A Pamphlet from Don Stuart, Preserve Our Nation, LLC

Pamphlet #42 – 09/12/2016

Pass this pamphlet to your children.
They need to know the truth about what our generation is leaving them.
Give your adult children a chance to choose their own future.

Part 1: Summary of Debt Reduction Message

This is a summary of the detailed "Debt Reduction Message". This provides the brief overview and conclusions. For details, read the original message or download the pdfs.

Our Only Goal: Children are Our Most Important Product.

Children are our only lasting product we will produce. All other products are only immediate needs. We are only here in this world for a fleeting moment; some say a "Flicker". Our Children and their Children are our lasting vision for the future of the world.

Point 1: The American Dream is to build a better future for our children.

The American Dream is not about us, it is about our children and their future. I live and work for God, Family and Country. Our children are the reason our Nation exists.

What is crushing the American Dream and the future for our children?

The Debt

No one wants to talk about the Debt!

The following describes each section followed by a brief conclusion.

Proposition 1

This following proposition is to illustrate
the Debt accumulation and the Interest Payments on the Debt
by projecting the growth of GDP, Revenue and Spending:

with Revenue at 18% of GDP;
with Spending at 1%, 2% and 3% growth; and
Funds Rate Growth of 0.0%.

1.5% current GDP growth versus 3.0% target GDP growth.
(Obama-Liberal versus Trump-Conservative)

Note: All charts show a 120 year span showing Public Debt and Public Interest Payments.
Also note scale changes.

President Obama has stated that the 2% GDP growth is now the **"NEW NORM"**.

2017 - 2026 CBO Projections

The current CBO projects is that for the next ten years without any changes via Hillary or Trump, the economy will grow less than 2%, spending will increase more than 3% per year, mostly due to mandatory spending. Under this scenario, **the 2026 Public Deficit will exceed $1 Trillion and the Debt will be 86% of GDP** and the accumulated Public Debt will be $18 Trillion, up from $14 Trillion in FY 2015.

Under this scenario, the FY 2026 interest on the public Debt will rise above **$400 Billion (approximately 2% of GDP)** with annually increases forever. The current low Federal Funds Rate hides the fact of the higher Debt Interest payments are looming in the future.

Point 2: But most important is the fact that under these conditions the Debt will never be paid off and the interest payments will continuously rise beyond sustainable limits.

So there are some questions that should be answered.

1. "In what year will economic plan have the Debt paid off?"

2. “In what year will the interest payments on the Debt in economic plan exceed the Military Budget?”

The Interest on the Public Debt in FY 2015 was $263 Billion. Under President Obama’s actual rate 1.5% GDP growth and at 1% spending growth, the interest on debt will be $433 billion in 2026 and zero in 2088. At 2% spending growth, the interest on debt will be $486 Billion in 2026 and increasing forever. At 3% spending growth, the interest on debt will be $542 Billion in 2026 and increasing forever.

Projections of debt reduction is shown below: (Shows Year debt is Zero)

Table 1 – President Obama's Debt Reduction
(Year the Debt is Zero)

GDP Growth	Interest Rate Growth	Obama’s Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
1.5%	0%	2088	Never	Never

(Note: The above based on Revenues are 18% of GDP)

Table 2 – President Obama’s Debt Payments
(FY 2026 Payment)

GDP Growth	Interest Rate Growth	Obama’s 2026 Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
1.5%	0%	$433 B ($0 in 2088)	$486 B (increasing forever)	$542 B (increasing forever)

(Note: The above based on Revenues are 18% of GDP)

As a comparison with Economic growth of 3% it will still take many years for the next three generations to pay off the debt. At a 3% GDP growth and 1% spending growth, the interest on the debt will be $364 Billion in 2026 and zero in 26 years (2042). At 2% spending growth, the interest on debt will be $417 Billion in 2026 and zero in 40 years (2056). At 3% spending growth, the interest on debt will be $474 Billion and increasing forever.

Table 3 – Trump's Debt Reduction

(Year the Debt is Zero)

GDP Growth	Interest Rate Growth	Trump's Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
3%	0%	2042	2056	Never

(Note: The above based on Revenues are 18% of GDP)

Table 4 – Trump's Debt Payments

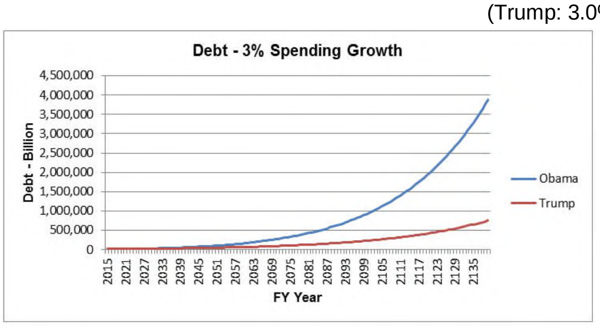
(FY 2026 Payment)

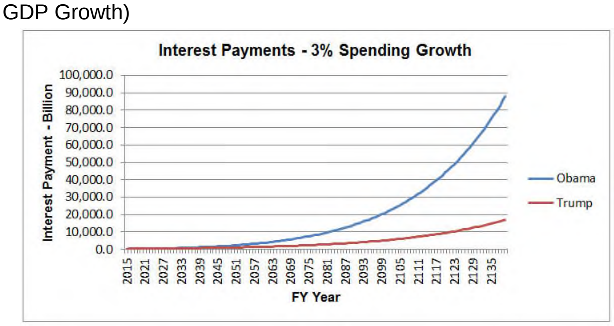
GDP Growth	Interest Rate Growth	Trump's 2026 Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
3%	0%	\$364 B (\$0 in 2042)	\$417 B (\$0 in 2056)	\$474 B (increasing forever))

(Note: The above based on Revenues are 18% of GDP)

The following charts illustrate the above data.

