

Hay-Seward Proposes Simple Pro-Growth Tax to Win the US-China Rivalry

To unleash investment-led economic growth to win the US-China power rivalry, the Hay-Seward Initiative proposes a significant simplification of the tax code.

WASHINGTON, DC, UNITED STATES, April 6, 2022 /EINPresswire.com/ -- In order to unleash investment-led economic growth to win the US-China power rivalry, the [Hay-Seward Initiative](#) proposes a significant simplification of the tax code.



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Carl Delfeld

As founder Carl Delfeld makes clear in a new book *Power Rivals: America and China's Superpower Struggle*, "a much simpler tax code will supercharge the economic growth that America needs to stay the world's superpower."

As Americans struggle with completing their tax returns, the Internal Revenue Service (IRS) estimates that it costs about \$200 billion each year to comply with a complex and politically driven American tax code that exceeds 10 million words. All this leads to slower economic growth, bigger government, and the misallocation of resources.

This is why more than forty countries and jurisdictions use some variation of a simple flat tax to raise required revenue without creating huge costs of compliance and the manipulation of the tax code for political ends.

For discussion purposes, the John Hay-William Seward Initiative of the Economic Security Council proposes that the first \$100,000 be taxed at a rate of 10%. The next \$250,000 of income would be taxed at a 15% rate, and income above \$400,000 would be taxed at a 20% rate. There would be a \$10,000 deduction per child, spouse or dependent so that a family of four with an income of \$50,000 would pay \$2,000 and a family of four with an income of \$100,000 would pay \$7,000.

To encourage investment and broaden the ownership of stock, the same rates would apply to capital gains and dividends without distinction to short and long-term capital gains. In addition, there would be no tax on savings, no deduction for paid interest or property taxes, and no step up basis for financial assets. Keeping the tax rate for dividends equal to the capital gains rate will take away a common rationale for corporations using available cash for stock buybacks rather than investing in future growth.

About Carl Delfeld

Carl Delfeld was a Forbes Asia columnist and is the author of a new book, *Power Rivals: America and China's Superpower Struggle*. Delfeld opened Asian markets for Robert W. Baird & Company before working with Senator William V. Roth, Jr., the sponsor of the Roth IRA, on the US Joint Economic and US Senate Finance Committees and then became a consultant to the US Treasury on emerging Asia. He represented America on the executive board of the Asian Development Bank and served as a member on the US National Committee on Pacific Economic Cooperation, and as chairman of the Asian Pension Forum.

About the Hay-Seward Initiative

The Hay-Adams Initiative of the Economic Security Council, a 501 (c)(3) organization, is focused on strengthening America's economic, financial and national security.

In addition to tax simplification initiative, its agenda includes: rare earths and semiconductor materials supply chain security, incrementally pulling critical supply chains out of China, and broadening stock ownership to narrow the wealth gap and improve financial security.

This initiative is named after John Hay and William Seward, both of whom had distinguished careers and are perhaps the two most influential Secretaries of State in American history. Seward (1861-1869) and Hay's (1898-1905) priority during their tenure as chief diplomat was making America the indisputable economic, financial, and military power in the Western hemisphere and later the world.

While America's drive to the Far East began with the Empress of China setting sail for Canton in 1784, it was Seward that initiated, and Hay that completed, a train of events that enabled America to become a Pacific power. Purchasing Alaska as a gateway to Asia from tsarist Russia for \$7.2 million, negotiating a commercial reciprocity treaty with Hawaii, building a transcontinental railway across the Rockies, and gaining access to the Pacific by arranging the Panama Canal.

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