

## 12 Suggestions

**Disclaimers.** This chapter offers suggestions that I gleaned from several ideological camps and from my own experience. I do not cite the originators of the ideas. I do not identify the ideas by camp. I originally finished this chapter in early 2008. I revised it a bit in early 2012. The ideas would work if enacted but there is little chance they will be enacted except for national health insurance. Some national health insurance was enacted under President Obama but it is not the right kind, is not enough, and might not be Constitutional. Not much has changed in four years, so the ideas here are still worth considering. I give no advice on political reform such as how to make state officials seek the good of the nation or how to control powerful clients. These ideas apply only to the United States. I offer little explanation. For explanation, see my website. When offered briefly without explanation, some suggestions seem provocative. I do want you to think but I do not provoke for fun.

The suggestions are not trade-offs. I do not suggest capping business taxes so we can also get single-payer national health care. Each suggestion has its own merit and should be considered on its own. I think the suggestions work together and could form a program but you do not have to take them that way either.

It is easy to offer slogans. It is hard to offer specific ideas that take account of practicality, take account of morality, preserve freedom, and actually help with problems. Specific suggestions are the proof of the pudding. I offer them to fill in the platitudes. Other people should do the same if they do not like my suggestions.

**Reminder: Good System.** This book started by showing how capitalism leads to benefit. Then the second half of the book was about problems. Before curing problems, we need to remember the good. Capitalism and science have supported each other. Without capitalism, there would be no modern science and all the goods things that we get from modern science such as iPods, the Internet, and vaccines against cervical cancer. Capitalism gave more people more food and more health than ever in the history of the world. Capitalism allowed more people to live in family houses or apartments than ever in the history of the world. Capitalism gave the masses enough wealth to be confident enough to seek and hold political power and freedom. Capitalism gave us the base for modern mass democracy. Capitalism allowed for actual equality between the sexes by giving women the means to show their mental abilities, lessening physical differences in jobs (“a woman can do any job a man can do”), and giving women enough wealth to have power. Regardless of any glass ceiling, capitalism allowed women greater equality since before farming. Despite supporting socio-economic classes somewhat, capitalism diminished overall class differences in wealth and power to their lowest level since agriculture. The benefits of capitalism will increase in the future and will spread to more people. Not everybody will have equal wealth and power, and the poor will not go away, but things in general will get better.

**Basic Themes.** The ideas behind these suggestions are:

- (1) Make institutions so that people pursuing their own self-interest serve the greater good. Do not make institutions so that people pursuing their own self-interest hurt the greater good. Do not rely on high moral feelings to make the system work.
- (2) Appreciate the great benefits that come from capitalism. Accept the flaws and problems of capitalism as

well, especially unemployment and poor employment. Accept that no tweaking of the system can eliminate the flaws and problems or easily make up for them.

(3) Accept that we have to have some welfare programs to manage the problems.

(4) Even so, no programs can smoothly, gracefully, and fully make up for the problems or make everything fair as if there were no underlying flaws. There is a certain amount of unfairness in all real life. We cannot make it all go completely away with some automatic system. Welfare will not be fully fair. The point is to deal with the situation as best we can.

(5) Accept that people and business firms will become dependent on the state, and will use the state to their own benefit even if they harm of the greater good. People and business firms will cheat, and they will corrupt the state for their own benefit. Design institutions with this problem in mind. Be ready to give up institutions that cause more harm than good because of this problem even if the underlying need for the institution remains.

(6) Competition is comparative, people sometimes compete by undermining their fellows, people seek a safe niche even if that means distorting the market, and working people fear poor people. Socio-economic class is real. Class conflict is real. Problems such as racism, sexism, ageism, and discrimination by religion are worsened by class conflict. We might not like these facts but they are still true and we have to take them into account.

(7) Keep the state as small as possible.

(8) We cannot eliminate the state, so we have to think about what we really need. Whatever that is, we have to make it work well.

(9) Use the state to provide the minimum security that people need to launch out on their own and to minimize the structuring of the labor market. Use the state to help situations of trust so people can find the greatest benefit for themselves. Do not let the state undermine trust relations.

(10) Minimum security includes taking care of the holes in the economic system, in particular the unemployed and the poorly employed.

(11) Minimum security also includes taking care of externalities such as pollution and includes caring for nature.

(12) Not taking care of the unemployed, the poor, and externalities causes more problems in the long run than taking care of them.

(13) Taking care of the unemployed and the poor does not mean an easy life for them. Their level of support depends on the living standards for everybody else, what we can afford, and on how badly cheating confounds the situation.

(14) Even if we cannot make sure that everybody gets a job all the time, we need to make as many people as possible as hireable as possible. We need to blur the lines between full time workers, part time, permanent, and temporary, so employers see "capable worker" rather than see "high-start-up-cost White male with family" or "high risk young Black man".

(15) Employers make NO contributions to health care, retirement, or any other employee benefits, in any form. Health care, retirement, and other employee benefits are administered entirely through the central government.

(16) Making people more hireable makes them freer as well. When a person knows that he-she can change employers without ruining his-her life, and when they do not depend on a particular employer for a living, benefits, health care, and retirement for themselves and their families, they can be prouder and freer. They think better, make better citizens, and can handle the problems of socio-economic class better.

(17) With all this, we make capitalism work better, not worse. We increase individual freedom and responsibility given the realities of life.

