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Reducing Our Debt and Saving the American Dream

I. Introduction

I am running for United States Senate because I want to restore the American Dream for all Americans. People are feeling squeezed, and the future does not look bright for many of us. We are becoming more and more divided, when we really need to be coming together and rallying to solve our difficult problems.

All politicians are talking about affordability, health care access and cost, disruptive technologies, international threats, immigration, and unauthorized wars. Some mention the coming Social Security insolvency. For those on the left, the answer is to tax billionaires, regulate rent, inject socialism into whole sectors of the economy, and step away from international commitments and leadership. For those on the right, their answer is to pander populism through tax cuts, tariffs and deportation of hard-working immigrants. Both parties peddle fear of the other side: fear of the MAGA crowd or fear of the socialist woke crowd.

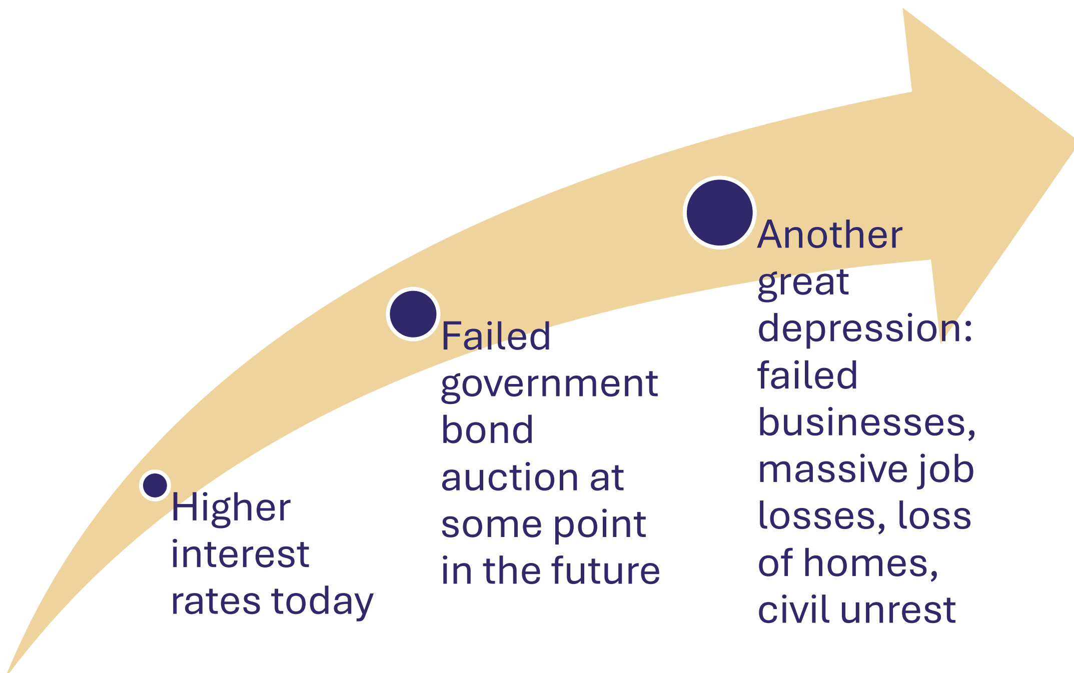
Both parties also refuse to consider any solutions that might affect their election and reelection prospects. I am told I can't talk about making hard choices because voters won't want to hear it and that opponents will use this against me. Well, I'm here to tell you the truth. There are *only* hard choices. Ultimately, it comes down to hard choices now or even harder choices later.

I want to tackle the hard stuff *now*.

That is what prompted me to run for the Senate in the first place. Our national debt is now equal to our entire annual economic output—our GDP. Interest on that debt is currently $1 trillion and is projected to double in 10 years. We spend more on interest than we do on national defense. Interest is the second biggest expense in the federal budget, second only to what we spend on Social Security benefits. Every day we add $5 billion to our debt. If we had no debt and no interest payments, our budget deficit (currently $1.8 trillion for fiscal year 2026) would be less than half what it is.

At some point, investors will refuse to buy our debt, and a bond auction will "fail." What happens then? For minor shortfalls in bond buyers, the Federal Reserve steps in and buys the excess. This is essentially "printing money" and it stokes inflation. For a major bond auction failure, we are in uncharted territory. Interest rates will most certainly skyrocket, business will fail, people will lose their homes, unemployment will be rampant, and we will find ourselves in the greatest of depressions. And the federal government will be powerless to bail out the economy. See a fictitious but credible scenario set three years from now from No Labels (a group promoting bipartisanship in Congress).

