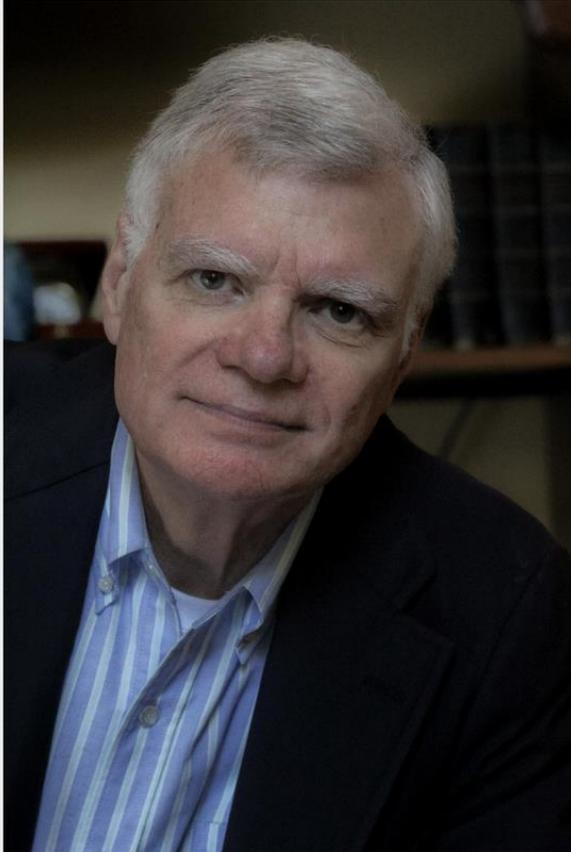


THE PAYBACK PROJECT

In the new global economy, an estimated 95 percent of Americans will not earn enough market wages to save for retirement or pay for the healthcare or education that are needed to compete. Securing these mainstays of the American Dream calls for serious tax reform. Closing the knowledge gap on U.S. tax policy, engaging citizens in public discourse, and helping the middle class exercise its power are the guiding principles of *The Payback Project*.

ABOUT THE AUTHOR



“Is knowledge power? I believe it is, so I’m investing my retirement in empowering my fellow Americans to own their tax system, beginning with learning how it works.”

-Thomas Allen Moon,
author of *Payback*

Thomas Allen Moon

As a public finance attorney and former watchdog with the SEC, I have 40 years of experience inside the U.S. tax system. Many of the tax deals I structured as a municipal bond lawyer overwhelmingly benefited corporate clients and the wealthy. Now that I’m retired, I consider it my duty to pay back America by educating others about the implications of tax policy for our country’s future. My book *Payback* is a clarion call for a more just tax system, brought about by greater leadership from the wealthiest and deeper engagement from the rest of us.

A handwritten signature in black ink that reads "Thomas Allen Moon". The signature is written in a cursive, flowing style.

A BRIEF HISTORY OF GROWING UP MIDDLE CLASS

1923-1929: From Pioneers to Public Schools and Services



A BRIEF HISTORY OF GROWING UP MIDDLE CLASS

1943-1950: From the Greatest Generation to Great Prosperity



My father served in WWII and participated in the third wave of D-Day.

I was 2 years old when he finally met me.

He had hoped to graduate from college but opened a gas station instead.

My parents' sacrifices paid off in getting to see their children do better than they did.