**(9) More Secure, (14) More Hireable, (15) No Employer Contributions, and (16) Freer.** A large part of class conflict comes from the structured labor market, and a large part of that arises because employees and employers need security. As America increasingly joins the world economy, the feeling of insecurity gets worse, and so do the bad results. Many suggestions here aim to make people more hireable, and more secure, so they can compete more fairly. That will result in more jobs and better families. In particular, we need national health care and retirement without any contributions from employers, we need tax reform, and welfare reform. Feeling more secure and more equal, with less conflict, helps people be freer. The various points are addressed in particular sections below.

**Simplicity and Fairness.** Engineers say: "The last 10% of performance creates 90% of the cost". In a government, absolute fairness is the last 10% of performance that generates 90% of the cost. The increased cost of trying to achieve absolute fairness actually undermines fairness in the long run. Simplicity and apparent fairness do not always go together. Simplicity is more important than the last bit of apparent fairness because simplicity leads to more real fairness in the long run, even at the cost of some apparent fairness in the short run. Trying to be too fair undermines fairness and effectiveness. We can forego the last bit of fairness if it complicates a program and undermines the general benefit. People often appeal to fairness not because they actually want fairness but because they want something for themselves regardless of fairness. Children scream "but that's not fair" when fairness is the last thing on their minds. So do state officials and their clients. Trying to be perfectly fair to all clients is like trying to distribute cookies to a group of children. For example, complicated details make a good employer-based national health care system impossible. Sometimes we need to say "enough already, it works better this way". Clients need to practice putting the general welfare ahead of selfishness.

**Current Managing Institutions.** Most institutions that we have now for managing the economy have learned to moderate their roles to what works well, such as the Fed, Treasury, the SEC, and the FDA. Do not dismantle any current institutions as a way to save the economy. Institutional leaders still make mistakes but that is part of being human. Institutions continue to learn. We should not dismantle institutions to prevent occasional mistakes.

It is sad that the Fed and the Treasury Department are forced to make up for the bad policies of state officials and their clients but I do not see how to take the Fed and the Treasury Department out of this role without drastically changing politics. I am not qualified to advise them on how to better manage their predicament.

As much as they can, the Fed and the Treasury Department should increase the supply of money only at some small, consistent rate. Friedman's suggestion that the supply of money increase at about the rate of natural growth is good.

The state should continue to sponsor research, gather information, and serve as a central "bank" of information. I wish the private sector played a more active role in research and information but I have no specific suggestions here for how to increase the role of the private sector or what a better balance

between the state and the private sector would be like.

Most counter-cyclic measures against the business cycle do not work. They have become a political ploy. We need no changes in taxes and we rarely need any sudden spending. Standing buffers, such as Social Security, welfare, robust unemployment insurance, health insurance, job training programs, and Fed actions, are better, even if they have their own problems. We need a set of guidelines about when a boom or a bust is so bad that the state has to interfere, and how it is to interfere then.

**Radically Simplify Taxes.** People make two important mistakes with taxes. First, it is easier to give a tax break than to set up a well thought-out responsible program. If we want to help bakers, then it is easier to give a tax break to bakers than to set up a program. But tax breaks have far-reaching results, usually results far worse than programs. Tax breaks distort the tax system, make people jealous, and give the idea that we can get benefits easily from the state. Second, tax breaks cover up the fact that somebody else has to pay more for whoever does not pay. The expenses of the state have to be paid, and in the long run they have to be paid by taxes. When anybody pays less somebody else has to pay more. If bakers pay less, butchers have to pay more. If house buyers can write off part of their payments, everybody else who does not own a house, who is likely poorer than the buyer, subsidizes the buyer. When people with children get an exemption, then people without children subsidize their children. When people figure out this fact, they get angry. It is like finding that someone sitting next to you paid half as much as you did for the same ticket. As much as possible, taxes should be about the same rate for everybody and should impact people about the same. Exactly flat taxes on everybody regardless of income is really not the same tax on everybody and does not impact everybody equally, but it is a good place to start thinking.

The idea of simplicity applies most to taxes. People need to connect how much they pay-in to what they get-back. People cannot make this connection if taxes are collected in many ways through many provisions, and if there are many exemptions. People are easily confused and easily fooled when we have many taxes, provisions, and exemptions.

We need to collect taxes in one primary way only, through income. Stop all exemptions. Stop nearly all other kinds of taxes. Then we can take a good look at what we get for what we pay, who actually pays what, and who actually gets what.

Every private person should be able to fill out a tax return in 15 minutes. Taxes should be levied almost exclusively on income without any deductions for anything.

Every firm should count its income and assess its wealth every year. After doing that, every firm should be able to fill out a tax return in an hour. Taxes should be levied solely on firm income without any deductions for anything, except that wealth should be taxed too in some cases.

All regressive taxes, where poorer people pay a greater share of their income, such as a sales tax, should be stopped.