What could (and likely will) happen if we do not get a serious handle on our national debt:

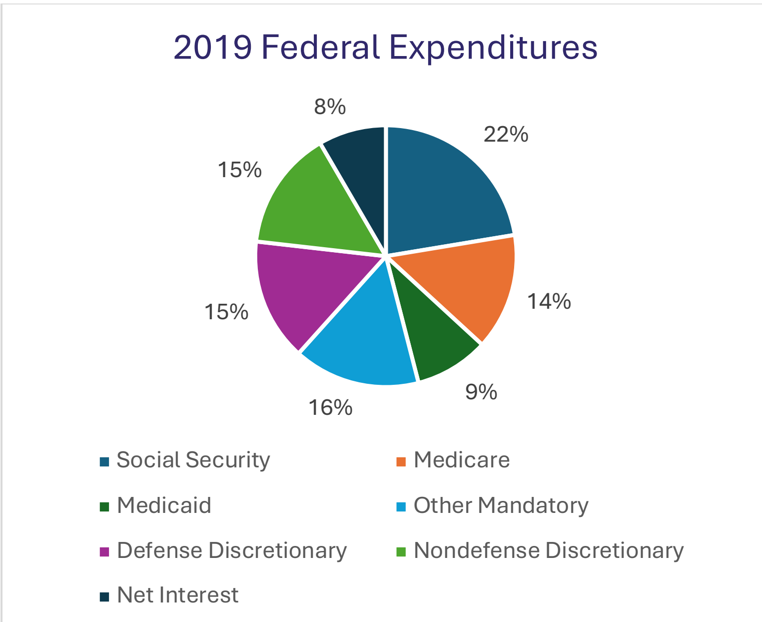


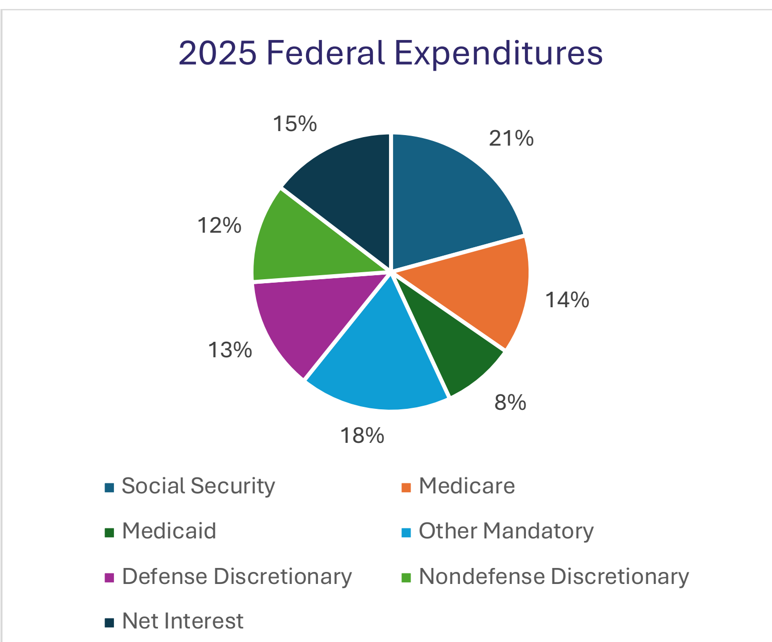
Nightmare on Main Street: what could happen with continued debt increase

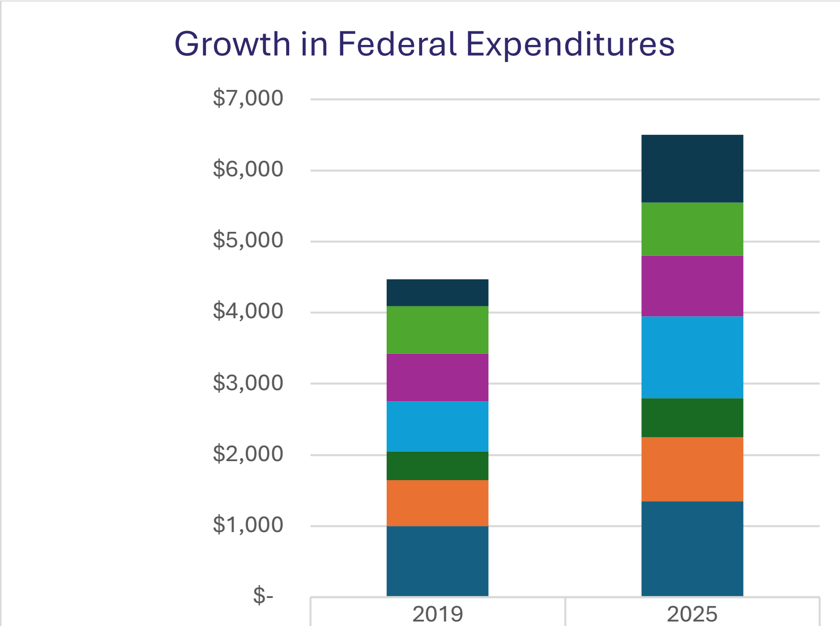
I am running for United States Senate to restore the American Dream for all generations to come. But if we do not get control of our budget, if we do not take real and impactful steps to reduce our national debt, the American Dream will disappear, and it will be the fault of all of us, especially my generation, for failing to take decisive actions while we could. I am running to be your senator. I am running to be the candidate that takes our national debt seriously, because I care about the American Dream for voters today and our children and grandchildren tomorrow. You have a choice this fall, between candidates who are obsessed with flipping the Senate Blue or keeping the Senate Red, and me: the candidate who has real courage to deal with the hard issues we face and offer real solutions. Your vote counts. Don't succumb to the fear-based narratives of the Red side or the Blue side. Instead, make your vote count.