(0% Federal Funds Rate Growth)
(Obama: 1.5% GDP Growth, Current and future Growth)
(Trump: 3.0% GDP Growth)





(Note: The CBO projection of spending is to be more than 3% per year.)

Proposition 2

This following proposition is to illustrate the Debt accumulation and the Interest Payments on the Debt by projecting the growth of GDP, Revenue and Spending:

with Revenue at 21.5% (Hillary) and 18% (Trump) of GDP; with Spending at 1%, 2% and 3% growth; and Funds Rate Growth of 0.0%, 0.25% and 0.5%.

2.0% current GDP growth versus 4.0% target GDP growth. (Hillary-Liberal versus Trump-Conservative)

Note: All charts show a 120 year span showing Public Debt and Public Interest Payments. Also note scale changes.

The following table is based on the **"NEW NORM"** of GDP growth of 2% and varying tax rates as a percentage of GDP. The projections of debt payments in 2026 are shown below: (FY 2015 Debt Payment $263 Billion)

Table 5 – Hillary's Debt Payments

(Includes $350B annual spending for 10 years with 2% GDP Growth)

(FY 2026 Payment)

GDP Growth	Interest Rate Growth	Hillary's 2026 Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
2%	0%	$700 B ($0 in 2116)	$767 B (increasing forever)	$837 B (increasing forever)
2%	0.25%	$1,471 B ($0 in 2116)	$1,611 B (increasing forever)	$1,760 B (increasing forever)
2%	0.5%	$2,242 B ($0 in 2116)	$2,456 B (increasing forever)	$2,683 B (increasing forever)

(Note: The above based on Revenues are 21.5% of GDP)

Table 6 - Trump's Debt Payments

(FY 2026 Payment)

GDP Growth	Interest Rate Growth	Trump's 2026 Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
4%	0	$314 B ($0 in 2036)	$367 B ($0 in 2041)	$423 B ($0 in 2053)
4%	0.25%	$660 B ($0 in 2036)	$771 B ($0 in 2041)	$890 B ($0 in 2053)
4%	0.5%	$1,003 B ($0 in 2036)	$1,173 B ($0 in 2041)	$1,352 B ($0 in 2053)

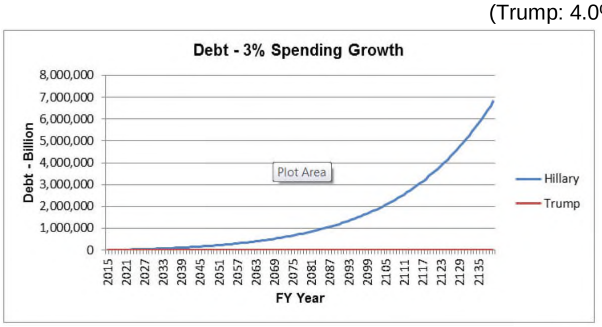
(Note: The above based on Revenues are 18% of GDP)

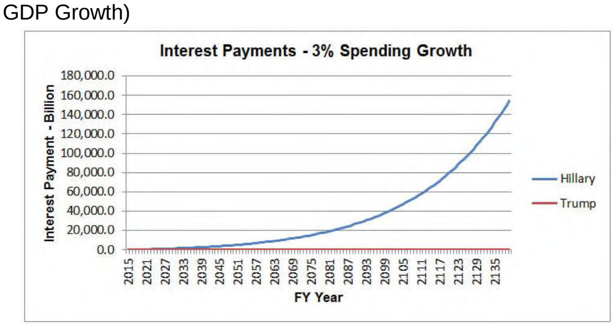
The following charts illustrate the above data.

(0% Federal Funds Rate Growth)

(Hillary: 2.0% GDP Growth)

(Trump: 4.0% GDP Growth)





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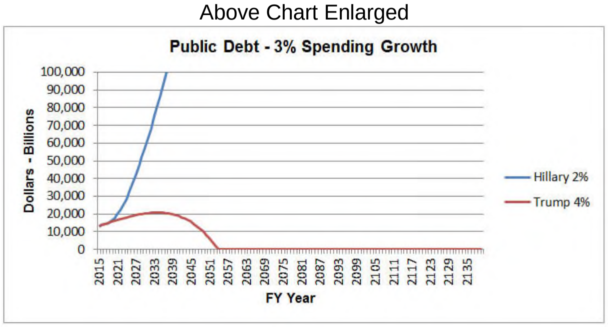

