

These are not meant to be researched items. These are “streams of consciousness” from the conversation [yesterday's post](#) created.

First some housekeeping. I DO NOT like paying more in taxes. HOWEVER, I think that this country has created unique opportunities for entrepreneurs and paying taxes is a small price to pay. Taxes are not a bad thing. What bothers me are not the taxes I pay to help others and to support the services our country needs. **What bothers me is the mis-allocation and inefficient distribution of our tax money. Particularly when it leads to taking more money from those who can not afford it, and in this economy, even those making 250k per year can not afford it.**

Our Congress, BOTH parties, has progressively lost the moral hazard of doing what is right for the country rather than doing what is right for the party and politician. Why wouldn't a politician go for the gold in their political career ? Why wouldn't a party profess that their way is the only way ? What is the financial or career downside of doing so ? None. It may not serve the country very well, but careers and fortunes will be made. Our politicians are no better than the financial whores who helped get us into this mess. They put personal gain over the people they are elected to serve.

So what can be done ? Here you go:

1. Transparency.

It had been often promised and never delivered. If there was transparency in our budgets and the actual spending of our dollars, down to the nickel we as citizens would have much more insight and leverage in the budget process. As the saying goes, “Sunlight is a great disinfectant”. US citizens (with the exception of classified defense spending) should be able to see it how our money is being spent in real-time. The value of transparency is that we would benefit from the collective brain power of the American people. I'm usually not a fan of crowdsourcing, but when it comes to managing how our nation's money is spent, I think it could be a very powerful enhancement to the process. The power of the people at its best.

With complete transparency we could have hundreds of volunteer deficit reduction Super Committees to look for the best places to cut costs and improve efficiency. Without it, we are at the mercy of a “Super Committee” formed purely to make politicians through compromise and political expediency. That is not how problems are solved. That is how they are passed on to future generations.

2. 10 Year Budgets

There is no better example of how politicians lie to themselves and the American people than the fact that our budgets are framed within a 10 year plan. There is no business person on the planet who would think that a 10 year plan would have even a remote possibility of playing out as planned. Yet that is what we use to try to convince our country that we are “taking action” to cure our problems. Hell, even communist countries have plans that are 5 years long. Any budget plan that is longer than the end of the current POTUS term is basically a crock of shit. You can't plan what you can't control. Any effort to do so is an out and out lie. It's probably the only truly bi-partisan program that is unanimously agreed upon., and it is a lie.

3. Taxes Vs Job Creation

There is an ongoing refrain from some that any increase in Taxes will have a negative impact on investment and job creation. Not true in 99.99pct of cases. Never has been. Never will be. First the .01% times where it may be true. Potentially, a person could have some amount of money less than what they need to start a company because they paid say 1k dollars more in taxes this year than they did last year. This could happen and I'm sure it has happened. but its the exception that proves the rule.

Now the rule...

People driven to succeed are driven to succeed. People driven by money are driven by money. People driven to compete, compete. We live in a country that puts an emphasis on achievement. Not just financial achievement. The ability to set goals and achieve them. We celebrate and reward those that accomplish their goals. It is part of the very fabric of what makes this country so amazingly unique.

Those of us who are driven by money have a number that we strive for. People like me. (If you want to learn more about people like me, [read this](#)). We want to be a millionaire. Once we become a millionaire, some of us want more. Some of us don't. But once you hit the first number you begin to make decisions in your life about how you might get to the next number or just use what you have to make your life (and possibly the life of others) better.

Others set goals and define success and achievement in any number of ways. In no cases do any of them examine the tax rate. In fact, I would be willing to bet that 99pct of us completely ignore the tax rate. **Why ? Because we know that the rewards we all value the most came as the result of our efforts. Something that no tax rate is going to take away from us.**

The risk of starting a business. The risk of making an investment in the sweat equity of someone else's efforts. The risk of starting a charity. The risk of taking a new job. The risk of adding a new employee, etc, etc, etc. I have NEVER met a motivated person who has said they would not chase their goals because of tax rates.