II. National Debt Deep Dive

To get to a balanced budget and start reducing our debt is a very tall order. The biggest line item in our budget, Social Security payments, is pegged to inflation and wage growth. The next biggest is our interest obligations, which will continue to grow. The next biggest is Medicare and Medicaid. Both expenditures are subject to increases in the cost of medical care of all kinds. All of these expenditures are not subject to annual Congressional authorization, but continue on autopilot, increasing without any controls.







	2019	2025
Net Interest	$375	$950
Nondefense Discretionary	$661	$750
Defense Discretionary	$676	$850
Other Mandatory	$700	$1,150
Medicaid	$409	$550
Medicare	$644	$900
Social Security	$1,000	$1,350

Interest expense has increased 153% from 2019 to 2025, and it is crowding out our ability to fund defense and non-defense discretionary spending (spending that is not on autopilot).

I will address Social Security, Medicare, and Medicaid, and the overall challenge to our society of unaffordable health care in later segments of my policy proposals. For now, let us turn our attention to our national debt.

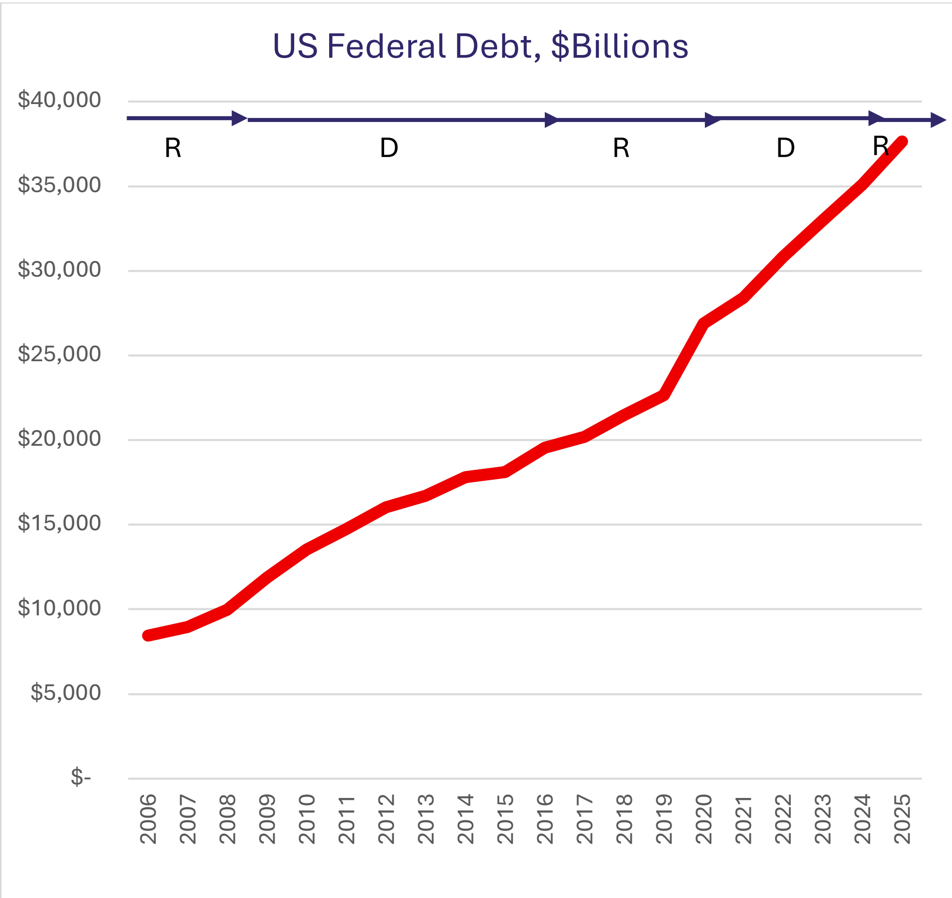
	2019	2025
Other Revenues	$271	$380
Payroll Taxes	$1,200	$1,500
Corporate Income Taxes	$230	$370
Individual Income Taxes	$1,700	$2,100

Comparing our revenue vs. expenses shows just how deep a hole we have to overcome just to get to a balanced budget: 2025 revenues of $4.35 trillion and expenses of $6.5 trillion. For 2026, expenses will continue to increase faster than revenues, adding more to our debt, and more interest expense in a downward spiral that is accelerating.