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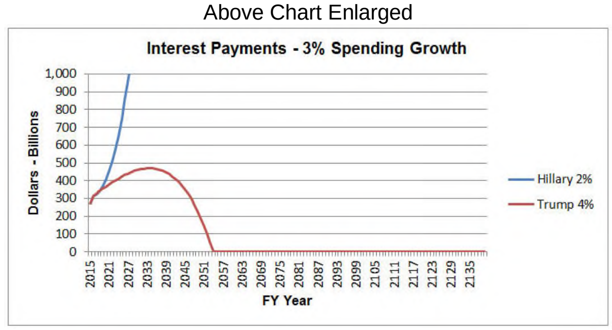
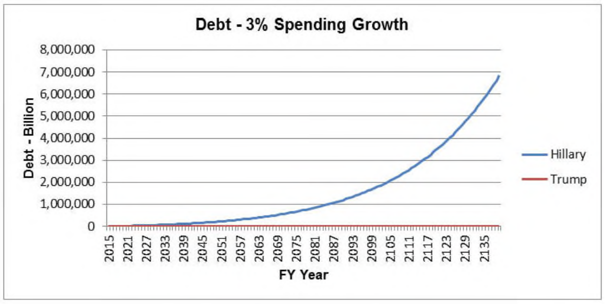
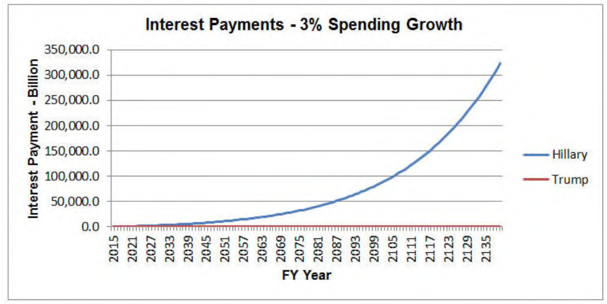


(0.25% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)





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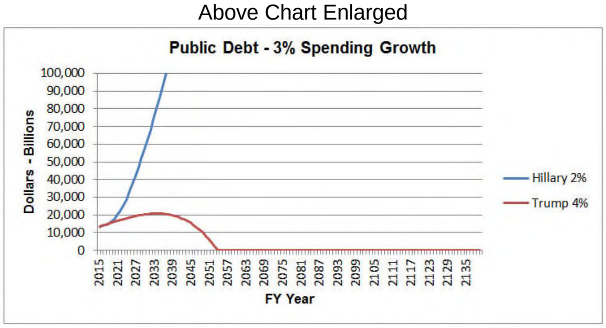

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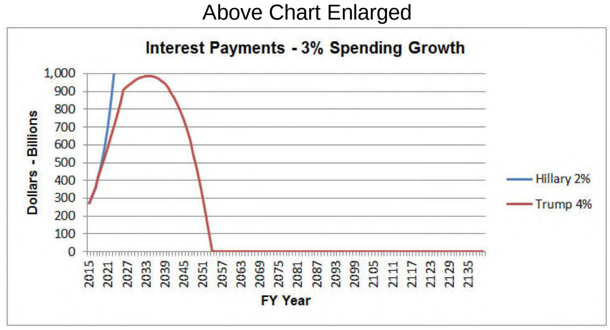
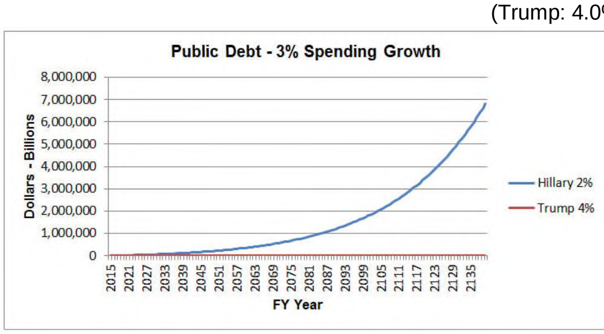
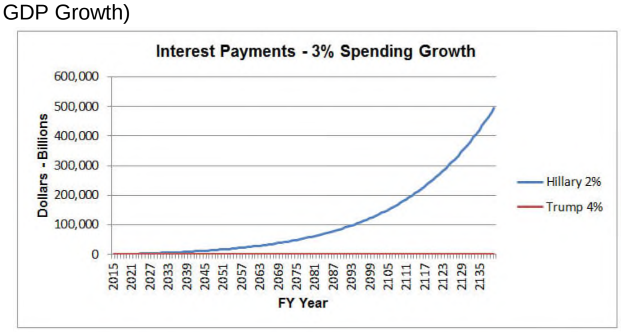


The following charts illustrate the above data.

(0.5% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)





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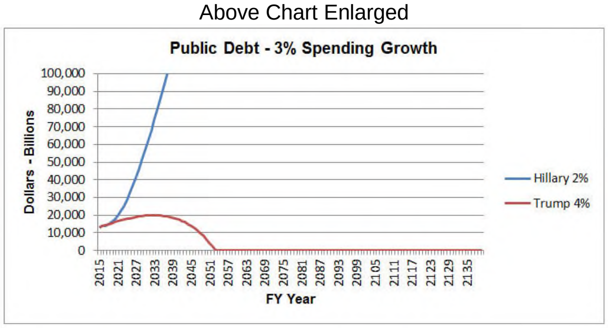

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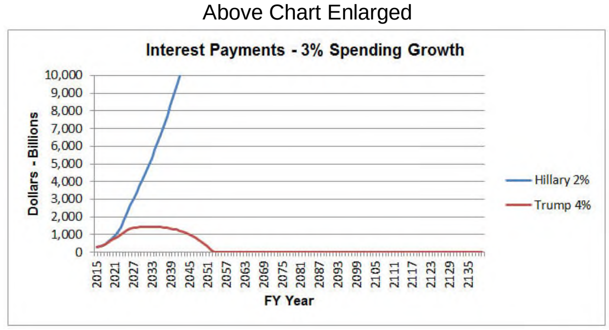


So how do we get it paid off in less than 30 years? To do this we really need a 7-8% growth in the economy for the next 10 years. That will give the boost for high revenues in the future and if the government can keep spending to a minimum growth, then the debt can be paid off in 12 – 20 years.

