

RUDY BOSCHWITZ
United States Senate

(1978 - 1991)

January 22, 2005

The Honorable Bill Frenzel
6310 Stoneham Lane
McLean, VA 22101

The Honorable Connie Mack
P.O. Box 3729
Placida, FL 33946

Dear Bill and Connie,

I address you in that order because Bill is senior to both of us, Connie – but on the other hand, we are from the upper body (I gather that term began in Philadelphia in our earliest history when the Senate met in the floor above the House), so I'll start over!

Dear Connie and Bill,

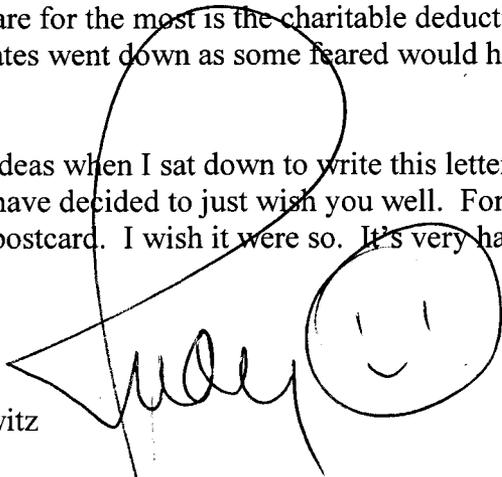
I can think of no two people who I would rather have on a Committee to work on reforming the tax code. As I prepared my records for the upcoming tax return, I reviewed my '04 return. It was 113 pages and I really don't understand it. If I don't, few do. I even practiced tax law – but that was so long ago perhaps it doesn't count any more. The complexity of the code and regulations is extraordinary. Yours will be a hard job.

I enclose as a guide to your work an extraordinary article from the WSJ (10-8-04) by George Gilder about approaches to the American and world economy.

I write you to tell you of my conviction that the only path to reform is low marginal rates. It makes tax avoidance (or evasion) less inviting, particularly with individuals. I also believe in low rates because of their stimulative effect. It is not hard to understand that if people are allowed to keep more of what they produce, they will produce more. When I went into business in 1963, pre Kennedy reform taking effect, the top marginal rate was 91%. I couldn't believe it when in 1986 I voted for a bill that lowered the top rate to 28%.

Reform for individuals appears easier to me than for business. Even low rates applied to millions of dollars results in big numbers and paying the lawyers and accountants to weave their webs (they are part of the problem) would remain justified. From my standpoint I would be willing to give up virtually every deduction for a low rate. The deduction I care for the most is the charitable deduction, but even that!! Giving did not go down as rates went down as some feared would happen. People kept more and gave more!

I was full of ideas when I sat down to write this letter, but as I think of the complexity of each issue, I have decided to just wish you well. Forbes says my 113 pages can be reduced to a postcard. I wish it were so. It's very hard for me to believe.



Rudy Boschwitz

P.S. #1 – Connie, I hope your home survived the storms. The Sundial, where we stayed and where we had lunch together is closed through April!!

P.S. #2 – I can't believe the Estate Tax will go away. I'm not sure it should. A Rothschild told the Chancellor of the Exchequer in WWI the only way to pay for the war was with an estate tax. Yet it yields little in the U.S. I believe the Estate Tax should begin at \$15-20 million, be indexed, and have lower rates. Collections would increase. You may even gain revenue by ending the huge (and deductible) estate planning industry.

P.S. #3 – for Bill. Your nephew, Paul, lives a hard life very bravely. My Dan and Paul (actually your brother) bought a duplex together and Paul now lives in half of it. Their friendship has enormously enriched both their lives.

SENATOR CONNIE MACK



2-10-05

Dear Rudy

Great to hear from you. The task ahead is a big one. But I am looking forward to the challenge.

The Hurricane turned away from us at the last minute. We had no damage. We were lucky.

P.S. Bilder is great!

Warm regards,
Connie