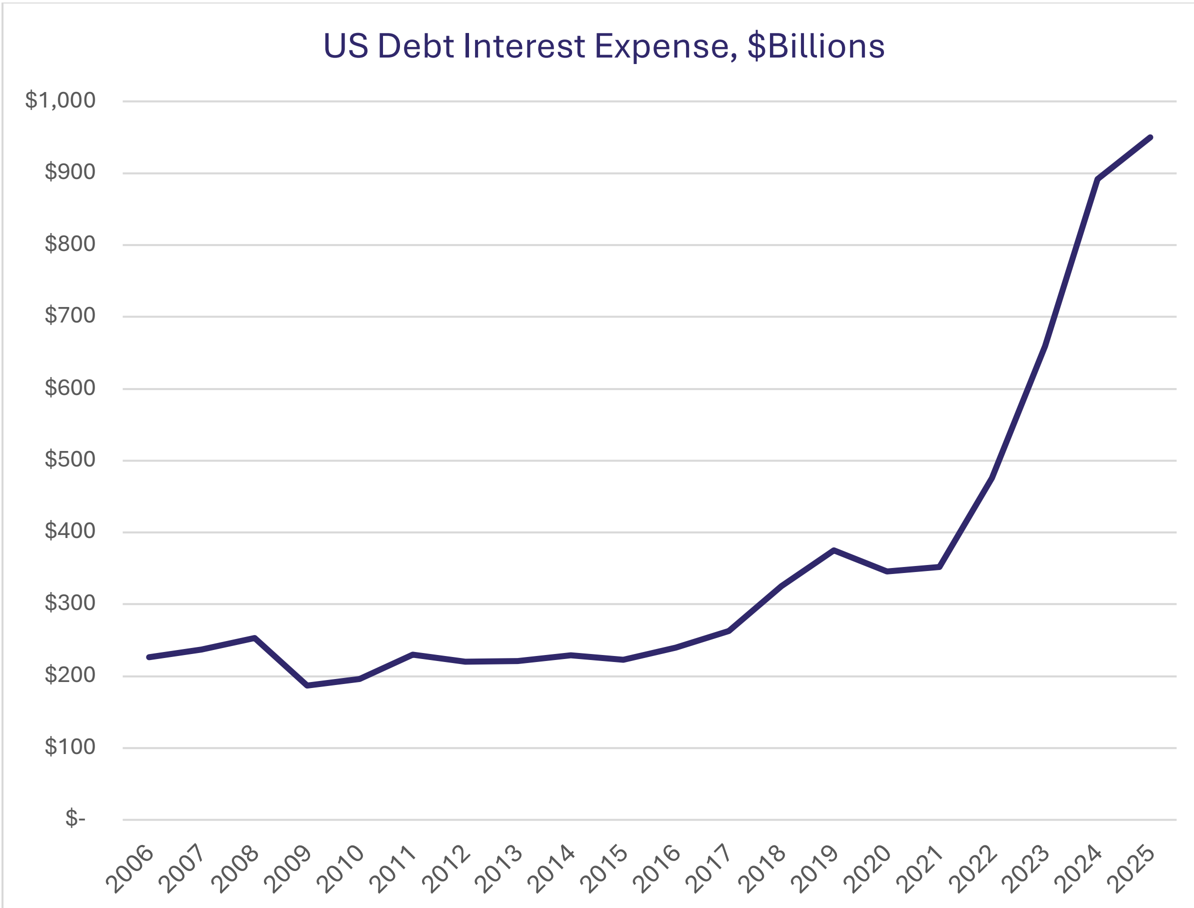
Here is a history of our national debt showing how we got to this point. As you can see, both parties had a hand in building our debt to this unsustainable level.

The three debt rating agencies began to downgrade our debt from AAA, first during the Obama administration in 2011, then the Biden administration, and the last one just a year ago during the Trump administration. This downgrade translates into higher mortgage interest rates, higher credit card interest rates, higher home equity line of credit costs, higher borrowing costs for businesses, and higher interest rates on our debt, which means more deficit spending and even more debt. A vicious circle!

Both Biden and Trump have financed our debt with short-term borrowing when interest rates were low. These two administrations have stacked up a refinancing wall equal to more than a quarter of our entire economy over the next two years, and every extra point of interest on that wall shows up in higher mortgage payments and tougher credit for families and small businesses here at home.



