

Press Release 0

April 22th 2014

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Book Release announcement

“A Theory of Tax Fairness”,

Published by ROGEM Press,

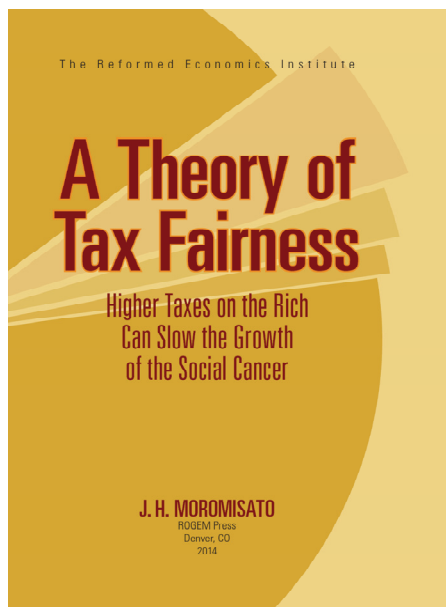
Publication Date: April 15, 2014

Hardcover, 6”x9”, 126pp,

List price: \$19.90.

For Immediate Release

It Is Not Inequality, It Is A Social Cancer What Is Consuming Our Nation and Only Higher Taxes on the Very Rich May Slowdown Its Growth, Claims a Denver Economist



A new book by Dr. J. H. Moromisato, Director of the Reformed Economics Institute at Denver, CO, describes a novel approach to taxation, which finds current taxation utterly regressive against the 99.5% of taxpayers, and greatly beneficial to the privileged 0.5% at the top of the income distribution.

“A Theory of Tax Fairness” also finds that the accelerated accumulation of wealth by a tiny minority of the population can be identified with a type of human cancer: they are both caused by the uncontrolled and inorganic growth of a group of cells, or individual members of the organism, which slowly but surely starts to grow by hoarding the organism’s nutrients, debilitating, and eventually killing it, and itself, in the process. Unfortunately, the social cancer, just like what happens with most human cancers, has grown inextricably linked to vital, financial and economic, processes, which renders its physical removal— akin to a surgical effort—impossible.

During the last few years, there has been a burst of publications, in print, and on the broadcast and internet media, denouncing the growth of inequality in the U.S. A notorious case in point is the recent English translation of “Capital in the XXI Century”, written by Thomas Piketty, which seems to have open a flood of praise—to the point of adulation—from liberal economists, because of its Marxist pedigree.

What Dr. Moromisato is telling us is that the growth of inequality, in the U.S. and elsewhere, is just the most visible sign of a social pathology, a cancer, to be precise, which has already weakened the vitality of the U.S. economy, and which will continue to grow at the expense of the rest of the nation until the inevitable fatal outcome—unless appropriate and urgent measures are taken to arrest the malignant growth.

Society has been dealing with the social cancer a long way before we knew about the human cancer; but the understanding of the human cancer, and the technology to diagnose, treat, and prevent it, has become gradually more effective during the last 50 years. In contrast, the understanding of the social cancer is just beginning, and the technology to diagnose, treat, and prevent it, is nonexistent. Dr. Moromisato's proposal is to 'borrow' one of the most effective human cancer treatments available today—the anti-angiogenesis treatment—which consist in the suppression of the blood-vessels-creation mechanism that enables the uncontrolled growth. The equivalent treatment against the social cancer would be the application of much higher, and more progressive, taxes on the 0.5% top income earners—who now collect more than 15% of the total national income, or GDP—and own or control close to half of the total financial wealth of the nation.

On the other hand, a progressively higher income tax on the 0.5% can also be justified by a fairness argument: That if every taxpayer had more or least the same annual income, it would be only fair that everybody pay taxes at the same rate—which would correspond to the rate of government spending in terms of GDP, currently over 20%; however, the distribution of the national income is extraordinarily skewed, specially at the very top of the distribution—the 0.5% with top earnings—thus, there are many—almost half of the taxpayers—who cannot make ends meet, and who cannot pay anything in taxes without worsening their distress; it is therefore, only fair, that those who make more than the average in income are called to pay more than their 'ideal' share in taxes; it follows that whoever makes more than his/her neighbor should pay at a higher tax rate than him/her; this means a very progressive taxation, all the way to the highest earner in the nation.

The argument that higher taxes on the rich can have a negative effect on economic growth is demonstratively wrong; Dr. Moromisato presents a chart showing that the marginal tax cuts, that started in the early 60s, which reduced the top taxes from 94%, during WWII, to the 35% prevailing until last year (2013), also contributed to lowering the rate of economic growth of the nation from the 4.5 to 6%, at the postwar peak, to the paltry 2 to 2.5% of today. That demonstrates, beyond a reasonable doubt, that tax cuts on the rich do not increase—no-way, no-how—the growth rate of the national economy; and very likely, they decrease it substantially. It is worth mentioning that even the modest 2 to 2.5% in GDP growth of the last decades is a gross over-estimation of the income growth of the 99.5%, because GDP growth is of late driven by the income growth of the 0.5%.

The other egregious tax unfairness are the Social Security and the capital-gain taxes. The latter under-tax the very rich—especially by exempting the non-realized capital-gain, which is usually the bulk of such gain; while the SS tax overtax the low and medium income taxpayer, and, to make matters worse, applies only to a tiny fraction of the very rich's income.

It is clear that by not paying their fair share of taxes, the very rich—the social cancer—have been forcing the rest of the people into, besides having lower incomes, paying hundreds of billions of dollars in over-taxation, every year, in addition to carrying a share of the \$16 trillion of national debt.

Is there anything we can do about all this? You can start by reading the book (for free at www.REIdenver.org), then discuss it with your neighbors and friends, and then tell your representatives in Washington about it.

Unfortunately, our government is heavily influenced—if not outright controlled—by the 0.5%. Perhaps, only a national movement—similar to those memorable ones that earned us the Civil Right legislations, the end of the Viet Nam War, and the Women’s Vote, among others—may earn us a fair taxation, as well as the end of the social cancer.

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Biographical Notes: J. H. Moromisato is a Ph.D. in High Energy Physics and an M.A. in Economics. He is the Founder/Director of the Reformed Economics Institute, at Denver, and author of several books on economics and its applications, including “The Money-Sovereignty Recovery Act (A Bill Proposal)”, 2014.