Growth is the answer! Everything else will "live or die" based on the growth: Defense, Middle class progress, Dreams of moving up, Social programs surviving, the Environment.

Proposition 3

**This following proposition is to illustrate
the Debt accumulation and the Interest Payments on the Debt
by projecting the growth of GDP, Revenue and Spending:**

**with Revenue at 21.5% (Hillary) and 18% (Trump) of GDP;
with Spending at 1%, 2% and 3% growth; and
Funds Rate Growth of 0.0%, 0.25% and 0.5%.**

**2.0% current GDP growth versus 8.0/4.0% target GDP growth.
(Hillary-Liberal versus Trump-Conservative)**

**Note: All charts show a 120 year span showing Public Debt and Public Interest Payments.
Also note scale changes.**

How to Grow the Economy?

The solution that I recommend will also allow other problems to be resolved. So let's get to the solution to create 7-8% growth rate. With a 7-8% growth rate, the GDP will double in 10 years and can reduce the time to pay the debt down by at least 10 years.

This is the solution!

Point 3: Implement the FairTax (Consumption Tax) and do away with the Income Tax and Corporate Tax.

(Note: I do not favor the VAT tax but a Consumption tax collected by the States in conjunction with their State sales taxes.)

Economic growth is dependent on private investment, rising productivity, good education, good competing health-care system, and a growing younger work-force from citizens or immigrants. With a declining U.S. birth rate, legal immigration to build our younger work-force is necessary. The FairTax will release private investment (savings) and contribute to higher productivity, both required for higher economic growth.

Results of doubling the GDP in 10 years (8% Growth):

Results	• Double GDP to 34 Trillion Dollars. • Double Taxes for the Government to $6 Trillion (2015 – $3.3 Trillion) • Pay down the national debt by 2029 (limit spending to 2%

growth)

The adjusted projections of debt reduction to reflect 8% growth is shown below: (Shows Year debt is Zero)

Table 7 - Hillary's Debt Reduction
(Repeated from Table 6 above, Line 3)
(Year the Debt is Zero)

GDP Growth	Interest Rate Growth	Hillary's Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
2%	0%	2116	Never	Never

(Note: The above based on Revenues are 21.5% of GDP)

Table 8 - Trump's Debt Reduction
(Year the Debt is Zero)

GDP Growth	Interest Rate Growth	Trump's Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
4%	0%	2036	2041	2053
8% for 10 years, followed by 4%	0%	2027 (saving 9 years and $2,457 B in Interest)	2029 (saving 11 years and $4,066 B in Interest)	2030 (saving 23 years and $9,772.8 B in Interest)

(Note: The above based on Revenues are 18% of GDP)

Look at the savings in Interest Payments at 8% growth. $9.7 Trillion over the next 14 years could really expand our economy by eliminating annual deficits, increase pending on infrastructure, increased spending on education and many other needs. Instead this $9.7 Trillion is going to our debtors, never to be available again.

Adjusting the above for the Interest rate growth of 0.25% and 0.5% for ten years, yield the following data. (Remember that the Military Budget as a percentage of GDP has historically been about 3% to 6%. FY 2015 Military Budget was $600B at 3.37% of GDP)

The following two tables is a summary of the available choices for the future. Table 12 illustrates Hillary's future of increased taxes and increased spending for the Nation.

Table 13 illustrates Trump’s future of deceased taxes and decreased spending for the future.

Table 9 – Hillary's Debt Payments

(Includes Annual Spending of $350B for 10 years)
(This includes the 21.5% Annual Revenue Tax Increases)
(FY 2026 Payment)

GDP Growth	Interest Rate Growth	Hillary's 2026 Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
2%	0%	$700 B (3.2% GDP) ($0 in 2116)	$767 B (3.5% GDP) (increasing forever)	$837 B (3.8% GDP) (increasing forever)
2%	0.25%	$1,471 B (6.6% GDP) ($0 in 2116)	$1,611 B (7.3% GDP) (increasing forever)	$1,760 B (7.9% GDP) (increasing forever)
2%	0.5%	$2,242 B (10.1% GDP) ($0 in 2116)	$2,456 B (11.1% GDP) (increasing forever)	$2,682 B (12.1% GDP) (increasing forever)

(Note: The above based on Revenues are 21.5% of GDP)

Table 10 - Trump's Debt Payments

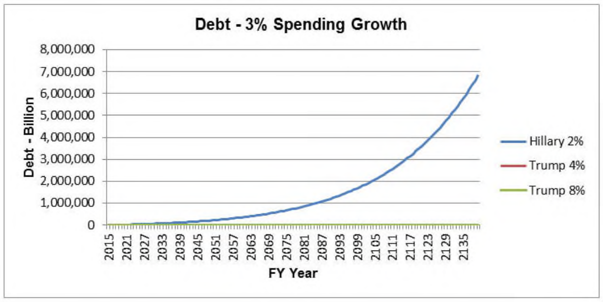
(FY 2026 Payment)