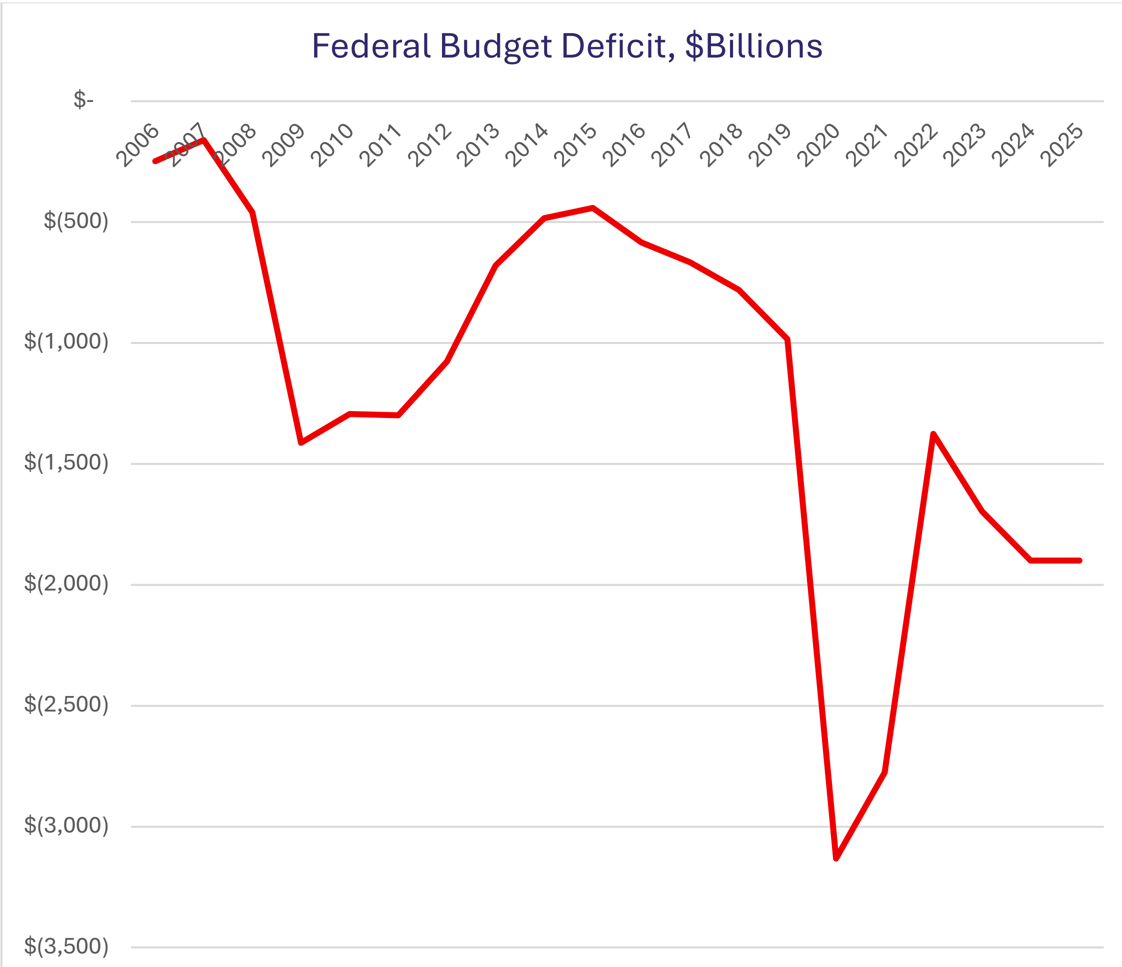
Interest on that debt has ballooned beginning in 2022 as the budget deficits, which began as a result of Covid relief bills, continued unabated even after the pandemic was over—thanks to ill-advised spending bills passed by the Biden administration and Democrats in Congress. Trump's One Big Beautiful Bill continued this trend through the extension of tax cuts, which put money in everyone's pockets but was biased towards higher income individuals in terms of its impact.



It will be *very* difficult to get our budget into balance. The last time it balanced was for a couple years during the Clinton administration, nearly 30 years ago. Since then, there have been years when one party controlled both the presidency and the Congress—both Republicans and Democrats had their shot at addressing our deficit spending. Neither party took serious steps to solve this problem. Today neither major party has the courage to openly discuss it—nor to propose real solutions.

See the chart below to understand the serious mountain we have to climb to achieve a balanced budget. The biggest spending categories are essentially on autopilot. Social Security benefits are tied to inflation. Medicare and other health expenditures such as Medicaid also move with inflation, since health care costs rise with inflation. Interest on our debt will only go up until we reduce our debt, and the market no longer demands a higher interest rate to buy our debt.

