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TEI President John Rankin, advocates a “pre-partisan” approach to politics which enables all honest partisan ideas to be expressed on a level playing field. His book is based on biblical assumptions about the universal aspirations for religious, political and economic liberty.¹

His first power, **to give**, affirms that the unalienable rights of life, liberty and property are given by the Creator to all people equally, and leaders in human government should serve such a gift. Unlike many nations, America has emphasized equal *opportunity* rather than equality of *outcome*. Abraham Lincoln stated it succinctly, "Let not him who is houseless pull down the house of another, but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built."

Over the past 30 years America has seen a concentration of wealth to the richest 1% of its citizens unlike anything since the first Gilded Age in the late 19th century. Since 1980, the share of national income going to that top 1% has doubled.² At the same time we have watched entitlement program costs balloon. Over 50% of entitlements go to the elderly who spend 40% of that on health care. Combining tax benefits with entitlements we spend more on the top fifth of the wealthiest on the income ladder than on the bottom fifth. While any aging society will spend more on their elderly, there is much we can be done to make the distribution fairer to the young through tax-code reform and lower health care costs.

Although he hasn't released his complete tax return from last year, the reason Warren Buffett's tax rate was only 17.4% on the \$62,855,038 he earned was certainly because of tax-loop holes and the fact that much of his income is from dividends taxed at the 15% capital gains rate. Eliminating loopholes would make the tax code more efficient and fairer. Some loopholes are outrageous such as “carried interest” which allows private equity executives with multi-million dollar incomes to pay the 15% rate on what is clearly earned income. Yet, even popular loopholes like the Home Mortgage Interest Deduction and many charitable deductions should be eliminated along with the inheritance tax. Our corporate tax rates are among the highest in the developed world at 35%. Slashing them should, again, be combined with cutting out loopholes for these corporations.

All this arcane talk about the tax code causes much of the electorate to zone-out but another of Rankin's affirmations is that of **informed choice**. Rather than politicians twisting numbers and playing statistical shell games we need honest comparisons that allow all ideas to be heard – and evaluated – openly, clearly and honestly because it is arcane data like this that affects the kind of society we are and the opportunities we provide our citizens. And, the facts show that we are not allocating enough resources to the youngest and poorest among us.

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Many lament America's recent poor international ranking in educational effectiveness: 25th in math, 17th in science and 14th in reading worldwide. Yet a closer look shows that U.S. students enrolled in schools with less than 10% in poverty significantly outperformed the world but those with 50% of students in poverty are near the bottom worldwide.³ America is one of only three advanced countries that spends more on richer children than poorer ones. Neither does it put its better teachers in poorly performing schools as many advanced countries do.

Politicians like to blame the growing disparity between the haves and the have nots on globalization but a cross-country analysis study from the OECD showed what most economist believe – *technology plays a much bigger role in wage inequality than globalization*. Without a highly educated and skilled society we simply cannot compete in a rapidly changing technological world. The high rate of black and Hispanic high school dropouts is not news. More recently though low-skilled white males are increasingly unable to find a place in the labor force too. Invariably financial troubles create social problems. It is estimated that less than 30% of children in the poorest third of white America live with both parents by the time their mother turns 40.

Over 100 years ago Theodore Roosevelt provided a vision for government he called a "new nationalism", **"The fundamental thing to do for every man is to give him a chance to reach a place in which he will make the greatest possible contribution to the public welfare.**

Understand what I say there. Give him a chance, not push him up if he will not be pushed.

Help any man who stumbles; if he lies down, it is a poor job to try to carry him; but if he is a worthy man, try your best to see that he gets a chance to show the worth that is in him.

No man can be a good citizen unless he has a wage more than sufficient to cover the bare cost of living, and hours of labor short enough so after his day's work is done he will have time and energy to bear his share in the management of the community, to help in carrying the general load."

As always, I thank you for the privilege of allowing us to help you with your financial goals and decision making. I also thank God that I was born in this country of opportunity which has renewed itself so many times before, sometimes by way of the vote.

Sincerely Yours,

Robert J. Boronski, MBA, CFP®

¹ Rankin, JC, (2008) The Six Pillars of Honest Politics, TEI Publishing ² "For Richer, for poorer", The Economist, Oct. 13, 2012. Special Report ³ (PISA: It's Poverty Not Stupid, National Association of Secondary School Principals, 2010). 4 August 31, 1910. President Theodore Roosevelt speech in Osawatimie, Kansas.