The poor should never pay a greater share of their income than other classes. The system of all taxes (income, sales, real estate, excise, licenses, fees, etc.) should be structured so we can see at-a-glance what share of income any group pays. If the total tax system leads the poor to pay a greater share of their income than other classes, then we must revise the system. If tax was assessed only on income (no sales tax, etc.), then we could easily see what share each class paid and we could achieve greatest practical fairness. We need clear regular statements from all the levels of government of the share paid by people of various income levels in taxes. We need a clear statement from the city, state, and federal

governments of how much of their income poor people pay in various taxes to that level of government. We need clear regular statements of the benefits received by people in various income levels in all ways including through police aid, fire protection, parks, recreation, safety, and subsidy for education. If ever the bottom 20% of people pay a greater share of their income than the upper 20%, at any level of government, then the tax code at that level must be revised. Despite Mitt Romney's lame quip, Warren Buffet's secretary should never pay a greater share of her income than Warren Buffet does.

Use taxes only as a way to gather revenue, with one exception described below, the graduated income tax.

Do not use taxes as a substitute for programs, such as the unrealistic proposal to give tax breaks to the poor so they can buy health insurance.

Do not use the tax system to make up for perceived unfairness, except for the graduated income tax to be described below.

Do not use taxes to redistribute wealth very much. Do not redistribute wealth so as help the poor a lot, stimulate the economy, protect industries, allow people to buy health insurance, allow people to fund retirement, or to make up for perceived unfairness. Those ends should be met directly by programs after taxes are gathered.

The exception to flat taxes is a moderately progressive, graduated income tax that can lessen the tax burden on the poor. Above the bottom level of zero tax, the lowest tax rate should be about 15% for all taxes from all levels of government. The highest total tax rate should never exceed 35% for all taxes from all levels of government. The marginal tax rate (don't worry if you don't know what that is) should never exceed 50%.

Eliminate all deductions for everything: medical expenses, school expenses, interest payments on a house, any payments on a house, donations to charity, children, dependents, etc. Eliminate all itemized deductions. No standard deduction. A standard deduction implies that other itemized deductions might be valid; they are not. No designated spending accounts such as for medical expenses or drugs ("flex" accounts). No Individual Retirement Accounts (IRA) or 401(k). No tax breaks for medical insurance.

Instead of itemized deductions or standard deductions, we can raise the level at which we begin to figure taxes. Instead of starting to figure taxes at \$10,000 with a standard deduction of \$2000, just start figuring taxes at \$12,000 and eliminate all deductions.

The tax system cannot be used as medical insurance. If people suffer a medical hardship, then national health insurance should help them to the extent that we can afford. If national health insurance does not cover them completely, then we could not do better through manipulating their taxes. The tax system cannot be used as business insurance, to stimulate business, or to stimulate business so as to make jobs. The tax system cannot be used to equalize chances between large and small business. The tax system cannot be used to stimulate small business. Eliminate all exemptions for all business expenses. Sales people have to pay for their own gasoline. Doctors and dentists have to pay for their equipment. Business people have to pay for all of their meals and for all the meals of all of their prospective clients. There is no reason why sales clerks should be paying indirectly for the equipment of doctors or why waiters (of any gender) should be paying indirectly for the meals of business people.

All perks of any job should be listed as part of personal income.

Absolutely never should food, medicine, or health care suffer a sales tax or any tax. If necessary, pass a Constitutional amendment prohibiting sales tax on food, health care, and medicine.

If a maximum tax rate of 35% is not enough to cover all government expenses, then a simplified tax system will make this fact clear, and it will lead us to deal with the problem directly rather than to cover up the problem with complicated multiple taxes.

**Cap Income Taxes for Business Firms at a Low Level.** In practice in the United States, large business firms do not pay taxes while small firms do. Small firms face a disadvantage. When large firms face a tax of greater than 10%, they prefer to hire lawyers and accountants to avoid paying the tax, and far too often they succeed. If the tax is held to 10% or below, then firms are more likely to actually pay it.

Help level the playing field by capping the income taxes for all firms, big and small, at about 10% and by eliminating employer contributions to benefits (see below).

Require all firms to file full statements yearly on their financial picture, including current holdings (wealth).

Have firms declare their wealth each year (or every five years, see below), and collect modest taxes on wealth on the assumption that the wealth generates income. This tax is the equivalent of a property tax on landowners. The wealth of firms should never be charged at more than the rate for property owners. The main purpose of this provision is to keep track of the wealth and wealth flow (income) of firms, not to generate substantial revenue. This change would eliminate many tax "dodges" and "write-offs". As long as an apartment complex has value, a firm has to pay tax on that value. As long as a truck has value, a firm has to pay tax on that value.

Do not use the tax system for anything except to collect taxes. Do not use the tax system to shape business, stimulate business, or otherwise tweak the economy. If business needs any kind of help, create a program separate from the tax system, and let business firms apply to the program.

All perks to all employees have to be listed in the statements of the firms, and have to be listed as income to the employees. This is standard now.

No special tax categories such as "farmers" or "small business".

Do not offer tax reductions as incentives to firms, such as to entice them to locate in particular places or to create jobs.

Do not offer tax reductions as a form of protection against foreign competition or for any other reason.

If we wish to protect any firms, require them to apply for separate funding as part of the protection. We need to make clear how much money goes as protection and how it goes.

Because small firms will face less disadvantage with a capped income tax, they will not need any particular help. Abolish the Small Business Administration and abolish nearly all programs aimed at small firms.

Firms grow wealthy and powerful through retained unearned ("unfair") profits, especially large firms in

structured markets. Retained profits can lead to increasing disparity in size between firms and to an increasingly imperfect market. If the disparities become too great, and we have good evidence that firms are using their wealth to distort the economy or politics, then we can take appropriate action. I do not here go into the details of appropriate action.