Some say all we have to do is eliminate waste, fraud and abuse. Yes, this is an opportunity, and the results likely are in the hundreds of billions of dollars. Some say tariff revenue can fill the void. But tariffs are a hidden tax on all citizens, and they won't come close to solving our budget deficit. Trump's roller-coaster tariff programs were a disaster for businesses, farmers, ranchers, and all but a few Americans.



A sea of red ink—with no end in sight.

I will address Social Security and our health cost challenges separately. Suffice it to say that getting to a balanced budget will not happen overnight, nor is it likely to happen before we have the debt crisis described in the Nightmare on Main Street piece from No Labels.

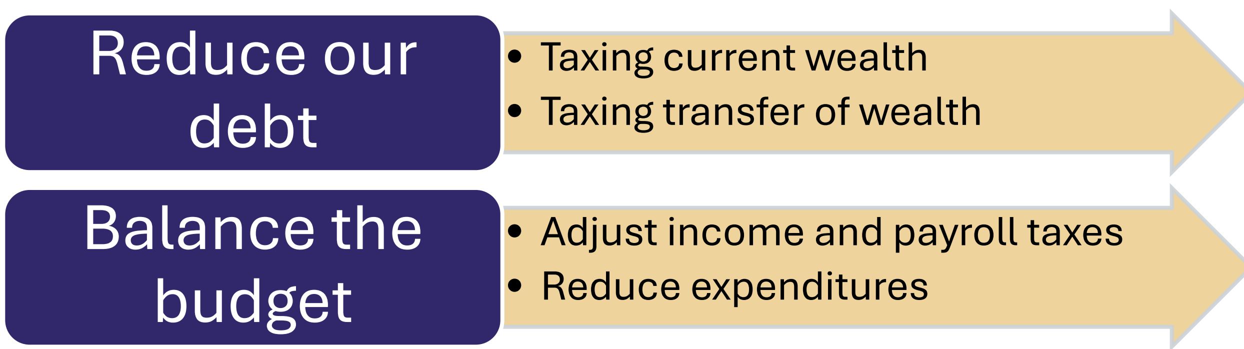
I am therefore proposing to tackle our debt separately from our annual budget deficit. While accountants would scoff at this approach, I believe it offers three advantages:

1. It provides assurance to the bond markets that the U.S. is serious about reducing our debt and honoring our obligations. I predict an immediate return to AAA bond rating and an immediate reduction in interest rates. This will quickly translate to lower mortgage, credit card, and other borrowing costs for individuals and businesses.

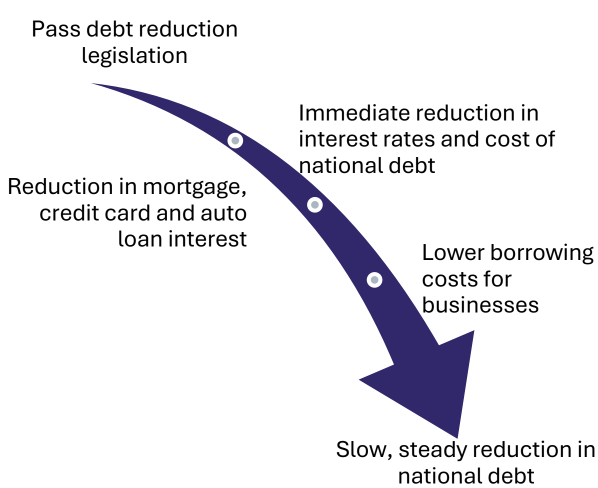
2. In addition to reducing borrowing costs, reducing our debt will also reduce our interest payments, albeit more slowly since it will take a long time (10–20 years) to make a meaningful reduction in that debt and interest burden. But the sooner we start, the sooner we will feel the positive impact.

3. I do not have faith that Congress can get us to a balanced budget. Today, some are calling for a budget target of a "mere" 3% of GDP annual deficit. They say this will allow us a chance to grow our way out of debt. My opinion is that if we reduced our deficit to a few hundred billion dollars instead of nearly $2 trillion, we would lose the political will to get all the way to a surplus situation, which is necessary to reduce the total national debt.

Overall, I propose that we view taxation in two buckets: taxes on income and taxes on wealth, and that taxes on wealth be earmarked for debt reduction, while taxes on income are used as they are today, to fund current obligations.



If we can implement this two-pronged approach that earmarks wealth taxation for national debt reduction, I believe we will see both immediate and long-term benefits.