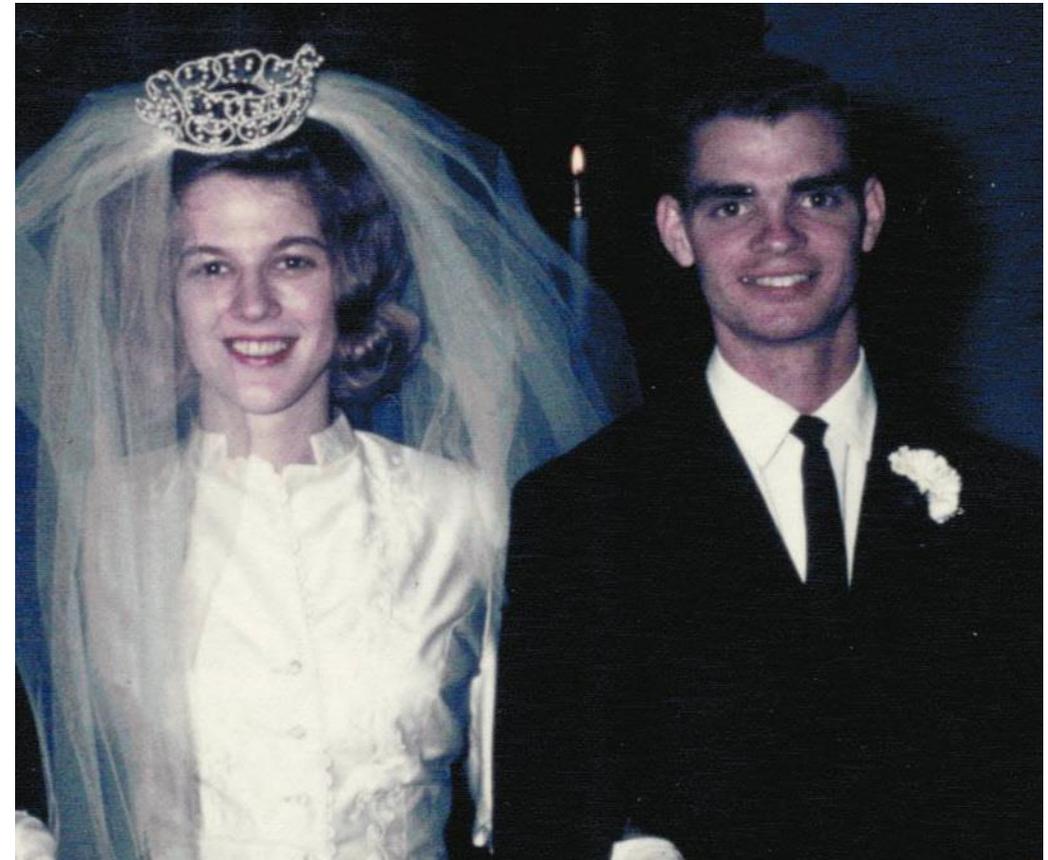
A BRIEF HISTORY OF GROWING UP MIDDLE CLASS