Instead of taxing firms on profits every year, if we tax every five years on total profits over the five year period, we can reduce disadvantages to small firms, better tax unearned profit by large firms in structured markets, and still keep the tax code simple. I do not explain here. See my website for a brief explanation.

**Allowed Protection.** We may take action against other countries when we show that they are damaging the environment enough to hurt us, either directly by pollution such as greenhouse gases and acid rain, or indirectly by removing diversity that is likely to be valuable in the future. We need to do ecological assessments of economic activity around the world, including within the United States. We will find much more damage than we should act upon, so this section is not a call to respond to every dreamed breach of nature.

We may take actions when we can show that other countries mistreat their labor in ways that are morally intolerable, such as by allowing child labor, allowing labor under clearly unsafe conditions, allowing people to be coerced into the sex trade, or using discrimination as the basis for unfair labor practices. Other countries certainly can apply the same standards to us.

**No Protection.** Other than the above, we should not allow any protection.

We should not take action against protection by other countries (such as Japan protects farmers), against low wages in other countries, moderately poor conditions for labor, dumping, and against modest use of nature to get income from exports, etc.

We should not retaliate against economic measures taken against us unless they are severe and egregious.

We should not protect domestic industries that have any problems.

Except under extreme cases such as the collapse of 2007, we should never “bail out” any industry such as we did with Chrysler and with the Savings and Loan industry in the 1980s. I know the bailout of General Motors under the Obama Administration was successful, but it is an exception. Also, it could have been avoided. The root need for the bailout came because of state intervention in the first place.

If the original state intervention had not occurred, there would have been no need for a bailout later.

Do not insure or otherwise “bail out” private pension funds (every person in the United States has to be enrolled in Social Security, see below). End current government insurance of private pension funds.

Of course, Social Security will remain fully insured and fully solvent. Retain insurance of private savings accounts (FDIC or “Federal Deposit Insurance Corporation”).

If we must use economic policy for political reasons, such as in sanctioning North Korea, Iran, or Syria, then we should not also protect our industries that are impacted, such as the sugar industry. They are likely to benefit unfairly from the sanctions anyway, and there is no reason to give them any further unfair advantage under the excuse of making the sanctions work better.

Lift all current protectionist measures.

Lift all current sanctions that are clearly not working or not useful, such as the sanctions against Cuba.

No special cheap licenses for trucks, farm vehicles, or industrial vehicles. This practice has only encouraged the misclassification of vehicles so as to avoid paying proper taxes, and has only encouraged the misuse of vehicles with large engines such as SUVs.

Do not use tax breaks or subsidies to encourage the use of politically correct technology, such as hybrid cars, ethanol-based fuel, fuel cells, etc. Continue to help research in these areas.

“Drill, baby, drill” does not work. Stop any oil depletion allowance. Stop any subsidies or tax breaks for domestic drilling. Allow the free market to decide when we use what fuel. Allow the free market to set the price of fuel and to set how much we use. If we are unhappy about being dependent on foreign oil, then put more research into alternatives. Promote “green technology” through research only.

The food industry in the United States (agriculture) is severely distorted. That in turn leads to a distortion of land prices and rural life. Stop all aid to farmers and farming now. A large portion of aid to farming does not go to family farms but to corporations. No price controls, no paying farmers not to plant crops, no special loans. Open the bidding for leasing of state lands for agriculture and grazing so that ranchers have to pay a realistic price. No tariffs on foreign food although other countries support their farmers. We can still do agricultural research and give out the results. I see little reason for extension services except as part of disseminating research that farmers could not get on their own through the Internet or carrying out projects that farmers could not do on their own.

Many farms are incorporated (most that I know of). Any farms that are not now incorporated likely have to incorporate. Farms can benefit from the cap on corporate taxes, just like other corporations. Farmers still have to pay themselves a decent realistic salary before they figure profits on their farms.

Tax agricultural land and forest land at fair market value. End “current use evaluation” taxation.

**No Employer Based Benefits.** Using employers to fund health care and retirement does not work, and it creates bias and distortion. Employer based plans are not workable in the United States any more. Employer based plans intensify the advantage of large imperfect firms over small near-perfect firms; they intensify the advantages of corporations over small business. They cause firms not to hire people because firms cannot make the threshold of benefits needed for new employees. They cause firms to prefer illegal aliens or illegal employees without benefits to legal employees. They lead to default over pensions. They lead to inadequate health care. If the Obama health care plan is declared not constitutional, that decision might be for best for good health care in the long run because it will force us to realize that we cannot use employers as the basis for a health care system. We need a “single payer” plan for health care and retirement in which every American must be a member and nobody cannot opt out for any reason.

Besides the single payer plan, we cannot also have employers giving to their employees for health care and retirement. Stop the contribution of employers to Social Security, Medicare, Medicaid, and to all private insurance and retirement. When we enact comprehensive national health insurance, make sure employers make no separate payment other than to collect the employee contribution directly from

employee paychecks. Make workers pay for all programs out of their wages alone. The state has to use employers to take deductions from paychecks, but employers should make no independent contributions.