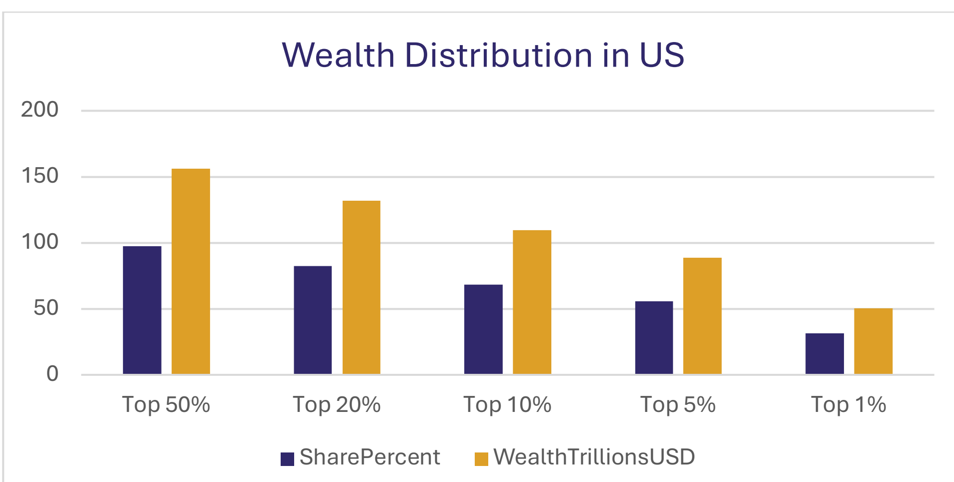


III. Tax law changes to reduce our national debt

We have examined the very deep hole we have dug ourselves over the past several decades. Both parties are accountable for this situation, and both will blame the other when the eventual debt crisis happens, leading to the greatest of depressions. How can we solve this problem? I am committed to data-driven solutions, and here is my proposal. I have been formulating this for the past several years. I am a fiscal conservative, not a tax-and-spend liberal. We must recognize that ANY real solution to reducing our debt will take money out of productive use. But over the longer term after reducing our debt significantly, we will reduce our interest payments, which will then free up capital for productive use. Households understand this. Our political class needs to acknowledge this as well.

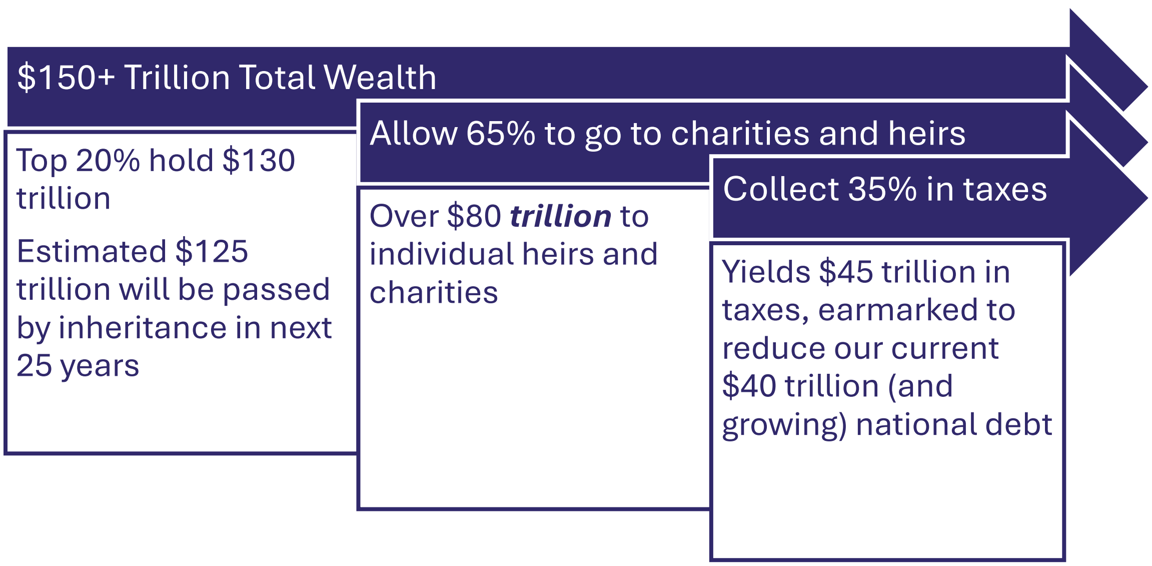
I am not a fan of taxing wealth that a person has earned. A number of European countries have tried a wealth tax. Some have discarded this approach, and some have retained it but at a very low percentage level. That being said, I can support taxing wealth that a person has not earned, with a focus on the transfer of wealth from one generation to another. The recipients of this wealth have not earned it, and our country was founded in part on the rejection of hereditary titles of nobility and the associated inheritance of wealth. I believe in our Declaration of Independence, that "all men are created equal…". Obviously, some people are born with a silver, gold or platinum spoon in their mouth while others are born with a wooden or no spoon in their mouth. Wealth inequality is a wedge used to divide our society and stoke envy. I am not playing that game, but I do propose we alter how wealth is transferred from those who earned it to those who were lucky to be born into situations where wealth can be transferred to them without earning it.

The top 20% of Americans hold approximately $130 trillion in wealth, and it is estimated that $125 trillion will change hands over the next 25 years.