Personal achievement is not the only motivating factor that over-rides taxation. Business to business competition ALWAYS over-rides taxation. If you own or run a business you have to best your competitors. As long as they pay under the same tax structure as your business, it's all about who can do a better job. Not what the tax rate is.

Of course none of this is going to stop big companies from arguing that higher taxes impacts job creation. Of course they are going to argue it. The less they pay in taxes, the higher their earnings per share and the greater the value of their stock and options. If a big company needs employees to stay competitive in their industry(s) you better believe they are going to hire that person no matter what it takes. They will find the money some how. Even if it means lowering their political contributions and lobbying costs or bringing in cash held overseas.

This is a country that competes to win. That is not going to change.

In fact, follow this logic. Its counter intuitive, but its absolutely true. The higher the tax rate on income the more risks us money chasers have to take in order to hit our number. If you want that number, you are going to go for it. Period, end of story. More risk, more companies started, more people hired.

3a. Let Me Be Clear

I am not advocating that we raise taxes for everyone. I think that is a huge mistake. I do think billionaires should pay more. We have benefited the most financially from this great country, and it is the right thing to do to give more back in a time of need. I believe those of us who have achieved windfalls in the stockmarket should pay more as well. My tax rate back in 2000 was far greater than today, and I had no problem with it. My tax rate when I sold my first company in 1990 was even higher. I had no problem with it. Nor should any entrepreneur or investor who makes the big score. As I said in my last blog post, it's a great problem to have.

Do I realize that much of the incremental tax money I send to the Treasury is going to be wasted? Yes. Do I realize that after all the bureaucracy and overhead associated with running our government and the programs it creates that probably less than 50pct of tax money reaches the programs that the money is intended to support? Yes. There is no question we are throwing good money after bad. There is no question that something needs to be done and I believe transparency will help solve this problem.

HOWEVER, if money is going to be wasted by our government, it is better that Mark Cuban, Warren Buffet's and other mega rich people's money be wasted than YOUR money be wasted. Agree?

My point here is to say that the argument that higher taxes are a disincentive is very wrong. The argument we should be making against taxes is that the government does a very, very poor job of effectively distributing our tax dollars where they are needed. Lets stick to reality rather than trying to make dogmatic proclamations that are incorrect.

4. Tear Down Foreclosed Houses.

There is no question that the housing market has a huge impact on the economy. There is also no question that the housing market is one of supply and demand. There is also no question that the government owns hundreds of thousands of foreclosed homes and growing. Every day those homes cost money to maintain and service. It's expensive and they hold down housing prices. The solution? Tear them down.

Tearing down foreclosed homes by the hundreds of thousands will be the ultimate infrastructure project. Thousands of jobs bulldozing and clearing homes. Reduction in inventories. Reduction in overhead to service the vacant homes. The quicker you take the homes off the market, the sooner the market for new and used homes will recover and prices will go up. I had been planning on blogging about this several months ago, but Time.com beat me too it . <http://www.time.com/time/magazine/article/0,9171,2090368,00.html> .

Bottom line is that best way to build up the housing market is to tear down every foreclosed home owned by government agencies. It will not only energize the housing market, but the process of tearing down the homes will create jobs for less educated/skilled labor.

5. Spending Money on Infrastructure/Infrastructure Bank

Speaking of infrastructure. I was watching a talking head show where an "expert" commented that the Chinese proved out the value of spending on infrastructure. It got me thinking about whether or not spending on Infrastructure or funding an Infrastructure Bank is a good idea or not. **I'm not sure where I come out on this.** Below is what I was thinking. I'm curious what everyone else's thoughts are on what's below:

In the case of China, They spent . The economy grew. Correct, but very misleading, but also very informative. Infrastructure spending is VERY BENEFICIAL when the spending creates new commerce opportunities. So in China, when roads were built where there previously had not been a road, thats a good thing. It enables commerce. We have seen it in the US with Dams, Highways, Bridges and more.