1955 to 1960s: From High School to College on a "SEARS" Scholarship



A BRIEF HISTORY OF GROWING UP MIDDLE CLASS

1963-1967: From First Date on a Fateful Day to a 54-Year Marriage



A BRIEF HISTORY OF GROWING UP MIDDLE CLASS

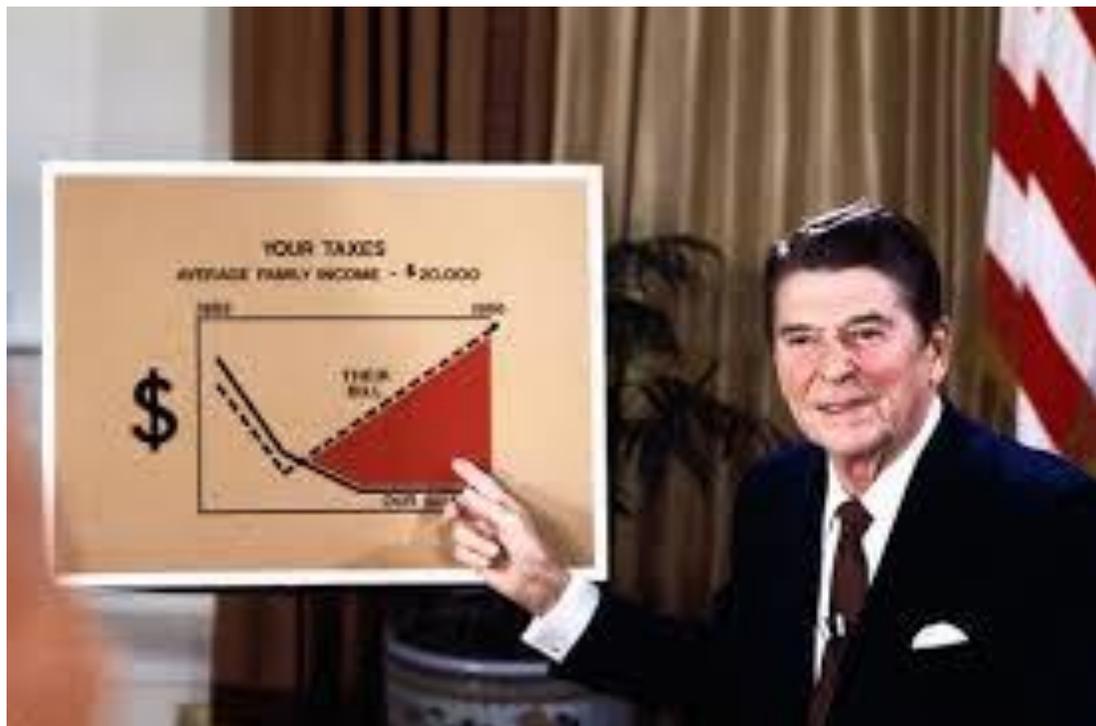
1970s: From the Air Force to Law School on the GI Bill to the SEC



The University of Texas at Austin
School of Law



1980: FROM REAGANOMICS TO THE GREAT REGRESSION



The Great Prosperity: 1947-79

Pay Rose With Productivity ...

Wages and overall compensation, for production and non-supervisory workers (now about 82 percent of the private sector work force), tracked steadily upward alongside gains in productivity.

The rising value of goods and services per worker meant rising pay. But that relationship ended in the 1970s.