Share percent/ wealth held by the indicated group in $trillions

If we can effectively tax this transfer at a rate of 30–40%, earmarking this revenue for federal debt reduction and NOT general revenue, we can pay down our debt in the next 20–30 years. I am one of those top 20% of Americans, thanks to the successful business I've built—and so are some of my employees. I consider it my civic duty to ensure my wealth is fairly apportioned between taxes, charities, and individual heirs. I call upon wealthy people across this great land to acquire a similar civic mindset so that we can bequeath to the next generation not just wealth but give to them a nation no longer burdened by irresponsible borrowing, and therefore they can reap a stronger American Dream.



I propose we *replace* the current estate tax, which imposes a tax on estates of 40% if the estate is greater than $16 million, with a two-step approach.

1. Eliminate the step-up in basis that is part of our current tax law. The decedent's final tax return will list the short- and long-term unrealized capital gains on all assets and include the tax liability on these unrealized capital gains, as if they had been sold on the day of death. We can discuss exemptions (or indefinite deferral) of such taxes on a family farm, or primary residence to be occupied by the heirs, and a long-duration payment plan (or reduced tax rate) for closely held businesses that heirs are owner-operators thereof. This tax on unrealized capital gains would be imposed before any assets are distributed to any recipient, regardless of the nature of the recipient.

2. Impose an inheritance tax on the recipients. We can discuss the specifics of an inheritance tax: what an exemption might be (perhaps six figures per individual, not the current eight figure estate tax exemption), what the graduated tax rate should be, and how many years for payment of the tax. We can also discuss deferring (until

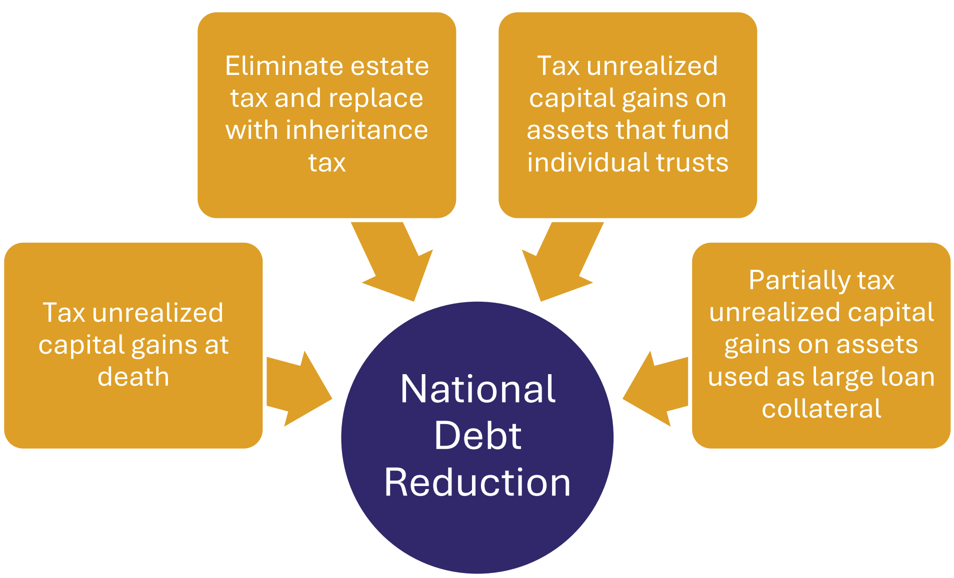
later sale) the tax on an inherited residence the person occupies nearly the full year including a family farm. There is already a tax code provision for deferring taxes on closely held business. Overall, we can adjust these parameters so that we are only affecting the top 20% or so of Americans.

Both the above taxes would be earmarked for national debt reduction, NOT general revenue. Again, this is a proposal that we as a society can discuss, considering all points of view. But to me, this is a fair and equitable way to make a substantive impact on our national debt and avoid a fiscal crisis in the not-too-distant future.

To foil how the rich currently use loopholes to avoid taxes, I propose a couple of additional tax law changes:

3. If you set up a trust with individuals as beneficiaries or who would control a family-office charity, you owe the unrealized capital gains on any assets placed into trust at the time the trust is established.
4. If you borrow more than $5 million for personal use (such as to buy a private jet or a yacht or a second home), and you use assets (such as stock shares) with unrealized capital gains as collateral for such loans, then each year you owe capital gains taxes on 15% of the unrealized capital gains of those assets.

Again, the above taxes would be earmarked for national debt reduction.



We must solve our national debt before it turns into a debt bomb that explodes into the Mother of all Fiscal Crises. The major parties won't talk about this because we must rein in spending and we must broaden our tax base and tax revenues. I am committed to maintaining the American Dream for all generations. Join me in my plan to preserve the American Dream.