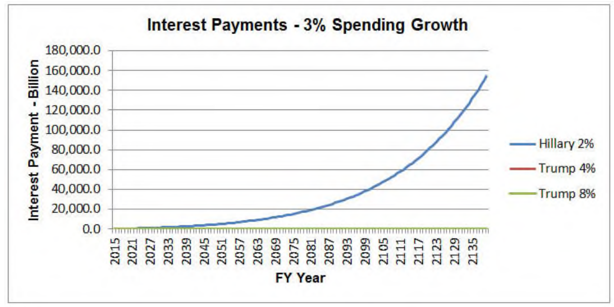
GDP Growth	Interest Rate Growth	Trump's 2026 Results		
		1% Annual Spending Increase	2% Annual Spending Increase	3% Annual Spending Increase
4%	0%	$314 B (1.2% GDP) ($0 in 2036)	$367 B (1.4% GDP) ($0 in 2041)	$423 B (1.6% GDP) ($0 in 2053)
8% for 10 years, followed by 4%	0%	$80 B (0.2% GDP) ($0 in 2028)	$133 B (0.3% GDP) ($0 in 2029)	$188 B (0.5% GDP) ($0 in 2030)
4%	0.25%	$660 B (2.5% GDP) ($0 in 2036)	$771 B (2.9% GDP) ($0 in 2041)	$890 B (3.3% GDP) ($0 in 2053)
8% for 10 years, followed by 4%	0.25%	$168 B (0.4% GDP) ($0 in 2028)	$278 B (0.7% GDP) ($0 in 2029)	$396 B (1.0% GDP) ($0 in 2030)
4%	0.5%	$1,006 B (3.7% GDP) ($0 in 2036)	$1,176 B (4.4% GDP) ($0 in 2041)	$1,355 B (5.0% GDP) ($0 in 2053)
8% for 10 years, followed by 4%	0.5%	$255 B (0.7% GDP) ($0 in 2028)	$427 B (1.1% GDP) ($0 in 2029)	$604 B (1.5% GDP) ($0 in 2030)

(Note: The above based on Revenues are 18% of GDP)

The following charts illustrate the above data.

(0.0% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)





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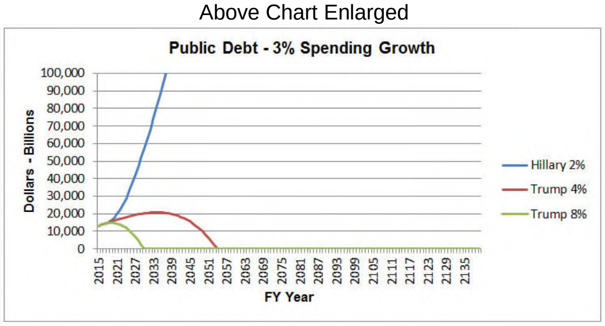

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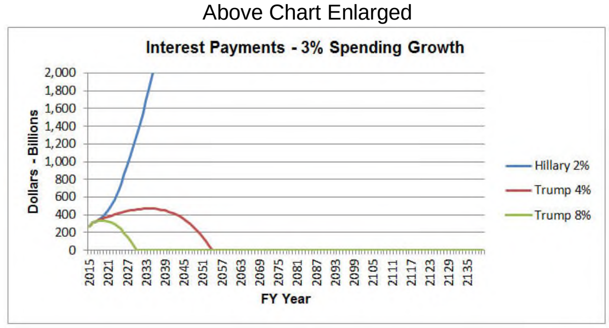
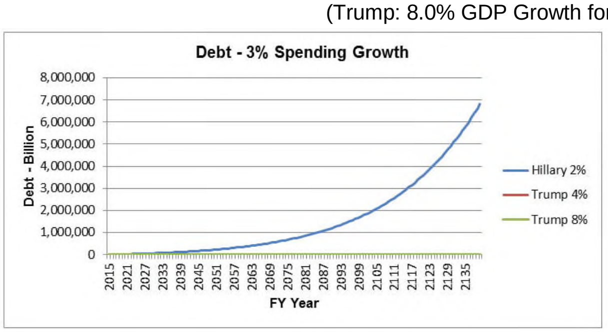
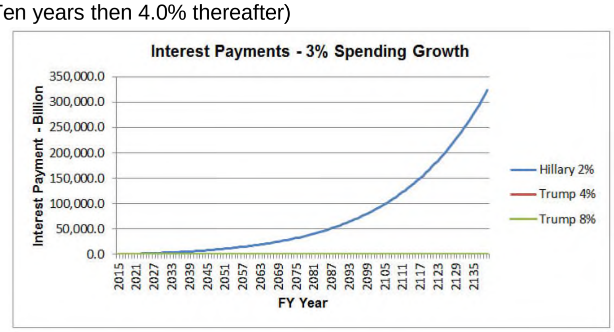


(Note: Review the scales on the above charts: $160 Trillion, $1,180 Trillion and $8,000 Trillion as shown on the Debt charts; $3.5 Trillion, $45 Trillion and $180 Trillion as shown on the Interest Payments charts.)

