription of any or all of these things? It is not apparent that they are really and essentially related solely to the social welfare of the worker, and therefore remote from any regulation of commerce as such? We think the answer is plain. **These matters obviously lie outside the orbit of congressional power.**" *Railroad Retirement Board v. Alton Railroad Co*, 295 U.S. 330, 55 S. Ct. 758 (1935) (emphasis added)

Anything "*outside the orbit of congressional power*" is obviously **not a power legitimately possessed by Congress to exercise**, not then in 1935, and not now in 2009, because the Supreme Court says that it is not an enumerated power under the Constitution !

## **8. Allow Interstate Competition In the Health Care Insurance Industry**

If the federal government wants to encourage the American people and promote their buying personal health care insurance coverage for themselves and their families, and thus increase the number of citizens who have health care coverage in America, then all the government needs to do is **break the legislated intrastate Health Care monopolies** that they have created in the healthcare insurance industry in each of the fifty states, **and make it legal for the insurance companies to sell medical insurance policies across State lines to citizens in other States that want to buy that policy.** By this simple change, **of promoting through congressional legislation greater competition amongst the insurance companies** providing these health care plans and policies to America, the federal government, without the use of any force at all and without any law unconstitutionally attempting to compel anyone to do or buy anything, can indirectly bring about the improvement of the quality of the care covered by the policies offered, while simultaneously lowering the cost of the policies sold. Isn't free market competition, freed of artificial monopolistic practices, wonderful?

## **9. Eliminate Medicare and Medicaid Fraud by VERIFYING Claims BEFORE Payment.**

This, you would have imagined, should have been pretty much both obvious and self-explanatory. However today, submitted medical claims for reimbursement are automatically paid within 30 days **without ever having been verified as a true claim for service actually performed, or products actually delivered for use, and therefore a legitimate claim for reimbursement.** Unbelievable! Claims verification, **BEFORE PAYMENT IS ISSUED**, is standard operating procedure in every private payment system on the planet except ours. To stop the hemorrhaging, we simply must develop an efficient mechanism for verifying that the medical claims being paid are legitimate claims for service and products that have actually been ordered and delivered by the doctors and clinics providing the services.

## **10. Provide Scholarships For More Doctors and Nurses to Serve America's Health Care Needs**

To provide real health care to more (if not all) Americans, America needs a new army of doctors and nurses to serve its communities and cities. The federal government should increase dramatically the size of its medical school scholarship program in order to provide a new army of doctors and nurses to address America's Health Care needs.

## **11. Create a New U.S. Health Corps Organization**

In exchange for paying for the medical school education of the doctors (and nurses), the government should then bind the graduates into 6 or 7 years of national service in a new U.S. Health Corps service organization that will provide doctors and nurses (and clinics) in communities and regions of the nation where medical resources and services are not available in sufficient number to treat the afflicted and address the need. This would be similar to the years of service that one of our *Service* academy graduates must perform now before he (or she) can go play professional ball, i.e.: Roger Staubach and David Robinson.

## **12. Use the VA Facilities, Under New Management, as a National Network of U.S. Health Care Clinics**

The VA health clinics all across America should be re-furnished as part of an infra-structure re-build, re-fitted appropriately, re-staffed by the doctors and nurses of the new U.S. Health Corp, and re-opened all across America as part of the U.S. Health Corp. facilities network, which is now to be used NOT just by our veterans, but by any individual in the neighborhood seeking health care counsel or treatment. These facilities should of course now be run NOT by the VA (Veterans Affairs office), but by the new U.S. Health Corp. doctors and officers.

## **13. Enact Meaningful Medical Tort Reform Legislation**

Congress simply must **GET OUT OF THE POCKETS OF THE TRIAL ATTORNEYS** and identify how to enact meaningful tort reform legislation that protects the doctors and the clinics from ridiculous and outlandish jury awards, while preserving the rights of harmed individuals to pursue adequate redress whenever necessary, and adequate punishment whenever appropriate.

## **14. Close and Seal the Mexican – American Border**

Using a combination of national guard troops, electronic detection technologies, fences, air drones, etc., America must close and seal the Mexican-American border to stop the flow of violence, drugs, and illegal immigrants that are currently pouring into America unchecked. This flood of *problems* must be addressed and halted before we can address and solve the internal frictions they create.

## **15. Start the National Debate About How to Deal with 25 Million Immigrants Who Are Already Here**

Does anyone in this country really think that we can deport all of the illegal immigrants who are already here, without seriously disrupting the peace and stability of our society? We simply must come up with a plan that provides a reasonable pathway to citizenship

for those immigrants who are deserving (law abiding and gainfully employed), while continuing to deport all those who are caught in involvement in criminal, drug, or gang activity, and violence.

#### **16. Sell Overseas Land and Bases, and Bring Our Military Home (From Where they Need Not Be Anymore)**

The American People (and government) should disentangle themselves from the foreign countries where we no longer need to maintain the same military presence that we have maintained since WWII. We do not need to have military bases or personnel in places like Japan, Germany, France, and England. They are wholly capable of paying for their own security now, and we can no longer afford to pay for them to feel insecure. We should withdraw all of our troops from these foreign countries and deploy them along the Mexican border, and then, to raise money, we should sell back to those nations ALL of the lands that we have possessed since the 1930s under the Lend-Lease agreements that Franklin Roosevelt entered into in order to get around the fact that the American government is not authorized by the Constitution to lend money to foreign nations to fight their wars.