Employees fool themselves through wishful thinking. Employees think they get something for nothing when they can force employers to make a contribution to benefits. Employees do not see that they have to pay nearly all these costs themselves, one way or another. All that employees really do when they force employers to contribute is to distort the system of benefits, increase the total cost of benefits, and force small business into a disadvantage compared to large business. Employees need to face full cost directly. Then, if working people feel the cost of benefits is high, they can agitate directly with providers and insurance companies to reduce the costs. Then, if working people feel that state coverage is not enough under a single payer state plan, they can join together to buy more coverage privately. Unions and employee associations can play a big role in getting adequate coverage and supplemental coverage.

**Better Work for More People.** If employers did not have to make a separate contribution for benefits, we had national health care funded entirely by employees, and we continue national retirement through Social Security but fund it entirely by employees, then there would be no difference in the eyes of an employer between a permanent employee, temporary employee, full-time employee, part-time employee, citizen, or illegal alien. There would be no reason to prefer illegal workers to citizens. The demand for illegal workers would evaporate. All employees would be judged more accurately as individuals. We would have more jobs. Work would be more evenly distributed and better distributed. Fear between classes, races, genders, ages, and religions would reduce. Unemployment and poor employment still would not go away, but things would get better.

If employees need guidance about supplemental plans, and need help with wages, unions would have to expand their role, and would get stronger.

**Leave Social Security Alone.** Despite modest problems sometimes, Social Security is sound. We might have to make adjustments in the future, such as requiring that people delay retirement age or work a few more quarters before they can get benefits.

Do not privatize Social Security. Make sure that it is mandatory for everybody, even the self-employed. Disallow any of the alternatives now in place. Bill Gates should be paying Social Security taxes.

Remember the rate of natural growth, of about 2.5% per year and the “risk reward continuum”: The greater the security of the payoff, the less the payoff; the higher the possible payoff, the greater the chance that it will fail. Any shift of funds into private programs in hope of getting a return greater than natural growth will lose money over the long run. It will not help to put the Social Security fund into the stock market or into anything with a potential gain higher than U.S. Treasury bonds. We should not insure private retirement plans other than Social Security. No “bail outs” or other compensation for failed private retirement programs. If a private retirement program other than Social Security fails, that is the problem of the members. Members of a failed plan can always fall back on Social Security just like everybody else. Not supporting private plans will force small investors and large investors to invest better, leading to more stable investment markets. Just as with all ventures, we should prosecute fraud in private plans.

Stop all tax exemptions, and any privileges, for Individual Retirement Accounts (IRA), 401(k), and other similar programs. These programs force the poor and working class to subsidize the middle class and

the upper middle class.

**National Health Insurance.** Institute mandatory national health insurance, to be funded out of deductions from paychecks. Nobody may opt out of paying for the plan no matter how much of their own insurance they have. Deductions are made entirely from employee wages. Deductions are graduated according to wages. I do not know how to figure deductions in case a person is entirely self-employed but I assume that case can follow the example already set by Social Security and Medicare. Employers make no separate contribution to national health insurance. Even if a person is not employed, he-she qualifies for national health insurance. Unemployed people do not have to pay. Housewives, househusbands, and children do not have to pay. People on welfare do not have to pay.

I do not favor any plan that makes people buy health insurance, as under the current Obama plan, even if people get assistance in buying health care. I favor a plan that automatically covers everybody, and is paid by taxes. In some versions, this is the "single payer" plan. This kind of plan does not need to eliminate health insurance companies such as Blue Cross Blue Shield; it could be administered through them.

National health insurance takes the place of medical benefits in current welfare programs. Welfare programs run by governments other than the federal government, such as states like Alabama or Ohio, can augment national health care if they wish.

National health insurance cannot provide "Platinum Class" medical care to all recipients. It has to apportion resources toward the young rather than toward the old, toward people who do not abuse their bodies such as by smoking or overeating, toward people who take good care of their bodies, and toward people with treatable illnesses rather than untreatable with illnesses such as many cancers. It has to consider the cost effectiveness of treatments against the background of average earning capacity in the United States (not against the earning potential of particular recipients). If a 40-year-old person has a disease for which treatment will cost much more than an average person is likely to be able to contribute for the rest of his-her life, then we might not be able to treat the disease but only the symptoms.

People who abuse their body or mind have to pay a premium: smokers, heavy drinkers, abusers of some drugs, people who never exercise, fat people, people who habitually eat bad foods, people who take great risks such as motorcycle jumping, etc.

If people wish a greater level of care, they may join private supplemental plans. Hopefully most people will be able to find a plan through a labor union, social group, or religious group. People may not require employers to make independent contributions to supplemental plans.

It is unlikely that national state-run health care will be any more bureaucratized or arbitrary than the gigantic ugly private health care system that we have now. Too often, that system is not fair and is abusive. We will not lose any more freedom through a national health care service than we have already lost now.

**Education.** Education is the greatest instrument of class marking.

Education is good, but education alone will not eliminate unemployment, poor employment, classes, or their results.

It is not possible to make sure all children get an equal education of highest quality.

It is possible to make sure all children get a competent education at all grade levels, and to make sure that all children are appropriately labeled as competent at their grade level. All children have to get a competent education in which there is no doubt that they can perform up to the standard of the degree that they hold. We might have to provide basic funding for education at a federal level so as to make sure that all children receive the basic needed investment.