(0.25% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)





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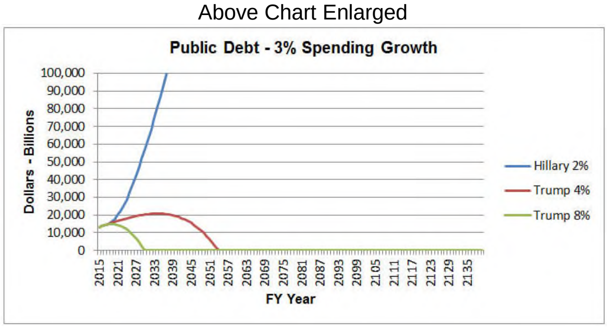

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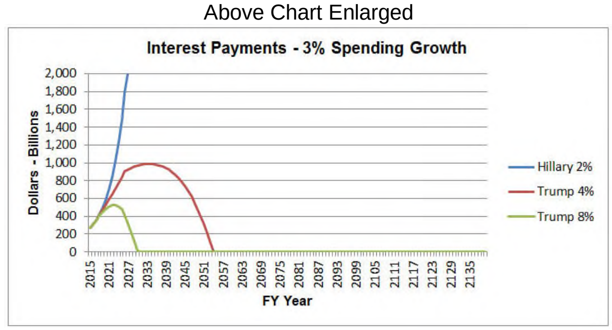
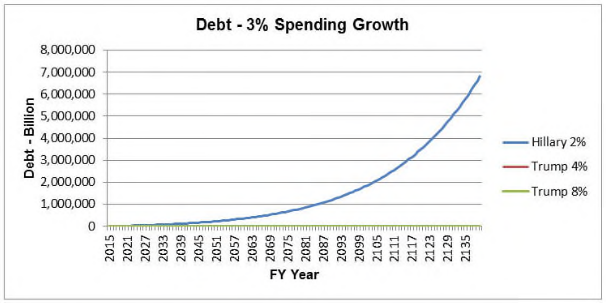
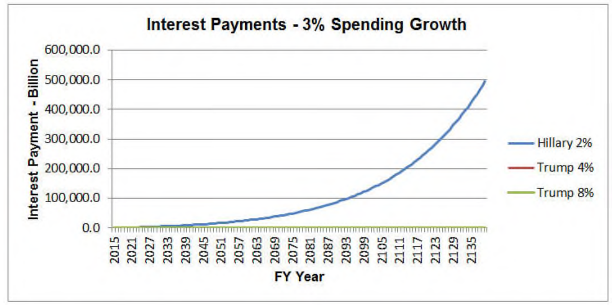


(Note: Review the scales on the above Interest Payments charts: $7 Trillion, $90 Trillion and $350 Trillion. These are nearly double the previous set of charts.)

(0.5% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)





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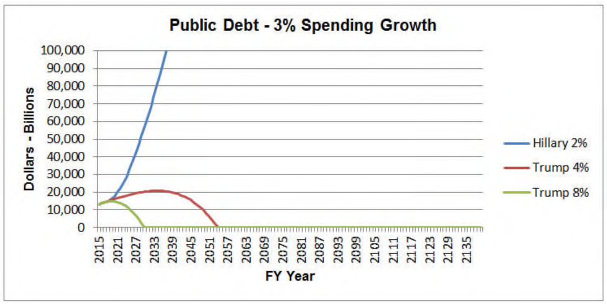

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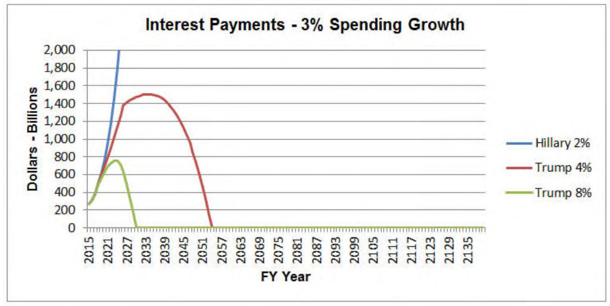


(Note: Review the scales on the above Interest Payments charts: $12 Trillion, $140 Trillion and $600 Trillion. These are nearly double the previous set of charts.)

Proposition 4

This following proposition is to illustrate
the Debt accumulation and the Interest Payments on the Debt
by projecting the growth of GDP, Revenue and Spending:

with Revenue at 21.5% (Hillary) and 18% (Trump) of GDP;
with spending at 3% growth for Hillary; and
with Spending at 4%, 5% and 6% growth for Trump;
Funds Rate Growth of 0.0%, 0.25% and 0.5%.

2.0% current GDP growth versus 8.0/4.0% target GDP growth.
(Hillary-Liberal versus Trump-Conservative)

Note: All charts show a 120 year span showing Public Debt and Public Interest Payments.
Also note scale changes.

But to be fair, let's examine the possibility that Trump (Conservatives) have to increase spending for four (4) years in order to get the Military back to our national defense required posture, enforce the “Rule of Law”, to build the southern border wall, child care and maternity leave.

So what would the data and the tables reflect on the debt reduction. The following data and tables assume that Hillary is continuing with her tax increases and increased spending as shown in Table 11.

Table 11 - Trump's Increased Spending Debt Payments
(FY 2026 Payment)

GDP Growth	Interest Rate Growth	Trump's 2026 Results		
		4% Annual Spending Increase	5% Annual Spending Increase	6% Annual Spending Increase
4%	0%	\$468 B (1.7% GDP) (\$0 in 2058)	\$504 B (1.9% GDP) (\$0 in 2063)	\$541 B (2.0% GDP) (\$0 in 2067)
8% for 10 years, followed by 4%	0%	\$234 B (0.6% GDP) (\$0 in 2032)	\$271 B (0.7% GDP) (\$0 in 2033)	\$308 B (0.8% GDP) (\$0 in 2034)
4%	0.25%	\$982 B (3.7% GDP) (\$0 in 2058)	\$1,060 B (3.9% GDP) (\$0 in 2063)	\$1,139 B (4.2% GDP) (\$0 in 2067)
8% for 10 years, followed by 4%	0.25%	\$492 B (1.3% GDP) (\$0 in 2032)	\$570 B (1.5% GDP) (\$0 in 2033)	\$648 B (1.7% GDP) (\$0 in 2034)
4%	0.5%	\$1,497 B (5.6% GDP) (\$0 in 2058)	\$1,615 B (6.0% GDP) (\$0 in 2063)	\$1,736 B (6.5% GDP) (\$0 in 2067)
8% for 10 years, followed by 4%	0.5%	\$750 B (1.9% GDP) (\$0 in 2032)	\$867 B (2.2% GDP) (\$0 in 2033)	\$988 B (2.5% GDP) (\$0 in 2034)