With the possible exception of the enhancement and building of schools, the only infrastructure investment that makes sense is where COMMERCE THAT WAS NOT PREVIOUSLY ABLE IS NOW ENABLED BY NEW INFRASTRUCTURE.

The problem in the USA is that those opportunities are few and far between. We have been there and done that. **The BIGGER PROBLEM WITH INFRASTRUCTURE is that in the name of creating jobs we actually inhibit commerce and possibly cost jobs.** How? When we rebuild or expand roads as a way of creating jobs, what happens? We shut down or reduce the traffic on the roads to be rebuilt. The net effect is that during the construction period we CREATE PROBLEMS rather than solve them. We slow down commutes. Which costs people valuable time (and yes time is still money), wastes gas/oil/energy as we sit in traffic and forces traffic to streets not designed for the additional traffic. Not Good. The same could be said with building /bridge remodels or updates and other projects. We all want to see the potholes in our streets filled, but now is not the time to do it, and federal funding is not the way to pay for it.

The bottom line is that we have to understand the difference between Maintenance and Infrastructure. Infrastructure creates opportunity where there was none. Maintenance gets things back to where they were. You INVEST in infrastructure when you can see a return. You SPEND money on maintenance when you not only have the available funds to do so, but also the ability to withstand the downtime and negative productivity impact that comes with the impact of the maintenance work. Yes there are times when you need maintenance to return to a steady business state (ie your computer is broken or safety is an issue with a bridge), but again those have an obvious return.

We have to know the difference and the right time to spend . Otherwise a well intentioned availability of capital not only won't generate a positive return, but could have a negative local impact.

That is what I was thinking. What do you all think?

6. Bureaucracy and Paperwork is the Greatest Tax on Small Business

If there is one thing obvious from this administration , its that they don't understand entrepreneurs and small business. President Obama happily has the CEOs of major multi-national corporations who have never started a business in their lives advising him. I could be wrong be I don't believe he understands how businesses are started or how small businesses are run. A 1 year tax credit is not going to create jobs. No company is going to hire a new full time employee because of a 1 year tax credit. Has the President ever seen what it costs to fire someone and potentially pay them after they are gone? Either the demand for that employee is there or it is not. No one hires because of a single year tax credit.

Do the President and Speaker of the House **know that every little modification to the tax laws is a tax itself** because it requires hiring a professional to help navigate the taxation and human resources mine field ? How much fun would it be to make the President deal with payroll and HR issues for a 25 or 50 person company for a couple months ■

I wish President Obama and Speaker Boehner could have come to the set of Shark Tank to watch us film the upcoming season. Over the course of 12 long days we sat and listened to more than 70 entrepreneurs come in and pitch their businesses to us. Some were well on their way to success and were looking for some expertise. Some needed capital and expertise that they couldn't get elsewhere. Some had their backs up against the wall for any number of reasons and faced losing their dreams. Each entrepreneur had a reason to be on Shark Tank and was on the carpet being peppered with questions by myself and my fellow Sharks as we decided whether or not to invest. I can tell you that dealing with the costs of overwhelming bureaucracy was always a far greater problem than taxation. Why ? Because taxes come AFTER PROFITS. The price of dealing with bureaucracy, patents, professional fees and of course competition had a far nastier impact on their ability to succeed than tax rates. Out of those pitches, I invested in more than a few companies, and on not one did I ask them to guess what their after tax profits would be. Yet for some reason Congress and the President seem fixated on tax rates as the pivot point for creating jobs. It is not.

Someone in a position of power in Washington needs to start paying more than lip service to the needs of entrepreneurs and small businesses. They are where growth in jobs will come from and more importantly where "the next big thing" that will accelerate us out this economic malaise will come from as well.

Mr. President, Speaker of the House Boehner, if either of both of you would like a private screening of our pitches so you can see first hand what the real business world is all about, I'm sure I can work something out with ABC)

In conclusion... these are all just streams of thought. What does everyone think ? I'm open to learning more on all of these topics.

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