BASELINE IS 1947



Source: Robert Reich. New York Times. 9/4/2011

The Great Regression: 1980-Now

... And Then It Didn't

CHANGE, 1979-2009
+80%

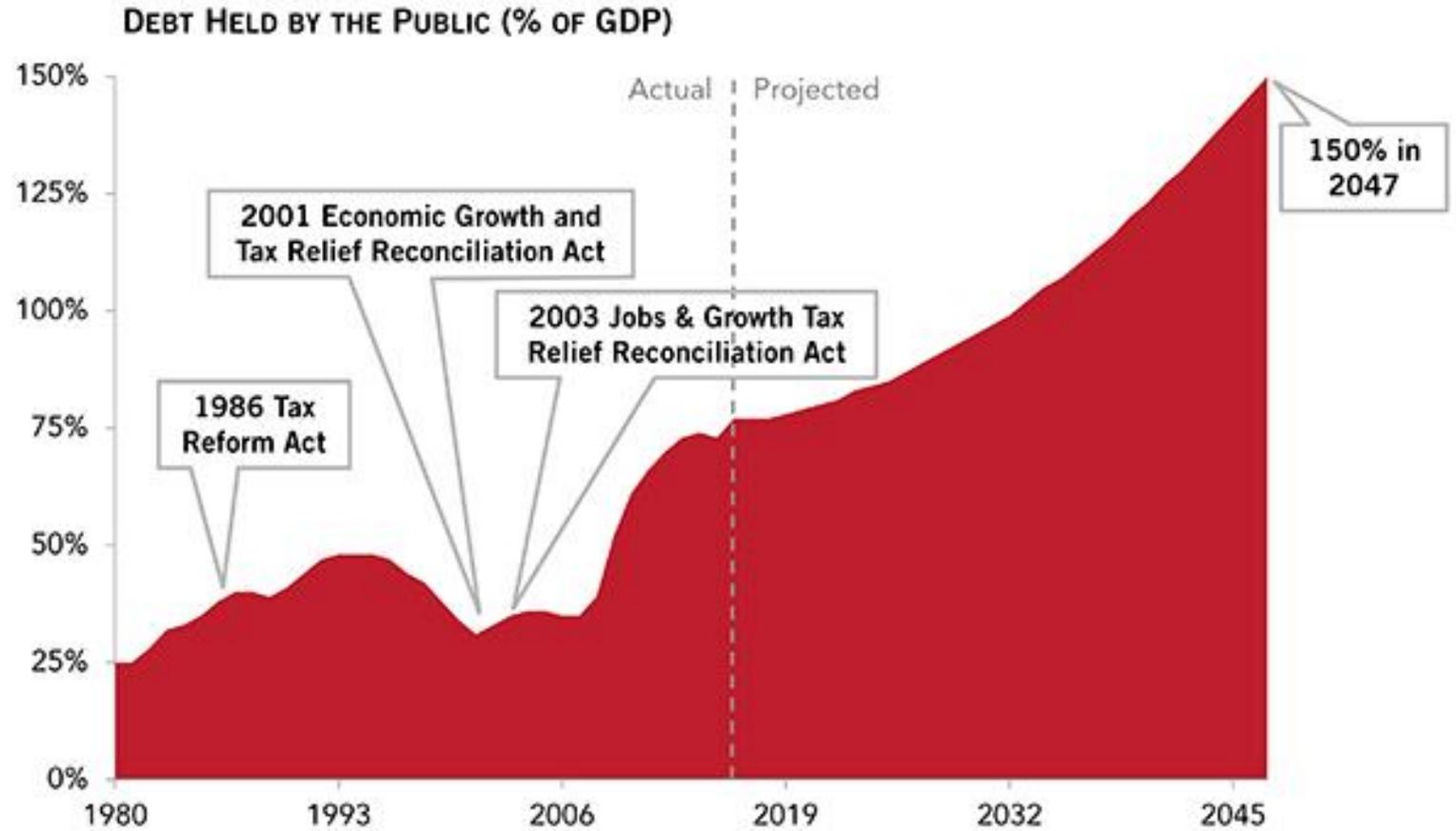
CHANGE, 1979-2009
+8%

CHANGE, 1979-2009
+7%

TODAY:
SKYROCKETING
NATIONAL DEBT
FINANCED BY
TAX CUTS FOR
THE RICH



Debt is currently much larger than it was during previous major tax legislation



SOURCE: Congressional Budget Office, *The 2017 Long-Term Budget Outlook*, March 2017. Compiled by PGPF.

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On The Social Contract

The social contract envisioned by history's most enlightened thinkers is disappearing from Western culture. We can't go back to the past, but we can create a better future. Here's how...

Jean-Jacques Rousseau
Translated by G. D. H. Cole



OUR GOAL

- We all want to live in an America that's healthy socially, politically and economically.
- For America to be healthy, it must be prosperous and reward merit in such a way that our prosperity is shared fairly among all full-time, able-bodied adult workers while being conscious of the infirm who can't.
- In terms of fairness, those who are the most productive should have a larger share of prosperity than those who aren't.
- I believe that all workers should have a fair share that enables them to enjoy a middle-class standard of living, which includes a job that pays a living wage, a decent retirement, adequate health care for their families, and the post-secondary education their children need to succeed.

DOMINANT TRENDS

Over the last 40-plus years, the following trends have accelerated and are threatening the vitality and morale of America's middle class and the productivity of its workforce:

- In after-inflation constant dollars, *per capita* personal income has increased from \$22 thousand in 1980 to \$50 thousand in 2023 showing how America, as a whole, has become much more prosperous. This trend demonstrates capitalism's power to create prosperity.
- Both the personal income and wealth of the top 1% has exploded while that of the bottom 90% has either increased only slightly or stagnated. This trend demonstrates that left alone capitalism tends to enrich the very best off to the exclusion of the middle class.
- On average, America has annually taxed 3.9% of GDP less than it's spent resulting in an out-of-control national debt that has grown from less than 40% of GDP in 1981 to over 120% now. This trend demonstrates a lack of financial discipline in the political process which endangers America's financial security.