It is better to make sure all poor children get a competent education than to try unsuccessfully to give them an education equal to upper middle class White children.

Make sure employers trust certification regardless of the gender, ethnicity, residence, or other background of the graduate.

To make sure of educational competence, we need rigorous standardized national tests. In particular, make sure children are competent in reading, writing, and arithmetic.

If all children are guaranteed competence to the level of their degree, then the educational system will discriminate less against poor children, and against non-White children, and the educational system will be less of an instrument to perpetuate class and poverty. The working class and the middle class will fear their local schools less.

We can allow vouchers but only if vouchers do not perpetuate racism and class, and if vouchers do not erode education in modern science. Any school that can receive vouchers has to be open to all students. Black children may use vouchers to go to White middle class schools. A school cannot show discrimination of any kind. A school has to teach basic topics to the level so that all students can pass the national standardized tests, including topics such as modern evolution. If a school teaches any religion, it must teach all religions up to standards acceptable to all religions, and it must teach secular humanism as well. If a school teaches aggressive secular humanism, it must teach basic religious ideas as well.

If we insist on funding basic instruction for all children, probably we will equalize funding between schools to some extent; but we cannot equalize fully. To better equalize funding might require national funding rather than rely primarily on local funding. The middle class and upper middle class would not tolerate fully equal funding between all schools. We have to equalize funding enough to make sure all children can perform to the level of their degree and can pass national standardized tests, as long as they have the native intelligence to do so. We cannot throw money at districts to make sure they perform. We cannot throw money to make up for teacher inability or student apathy. I do not have more specific suggestions for a formula.

When parents do not have to pay directly for their children's education, then the people who do not have children subsidize the people who do. So, the first two children in a family get a free public education. Then parents have to pay for half the cost of the third child. Then parents have to pay for the full cost of the fourth child and all subsequent children. I do not say what to do in case a person continues to have children but cannot pay for them.

**Affirmative Action.** I dislike Affirmative Action primarily because I have seen its abuses first hand. I think it hurts the people that most need help. Even so, we cannot end Affirmative Action until we make sure that all children perform to the level of their degree and can pass national standardized tests. Once we have achieved those goals, then we should end Affirmative Action.

Once we have ended Affirmative Action, private schools could still do as they wished, as long as they did not discriminate. Private schools should have some leeway to promote diversity, as with the University of Michigan Law School (a public school). It is not clear how much leeway public schools should have.

Much racial discrimination in America has been eroded not by state edict but by private action based on morality and practicality. Much racial tolerance in general has been promoted by the entertainment industry acting on its own, giving jobs to non-Whites and women, and presenting a good image of non-Whites and of women. The entertainment industry was not forced by the state. Women have become more prominent in academia and some professions as much out of voluntary action as because the state forced schools.

The greatest beneficiaries of Affirmative Action were not the people that needed it most: young Black men. The greatest beneficiaries were White women from the upper middle class. Non-White women also benefited from Affirmative Action more than men of their ethnic groups. Even though Affirmative Action has done good, I have seen enough cases where people used the threat of legal action to secure employment so I think the harm done by Affirmative Action is more than the good. Even while Affirmative Action did not benefit the neediest people, it did create backlash and bitterness among Whites and even some Hispanics, both among men and among women who did not personally gain through it. Affirmative Action created backlash among working class and middle class men and women.

**Information on Professional People and Banks.** I originally wrote this section before the proliferation on the Internet of websites that review professional people such as dentists, doctors, lawyers, contractors, plumbers, electricians, and mechanics. I think that is an excellent private solution to the problem of a need for information. As long as that works out well, the state does not have to intervene further except to insure there are no lies on the websites, and to provide additional information as below. Require even stricter and fuller labeling information than we have now. Not only should we list the presence of an ingredient in a product but also we should say how much of that ingredient is in the product (now the list is based on order of quantity or order of importance). If a soda has x grams of caffeine, say so; if a soda has x grams of white sugar, say so. Business firms object that this kind of disclosure violates trade secrets, but I do not care.

Children should be taught the basics of interest and finance beginning in about the fourth grade. Students should not be allowed to graduate from high school unless they can figure the cost of credit cards, loans on furniture, car loans, and mortgages on houses.

Any lender should say clearly (not in fine print) the principal, interest costs, and total amount to be paid, of any loan, including loans for furniture, cars, appliances, houses, and credit card debt. If a house sells for \$200,000 but costs \$600,000 at the current rate of interest and usual term of a mortgage, the financial institutions must make this clear to the lender. If a credit card company requires only a minimum payment on a certain debt, the credit card company must declare how long it will take to pay off this debt at this rate of payment, how much will be paid in interest over this period of time, and what will be paid in total over this period of time. If the principal can never be paid off at this rate of payment and this rate of interest, the credit card company must say so.

**Sell the Right to Pollute.** The best solution to many pollution problems is to sell the right to pollute. Assess the extent to which an ecological area can accept particular kinds of pollutants. Limit the total amount of pollution to some safer level below the maximum. Then allow firms to bid on small portions of the total allowable quantity. If the maximum is 1,000,000 tons, sell the right to pollute at 10,000 tons

at a time. Use the revenue to combat the effects of pollution, or for other similar purposes. (Do not allow the revenue to be misused such as with the revenue from tobacco settlements.)

