

33. Taxes and Government Expenses

Rather than go through when various U.S. tax changes happened, because taxes are not every person's very favorite topic, it's perhaps better to just quickly compare differences between U.S. taxes and government expenses in 2018, and in 2058, 40 years later.

Taxes are much simpler now, automatically deducted from individual earned and investment incomes within U.S. borders. Investment and other passive income is taxed at higher rates than work income. Short-term (less-than-2-years) capital gains are taxed at even higher rates to disincent speculation.

Tax rates are higher for those with higher incomes. Some 60% of personal tax returns fit on one page, that's automatically filled out and can be adjusted and finished quickly, using a national online system. Combined tax laws and codes are roughly 2% of the volume they were in 2018. Taxes are very simple. Tax preparation and issues consume a small fraction of the time, energy and resources they did in 2018.

Any business in the U.S. must be run through a U.S. individual or organization, fully subject to U.S. laws, including tax laws, so nobody hides what they do in the U.S. and avoids U.S. laws and taxes. Corporate profits (income less expenses) that are not reinvested within two years in the business or invested in other enterprises to produce real wealth are taxed at 50%. Half of that tax revenue is provided to Federal, State and Local Governments, and half is provided to the U.S. banking system to be granted or loaned to quality efforts to generate real wealth. Corporations can and do avoid that tax by giving away or loaning excess profit money themselves to create real wealth, goodwill, appreciation and respect.

The logic is that if corporations don't need money they receive in excess of what they spend and invest to create real wealth, it is directed to government or other efforts that will do that. If you're getting more money than needed to grow real wealth, you're charging too much, lower prices, or raise the pay of employees, or increase what is paid for inputs. This disincent greed, promotes fair pay to employees and business input providers, reduces income and wealth unfairness, and increases real wealth.

Wealthy people are allowed to pass on up to \$1 million in 2020 dollars to each individual heir, and can give as much away as they would like to charities and non-profits devoted to producing real wealth. Wealth left over after that is taxed at 95%. That helps prevent excessively unfair advantages being passed on to heirs, corrupting them, and it incents the wealthy to give their wealth away themselves.

These combined changes, preventing corporations and citizens from hiding wealth and income and avoiding taxes, taxing investments at higher rates than work income, taxing excessive corporate profits, and redistributing excess wealth, have contributed to a 40% reduction in previous individual tax rates.

The following table compares 2018 and 2058 tax revenues and expenditures in the U.S.

United States Federal, State and Local Government Budgets - Fiscal Year 2018
GDP: \$20 trillion Approximate amounts in \$ billions of 2018 dollars

Category	Federal	Govt. Transfer	State	Local	Total	% of Total
Rev.						
Total Revenues	\$3,654		\$1,601	\$1,336	\$6,592	100%
Govt. Branch % of All Revenues	55%		24%	20%	100%	
Mandatory Spending						
Health Care	\$1,121	-\$431	\$693	\$183	\$1,565	23%
Pensions	\$1,062	\$0	\$269	\$58	\$1,389	20%
Interest	\$315	\$0	\$45	\$60	\$420	6%
Non-Discretionary Spending	\$2,497	-\$431	\$1,006	\$301	\$3,373	50%
Discretionary Spending						
Defense	\$886	\$0	\$2	\$0	\$887	13%
Welfare	\$354	-\$123	\$122	\$94	\$447	7%
Education	\$108	-\$60	\$330	\$708	\$1,087	16%
Transportation	\$92	-\$64	\$134	\$157	\$319	5%
Other Spending	\$64	-\$32	\$84	\$386	\$501	7%
General Government	\$52	-\$4	\$59	\$85	\$193	3%
Criminal Justice	\$42	-\$10	\$76	\$191	\$298	4%
Discretionary Spending	\$1,597	-\$283	\$730	\$1,431	\$3,434	50%
Total Spending	\$4,095	-\$714	\$1,736	\$1,732	\$6,807	206%
Discretionary % of Spending	39%	40%	42%	83%	50%	24%
Surplus or (Deficit)	-\$440	\$714	(\$135)	(\$395)	(\$215)	
Total Debt	\$30,268	\$1,195	\$1,862	\$33,325		
Debt As % of Spending	739%		69%	108%	490%	

Revenues: https://www.usgovernmentrevenue.com/year_revenue_2018USbn_20bs1n_1040rugs302

Spending: https://www.usgovernmentspending.com/year_download_2018USbn_20bs2n1rugs302

United States Federal, State and Local Government Budgets - Fiscal Year 2058
GDP: \$13 trillion Approximate amounts in \$ billions of 2018 dollars
Real Wealth Index 537 (437% higher than in 2035)