DOMINANT TRENDS

- A series of debt-financed tax cuts that disproportionately benefitted the top 1% has not only bloated the national debt but also has exacerbated the wealth disparity between the top 1% and the bottom 90%. This trend demonstrates that the tax system has substantially contributed to the growing over-concentration of wealth at the top.
- Less than 5% of American families can pay for their own health care, their retirement, and the post-secondary education of their children without a growing amount of taxpayer assistance. This trend demonstrates that taxpayer subsidies will have to be increased substantially if those in America's middle class are to have a middle-class standard of living.
- As technology replaces labor, capitalists are being enriched and workers are being impoverished. Capital income continues to capture an increasing share of aggregate personal income. This trend demonstrates that as wages for labor fall, middle-class workers will need more taxpayer assistance to maintain a middle-class standard of living, and as capital income increases, capitalists can more easily afford to pay more taxes to support subsidies for middle-class workers.

THE NEW SOCIAL CONTRACT

- Given the trends driving inequality, We the People should adopt a New Social Contract to make America as prosperous as possible. This means expanding programs for public works, retirement, health care, and education.
- Looking at the importance of the middle class throughout history, enabling this segment to grow and thrive is critical. Several features of this New Social Contract should include:
 - A living wage for all full-time, able-bodied adult workers
 - A guaranteed job for those who are displaced by technology or whose skills are no longer relevant to available positions
 - Regardless of income, all such workers should be entitled to adequate health care for their families, a decent retirement, and the post-secondary education of their children.
- To pay for this New Social Contract, America must raise taxes.
- The greater our collective prosperity, the lesser will be the political friction arising from a substantial increase in taxes.

HOW TO ENSURE SHARED PROSPERITY

- A capitalism grounded on open, competitive, and honest markets offers the best opportunity for prosperity because it allocates resources in the most efficient way possible.
- America should embrace an Adam Smith type of capitalism, a capitalism based on competition and honesty, instead of a John D. Rockefeller type of capitalism, a capitalism based on monopolization and rigged-markets, as the cornerstone of its economy.
- Under socialism, resources are allocated by politicians, and under John D. Rockefeller capitalism, resources are allocated by billionaire monopolists. Impersonal forces operate more fairly than politicians or billionaire monopolists.
- Even under the best circumstances, however, capitalism will not, in and of itself, distribute income and wealth in a way that ensures a healthy society, which is why a New Social Contract is necessary.

THE AMERI-SHARE TAX

- To ensure a fair distribution of America's prosperity, it will be necessary for it to adopt a new simplified, capitalist-friendly, progressive tax that's capable of raising enough revenue to both pay for the New Social Contract and reduce the national debt to a reasonable level.
- When, not if, it becomes necessary to increase taxes, I believe that America should adopt the Ameri-Share Tax as described in my book, *Payback*.
- In short, the Ameri-Share Tax will raise the necessary revenue in the fairest and simplest way possible and will tax all taxpayers on the basis of ability to pay.
- No taxpayer will be taxed into poverty and no taxpayer will be taxed so much that they won't have a reasonable incentive to earn the next dollar.

CHALLENGES TO ENACTING A NEW SOCIAL CONTRACT

- For most of the last 40-plus years, America has taxed itself about four percentage points of GDP less than it's spent thereby exploding the national debt.
- The cost of the New Social Contract could be as much as several percentage points of GDP. Given the size of the national debt and the cost of the New Social Contract, America must dramatically increase its taxes.
- A historic increase in taxes will severely challenge America socially and politically.
- At the same time, compared to all other countries with major IT/Industrial economies, the U.S. is the least taxed and has the greatest capacity to increase taxes without reducing the disposable income of the bottom 95% of families.
- America can save our middle class by increasing taxes on those at the top – but we need the political will to do it.
- Sooner or later, We the People will have to decide if saving the middle class is worth a substantial increase in taxes or not. Only time will tell.

WHAT ELSE DO YOU
THINK SHOULD GO
INTO OUR NEW
SOCIAL CONTRACT?