With small sources of pollution such as automobile exhaust, we might not be able to sell the right to pollute as easily, so we have to adopt standards.

**Legalize Soft Drugs.** By far the worst drugs of abuse in the United States are alcohol and tobacco. The next worst drugs of abuse are prescription drugs. Current drug laws are a form of Prohibition that only funnels money to organized crime and to banks.

Soft drugs include white sugar, alcohol, tobacco, caffeine, chocolate, marijuana, hashish, peyote (mescaline), some mushrooms, LSD, modest amounts of white powdered cocaine (not "crack"), opium (not morphine, heroin, or "pills"), and modest amounts of valium, barbiturates, and other "downers". MDMA ("X" or "XTC") does not produce very large behavioral changes but it does lead to clear changes in neural chemistry, so I am not sure how to classify it. I do not know enough yet about the chemistry and history of anti-depressants to decide about them. Readers may categorize drugs according to their knowledge, and according to their ideas of the potential to cause harm.

It is immoral for the state to prevent voluntary pleasure that harms nobody except possibly the user or his-her immediate family.

Allow people to "grow their own" when they can, such as with marijuana and coca leaves. Legalizing and taxing drugs would reduce their glamour, undermine criminal activity, undermine organized crime, reduce police costs, allow the police to direct their activities toward serious criminals, reduce corruption of overseas governments, reduce overseas repression, reduce terrorism, reduce class conflict, provide legal occupations for many farmers, and provide large tax revenues for the state.

**Legalize "Victimless" Crimes.** Prostitution, pornography, and gambling are not victimless, and they are open to abuse. But simple prohibition is more evil than the crimes, prohibition does not prevent the crimes, and prohibition encourages abuse, organized crime, drug lords, overseas dictators, terrorism, and slavery. Most states de facto legalize prostitution, but segregate it, and only actively prosecute prostitution for political reasons. We need a better compromise that allows prostitutes not to be controlled by pimps, does not leave them at the mercy of uneven prosecution, does not encourage prostitutes to stay in "the business", and allows prostitutes to quit if they wish. Most states have legalized gambling through the lotto, even if they do not see it as legalized gambling. The experiment has been successful.

**Appropriate Punishment for Crimes.** Some crimes deserve harsh penalties such as sex crimes toward minors, child pornography, inducing anybody toward prostitution ("turning out"), violent crimes, and crimes with weapons. Some crimes are likely to be repeated because of the mentality of the criminals, such as sex crimes and crimes of violence. We have to think seriously about "putting these people away" for the safety of society and to minimize the cost to society of repeatedly processing them.

Some other crimes do not fall into the categories above, and are open to abuse as tools in class conflict. Poor people are more likely to be charged with these crimes, and are likely to do more time when convicted. Some crimes do not deserve severe punishment, and hardly deserve jail time, such as writing bad checks, drunkenness, and the voluntary crimes discussed above. Some criminals are not inherently dangerous, and are not too likely to seduce other people into crime. Putting these kinds of criminals in jail with other criminals only makes the situation worse all around. It prevents them from earning any wages, it makes us pay for them, and it teaches them worse crime. We have alternatives,

such as using debit cards, to force these people to manage their finances and their lives.

**Welfare.** People respond strongly to my suggestions about welfare. Before you send emails, come up with better suggestions and better reasons. Here I call all public aid “welfare”. I know welfare cannot change without also changing other aspects of state action such as education but I do not consider interactions here. I know mothers on welfare have no more children on average than do mothers not on welfare. My suggestions will not cause people that are on welfare to have less reproductive success than average.

*Introductory Reasons.* Since 2007 when I first wrote these suggestions, some things have changed. My wife and I have lived since before then mostly among working people with a high rate of single parents, young parents, large families, children by multiple spouses, and receiving state aid. I believe in letting people live as they choose but this way of life is not a choice and it definitely hurts family life. It is a bad cycle. Welfare enables this bad cycle. In 2012, about 70% of Black children in America were born out of wedlock; the national rate was about 25%. For poor White and poor Hispanics, I suspect the rate is similar to Blacks. Among the people around us, I don’t know how many children were born to single parents, young mothers, or who had siblings by multiple fathers, but it seems like a lot.

I grew up with modest (sometimes poor) but proud working people in Portland, Oregon. Without romanticizing them, I am still sure they were not like working people we live with now. I have seen the working class degraded by state programs pushed through by Democrats, by their own silliness, and by the Republican inversion of America. I see how my views have been shaped by all this.

We have to focus welfare on people who have shown responsibility, know they need to limit their children, have had some bad luck, and could raise their children on their own if they had not had some bad luck. That does not describe the people I have lived with recently.

In the future, in a global economy, we cannot support many people on welfare. We simply cannot support people who are irresponsible, will not look for work, have no skills and will not learn, hurt themselves, have more than a few children, could not raise their children very well even if things went their way, have children too young, or have children by multiple deadbeat spouses. We cannot afford it financially, morally, and because of the resulting problems. I do not know what to do with people like this, or their children. I do know I do not want to enable them and we can no longer afford to enable them.

Any woman or man in America now (or anywhere in the world), should not expect to have more than two surviving children, unless she-he can definitely afford it on his-her own without any state help. Any woman can have two surviving children if she begins at age 25. Among people who have children, we have to limit welfare to people with the right intentions who have had a run of bad luck. If you have a mental or physical defect so you might not be able to support all your children all the time, you are not smart enough to support all your children all the time, or you have a hard time holding a job, then you should not have children.