(Note: The above based on Revenues are 18% of GDP)

Conclusion: Even with Trump allowing more spending during the next four (4) years, even with 4%, 5% or 6% spending increases, the Debt reduction schedule is still better than Hillary's Liberal Progressive plans. The following charts make the point.

The following charts illustrate the above data.

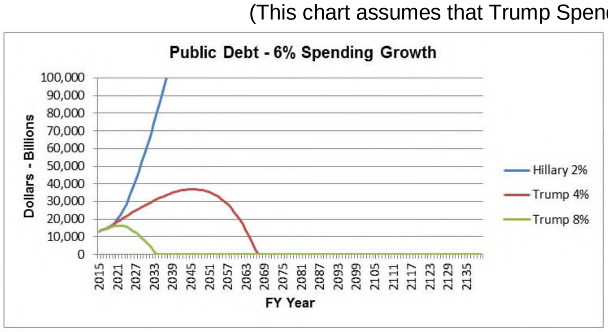
(0.0% Federal Funds Rate Growth)

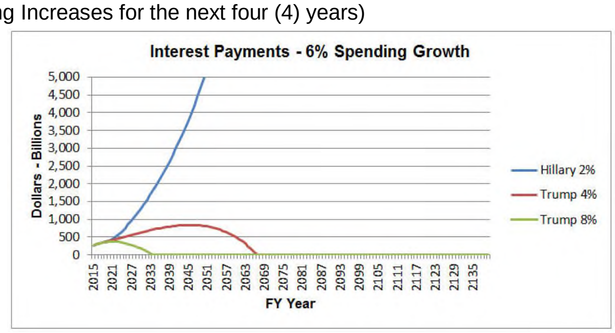
(Hillary: 2.0% GDP Growth)

(Trump: 4.0% GDP Growth)

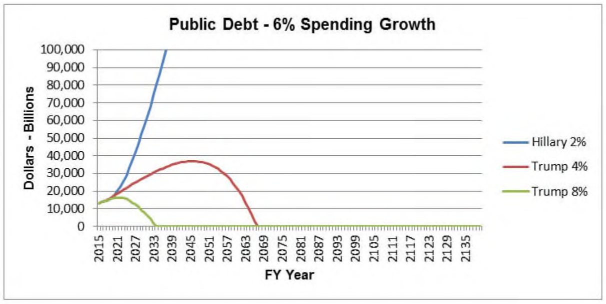
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)

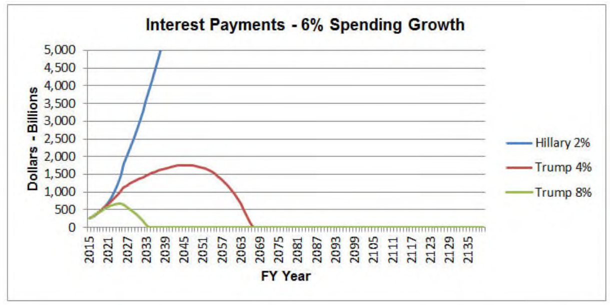
(This chart assumes that Trump Spending Increases for the next four (4) years)



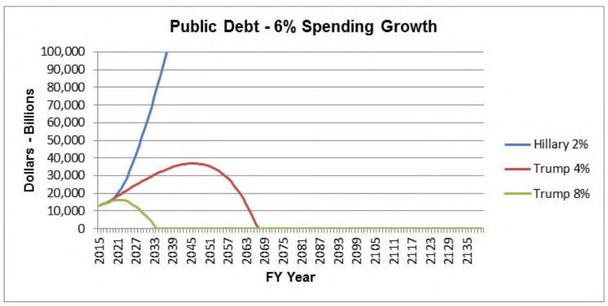


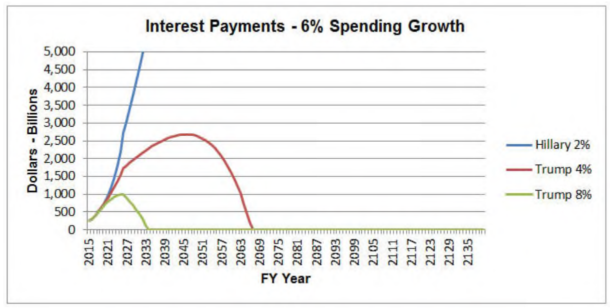
(0.25% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)
(This chart assumes that Trump Spending Increases for the next four (4) years)





(0.5% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)
(This chart assumes that Trump Spending Increases for the next four (4) years)





Proposition 5
Consider the following questions!
Note: All charts show a 120 year span showing Public Interest Payments. Also note scale changes.