Category	Federal	Govt. Transfer	State	Local	Total	% of Total	2058 % of 2018
Tax Revenues	\$900		\$1,100	\$1,500	\$3,500	100%	53%
Govt. Branch % of All Taxes	26%		31%	43%	100%		
Health Care	Healthcare for all is managed as a separate insurance system/pool						
Pensions	Pensions are paid with savings/investments, not tax revenues						
Interest	\$25	\$0	\$30	\$40	\$95	3%	6%
Non-Discretionary Spending	\$25	\$0	\$30	\$40	\$95	1%	3%
PAPPI	\$100	\$0	\$0	\$0	\$100	3%	11%
Community Assistance	\$450	-\$150	\$250	\$250	\$800	24%	179%
Education	\$175	-\$25	\$500	\$700	\$1,350	41%	124%
Transportation	\$50	-\$10	\$150	\$200	\$390	12%	122%
Other Spending	\$60	-\$10	\$100	\$170	\$320	10%	64%
General Government	\$30	\$0	\$50	\$80	\$160	5%	83%
Justice	\$10	\$0	\$20	\$60	\$90	3%	30%
Discretionary Spending	\$875	-\$195	\$1,070	\$1,460	\$3,210	97%	93%
Total Spending	\$900	-\$195	\$1,100	\$1,500	\$3,305	100%	49%
Discretionary % of Spending	97%	100%	97%	97%	97%	97%	
Surplus or (Deficit)	\$0	\$195	\$0	\$0	\$195		
Total Debt	\$500		\$600	\$800	\$1,900		6%
Debt As % of Spending	56%		55%	53%	57%		

- Pensions are not a government expense, paid with tax revenues. They are Social Security retirement and disability savings accounts, funded and managed for growth and stability via employee compensation plans. Those are not expenses or spending. They are deferred compensation, saved and invested to be available as income for retirees during retirement. Retirement income is a function of the increased amounts we invest and how that grows.
- Healthcare is not a government expense line. All receive Medicare for All healthcare coverage. We pay premiums into this non-profit for agreed upon service levels. It spends ¼ of its money investing in good health, instead of reacting to bad health. That's helped us be much healthier, needing less medical care. Health insurance is a pre-tax expense for compensated individuals. Overall, we spend about half what we paid in 2018 for a system that covers all.
- Those two items, 43% of 2018 combined federal, state and local government spending, are not in the 2058 budget. They are separate savings and healthcare funds, not government expenses.
- Total taxes collected in 2057 were some \$3 trillion (53%) less than in 2018, in 2020 dollars.
- Generally, there's been a shift of power, taxes and spending away from the centralized Federal Government to State and Local Governments, to promote diversity, make it more difficult to abuse or influence aggregated power, and be more responsive to our local needs and people. The Federal Government got 55% of total tax revenues in 2018, 26% in 2058. States received 24% of total tax revenues in 2018, 31% in 2058; local governments 20% in 2018, 43% in 2058.
- Spending on education is up 24%, mostly at state levels. Federal government education spending is largely to develop long-term, high-quality educational resources which are distributed freely to all via the *Educate and Train Us* systems, and to operate those systems.
- 2060 defense spending is only 11% of (\$786 billion less than) 2018 levels. This is the greatest spending difference in the budgets. The U.S. does not need an expensive military when people do not hate it, it isn't aggressively forcing its economic empire on others, and armed aggression of any against any is prevented by the combined might of all nations through the UNEC. Half of previous defense spending now goes to improving infrastructure at home.

- Welfare, now called Community Assistance, is up 79% (\$353 billion), but it now primarily funds communities helping people live and improve themselves, rather than just giving people money.
- Protection is down \$208 billion (70%), because there is so much less need for it. We get along, with good will and feelings; there is less crime; and systems are focused on rehabilitation.
- Transportation is up 22%, but it's no longer predominantly for auto, truck and gas infrastructure. It is now mostly long-term investments in trains, gondolas and other systems for all.
- General government spending is down 17%, and other spending is down 36%.
- Interest payments are down \$325 billion (94%) yearly, as public debt's down \$31.4 trillion (94%). Primarily, that is due to federal debt reduced from \$30 trillion to \$500 billion (29.5 trillion, 98%). Debt is also significantly reduced for state and local governments.

For those who are not numbers people:

- Overall, we as a society pay about half as much taxes as we did in 2018.
- We pay about half what we did in 2018 for inconsistent healthcare for some, and now get good healthcare for all through a universal healthcare insurance plan managed as a separate pool.
- We save twice what we did for retirement, in solvent, responsible plans, but that's not taxes. That's pre-tax, individual deferred compensation.
- Taxes are simple now, easy and cheap to take care of.
- Big money is no longer allowed to not pay its fair share of taxes, corporate profits are taxed at higher rates, and excessive wealth is redistributed after death, and that makes a big difference.
- We realize the biggest tax savings from radically reducing the military, which is 50% devoted to creating real wealth at home, and from radically reduced public debt.