#### **17. Eliminate Corporate & Agricultural Subsidies, and ALL "Pay to NOT Plant" Programs**

Every penny the government spends in this arena is PURE WASTE. EVERY PENNY. Corporations and Corporate farms should be left to manage their own affairs and business, which they are perfectly capable of doing now, without government subsidies or price supports for their crops or business, thereby providing Congressional guarantees of millions in corporate profits that are made at the public's expense. Individual farmers are also now capable of deciding for themselves what crops to plant (because they are profitable) and which crops not to plant (because they are not). The government has no idea at all about these agricultural affairs and only screws it all up by politicizing the matter by passing out money to those persons best able to "game" the system and its arcane rules and regulations. There are no real benefits that accrue to society or the population that are realized from this system any longer. The money is all WASTE, FRAUD and CORRUPTION, serving as a direct subsidy to politically favored entities that DO NOT ACTUALLY NEED ANY FEDERAL ASSISTANCE TO TURN A PROFIT IN THEIR BUSINESSES. Eliminate entirely the ethanol, corn, sugar, cotton, and tobacco subsidy programs. The wheat, rice, soybean, and other food-crop subsidies should be reduced.

#### **18. National Infrastructure Modernization and Repair.**

Major investment in the national infrastructure is desperately needed. This includes everything from roads and bridges, to schools, hospitals and clinics, to water, sewer, gas, and electrical utility systems. These types of national infrastructure investment and maintenance project expenditures provide needed stability within our society and generate meaningful jobs, while providing the necessary foundation for greater productivity from our factories, offices, and labor, while promoting and providing a stronger economic foundation. Build a number (100) of new, small, distributed nuclear power plants to provide cheap energy and power to the American people and industry for the next 100 years.

#### **19. Stop Recklessly Printing Money and Issuing Credit.**

The inflationary excess printing of an inherently worthless fiat currency will destroy this nation and its productivity faster than any other path we can take. **As goes the fate of the currency, so goes the fate of the nation.** The Federal Reserve Bank must be stopped from continuing to print money, monetizing the debt, issuing credit, and running out the currency, as they are currently doing.

#### **20. Terminate Federal Mortgage Lending**

The federal government's unchecked participation in the home mortgage lending market as the guarantor of most of the mortgages funded by the country's banks, is one of the most responsible and direct causes of the economic recession/depression that we are experiencing, and it can be traced directly to the reckless and unlimited lending of the banks under Fannie Mae and Freddie Mac's guarantor assurances. The federal government has no constitutional authority or granted power to lend money, to anyone, for any reason.

#### **21. Terminate "earmark" and "pork barrel" Legislation With Line Item Veto Powers**

Congress must stop spending money that we simply don't have, and that we don't really need to spend. Our limited national resources and funds must now be focused on our real problems, that must be addressed and solved before we can move forward again.

#### **22. Cut ALL Federal salaries 10% (except military soldiers). Cut Congressional Salaries 50%**

Federal salaries are generally too high when compared to the private sector, and congressional salaries are simply now outrageous.

#### **23. Slash ALL Federal Spending by 10%, Across the Board, Every Year, Until We Balance the Budget**

A simple formula to eliminate all of the unnecessary, unconstitutional, excessive, and wasteful federal spending in 8 years or less.

#### **24. Collect an 18% Royalty Fee On Mining Operations on Federal Lands**

Just as the oil companies pay an 18% royalty fee on the oil they drill from federal lands, so too should all of the mining companies pay an 18% royalty fee on all of the precious metals and minerals that they mine from federal lands. However, the gold and silver mining companies should actually pay in gold and silver - 18%. Then the U.S. government, instead of borrowing worthless notes from the federal reserve bankers, could spend the gold and silver into circulation after coinage, and that way, could build and develop America without running up the debt to the bankers for future generations to owe, service, and pay, while simultaneously re-introducing and building a supply of a potential, alternative, circulating currency, to eventually replace the federal reserve notes so foolishly used today.

## **25. STOP Subsidizing the Economic Superpower China, And Lay Tariffs on Imported Chinese Products**

The unregulated sale of untaxed, cheap, imported products manufactured by a virtual slave labor force in China has destroyed the American economic manufacturing base. To restore our economic competitiveness and that manufacturing base, we now need to level the playing field with tariffs on Chinese products, thus promoting companies to come back to America to manufacture, in order to escape the Tariffs imposed on their foreign-made products. We would have free trade with all who trade freely, - but China does not.

## **26. Government sponsored, on-line college education degree programs for \$100 a course**

No more free public education **only** through high school, after which you get fed to the sharks in the private college industry who charge \$35,000 a year for class credits no one else will accept in transfer, while most of the "recruited" students drop-out before earning a degree, and of course default on the student loan that the U.S. government has guaranteed. Thus the American taxpayers are raped, while the unscrupulous operators of the on-line schools bank millions of taxpayer loan subsidy dollars in salary, and as profit, without return to society of any additional *educated* persons. If the U.S. government sponsored on-line college degree programs for \$100 a course, we could end the outrageous student loan waste and abusive practices, and actually provide some needed worthwhile educational programs. Could possible give the DOE legitimate purpose, but they'd probably screw it up and contract the whole thing back to the private sector if put in charge! - Ain't that just like the government?

**TURN THAT TURBO-CHARGED AMERICAN ECONOMIC ENGINE BACK ON!**

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If you have any comments, or additional **constitutional** ideas to help the American economy quickly recover, please e-mail them to me at [Freed\\_Thomas@yahoo.com](mailto:Freed_Thomas@yahoo.com)

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*Thomas Freed*