

December 5, 1994

Dear Tom,

I got some information from Citizens for an Alternative Tax System (CATS). I assume you had it sent, because the envelope says "Here's the information you requested!" I don't trust them. They offer little to substantiate their claims about the economic growth a sales tax will promote, although I do believe that cutting unnecessary government spending promotes growth. But that is a spending issue unrelated to the method of taxation.

And I am wary of people who want to stop taxing savings, since the only people who have substantial savings are the rich. I do agree with a flat tax rather than a progressive income tax, but I don't think a sales tax is the way to go. They make it seem too simple. To avoid burdening the poor, they will use rebates. How will they determine who is entitled to a rebate unless they report their income? Processing 50 million applications for rebates is certainly going to be costly. And sales taxes are not simple to administer fairly. I wrote the enclosed paper about 10 years ago, at a time I thought the value-added tax was the answer. I enclose it because it talks about some of the problems with the sales tax. (I no longer think the value-added tax is so great, although it does have the advantage of being collected from businesses rather than individuals.)

CATS says that Dick Armey, the new House Majority Leader, has predicted that the income tax as we know it has little time left. But Armey is for a flat income tax, not a sales tax.

I ran in a 5K (3.1 mile) race at Potter Park today. My time was 21:17. When I was 40, I could run 5K in 18:30.

Amy has her flight plan set for Christmas. She will arrive in Grand Rapids the evening of December 22 and leave the evening of December 27. I talked to her yesterday. She'd seen an ad for a job with an environmental consulting firm, and she has the computer experience they were looking for. The pay is over \$20,000, much more than she is getting now. I hope she finds something she likes and that pays well enough so she doesn't feel she has to go to graduate school.

Have you made flight plans yet? I'll pay half the cost of your flight.

What do you want for Christmas?