So the question is for Millennials (Generation Y – less than 36 year old) and the new following Generation Z (less than 22 years old):

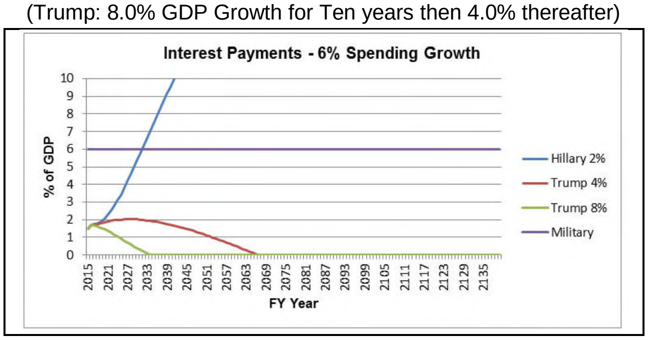
"Which program is best for your future: Income Tax or FairTax?"

"Which is best for your children and grandchildren: Income Tax or FairTax?"

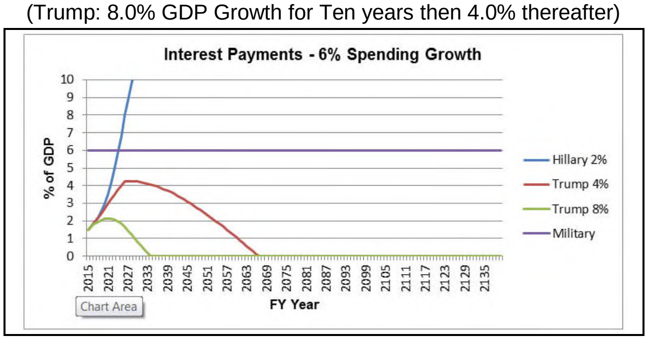
"Do you really want to pass this debt along to them?"

The following charts illustrate Interest Payments.

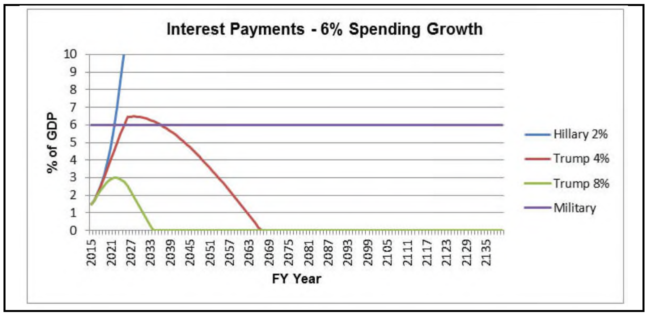
(0.0% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)



(0.25% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)



(0.5% Federal Funds Rate Growth)
(Hillary: 2.0% GDP Growth)
(Trump: 4.0% GDP Growth)
(Trump: 8.0% GDP Growth for Ten years then 4.0% thereafter)



(Note: scales for 4%, 5% and 6% changed to show more detail.)

For the Millennials, in the next ten years will your career advance? For Generation Z, is there a job out there for you now or in the next ten years? Will your wages increase? Will your children be better off than you? Will you be better off than your parents?

FairTax Implementation

How does this match up with Changes to reducing Taxes?

1. Income Tax Eliminated!
2. Corporate Tax Eliminated!
3. Death Tax Eliminated!
4. Investment Tax Eliminated!

In simple terms, Consumption is taxed and Investments are not taxed. For our nation to grow and prosper, private investment is the driving force. By not taxing investments, this is an incentive for the public to save and invest more.

The following is a list of additional benefits of FairTax:

1. 98% of IRS goes away. (Only enough left to manage the States collecting the consumption tax. No more audits.) Did you know that there are 1.2 IRS agents for every page of the Tax Code: 89,500 IRS employees and 74,608 pages of Tax Code.
2. No one files taxes.
3. Tax deductions go away. (All lobbyists seeking tax favors from Washington go away.)
4. Earnings overseas will return home tax free. (Thus bringing an estimated $2 Trillion of Investments back home.)
5. Imports Taxed. Foreign Products sold in US will pay Consumption sales tax. (This is better that imposing tariffs. Even those products from Mexico will have to pay the tax when the products are sold.)
6. Exports not taxed. Products sold outside U.S. do not pay tax. Makes us more competitive. (Government does receive revenue when employees cash their paychecks and spend the money.)
7. Medical Expenses Not Taxable.
8. Prescription Drugs Not Taxable.
9. Childcare Not Taxable.
10. College Tuition is Tax Free.
11. College books and materials are tax free.
12. Non-prepared food is tax free. Prepared foods in restaurants are taxed.
13. Buying a pre-Owned home is tax free. New home purchased are taxed.
14. Buying a pre-Owned car is tax free. New cars are taxed.
15. The underground economy (those who do not report cash income such as in drug transactions) will now pay taxes as they spend their unreported cash.
16. Business Investment deductions unnecessary.
17. Business Interest deductions unnecessary.
18. With no business taxes, then business investment will increase. This along will stimulate business growth and create about 5% additional economic growth (GDP). (Getting closer to that 8% growth)
19. Since individuals can now determine when and how much they want to pay in taxes, saving will increase. Public savings is the public sector means of Investment.

All this for taxes collected as Consumption Tax of approximately 23%.

Repeating the questions from above!

1. For the Millennial, in the next ten years will your career advance?
2. For Generation Z, is there a job out there for you now or in the next ten years?
3. Will your wages increase?
4. Will your children be better off than you?
5. Will you be better off than your parents?

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