*List of Reasons.* Additional reasons for my suggestions are:

-As long as we have intrinsic unemployment and poor employment, we cannot eliminate welfare. We have to make the best of it.

-The suggestions arise out of a mix of practicality, morality, the need to avoid any backlash from people not on welfare (mostly Whites and Asians), and limits on what we can afford.

-People want to trust other people but people also despise cheaters. We need to encourage conditions that lead to trust while guarding against cheating that spoils trust.

-The suggestions funnel aid to the people that need it the most and can use it the most, while trying to move aid away from irresponsible people and from people that strain resources and strain trust.

-The main purpose is to give children a reasonable chance so that they can gain skills, feel good about themselves, avoid the bad cycle described above, avoid going on welfare later in life, and be good contributing members of society.

-The main purpose is not to rescue people from themselves.

-We cannot help everybody. We should help well the people we can help. We have to turn loose the people we cannot help.

-Welfare does promote some problems. Welfare supports a cycle in which the children of welfare parents are likely to go on welfare.

-The better we make welfare, the more people will prefer welfare to work. Where the economy has some inevitable unemployment and poor jobs without benefits, to make welfare bad enough so that people do not seek it is morally repugnant. In the same environment, if we make welfare good enough to be decent, then a lot of people will go on welfare rather than work. There is no good solution to this dilemma.

-People with modest jobs fear the poor. To insulate themselves from the poor, they make the situation of the poor worse. Because the situation of the poor is worse, people with jobs fear the poor even more. And so on.

-Sometimes we face a choice between helping children and thereby supporting rotten parents too, or cutting loose rotten parents and thereby hurting children. We cannot always do the perfect thing. We naturally want to help the children even if we have to put up with some bad parents, and that action is correct. Even so, if the parents are too bad, and the children are not doing well, then we might have to cut loose both parents and children, and lose the children too.

-Welfare inevitably is a state intrusion into family life, and the pattern of intrusion from welfare sets the example for state intrusion into all family life. My ideas are the least intrusion I can think of. These suggestions provide solid support to honest responsible parents. They discourage irresponsible reproductive behavior such as teen pregnancy and large families at the expense of the state.

-The question of how much support to give, and who to, raises other questions of what a living wage is and whether the state owes anybody the right to reproduce. I do not think the state does owe anybody support to raise a family. I do not comment on these questions further. The exact benefits for welfare recipients depend more on local areas than on a national plan, and I do not have enough wisdom to offer local areas suggestions. I think most of them do a good job with a hard problem.

*Condition, Cutoffs, and Reasons.* All able people who think they might ever need welfare, have to meet the following conditions to ever get welfare and keep welfare:

(1) A person must have a skill set that would allow him-her to raise a small family on his-her own. The skill set

might consist of having passed a national standardized test for eighth grade, having passed courses for a marketable skill such as carpentry, and then re-passing all the tests when applying for welfare. The skills might consist of successful experience in retail sales for at least 5 years. The skills do not show that a person definitely can get a job now but that a person has a responsible attitude, understands the need for skills to support a family, and is willing to train to get an adequate job. If a person has no skills now, the person must show ability and willingness to learn, quickly and fully. If you have never developed a skill set, cannot learn, or will not learn, you may never receive welfare, and you should not have children.

(2) A person has to be at least 23 years old when he-she had his-her first child.

(3) A person may never have more than two surviving children.

(4) A person may not have any children while on welfare even if he-she had only one child when he-she began welfare.

As long as a person can always entirely support all of his-her reproduction privately, then that person can start to reproduce as young as is legal, have as many children as he-she wishes, with as many different partners as he-she wishes, in or out of wedlock. I am not telling people how to live. I am limiting welfare to what we can afford, will do the most good, and the least harm.

Any person who has a child before the age of 23 should never get welfare. Any person who has more than two surviving children should not get welfare. Any person who has never learned the skills that would allow them to support a family should not get welfare. If you think you might ever need welfare, then do not have a child until you are at least 23 years old, never have more than two children, and learn skills that allow you to support your family. No man or woman may have any more children while on welfare even if they have only one child when they get on welfare.

If any parent hits bad luck who is otherwise good-hearted, skilled, had a child young, or has more than two children, then I hope private charity can step up to see her-him through; but we still cannot give him-her welfare. If irresponsible young people insist on having children, then we cannot help them. Young people are not too stupid for birth control. If a person never learned the skills needed to raise a family, then we cannot give him-her or the children welfare. If a person has no skills, will not learn, has children young, has many children, and has children by multiple spouses, and likely will have more children while receiving welfare, then that person is an exploiting parasite and should not be enabled. If a woman has children but does not qualify, and then has to do something bad such as sell her body, then I am sorry for her; but I would rather let her miserable life stand as a lesson to other people than support her and thus enable stupid living in other young women. Women who get pregnant before the age of 23 have to consider abortion. If your religion does not allow abortion, birth control, or family limits, or encourages you to have children early, then you had better be prepared also to never receive welfare and to support all you children yourself privately. The bad cycle has to stop. If you want to stop the bad cycle, think how you can do that if you use less than 23 as the cutoff age, allow people with many children to get welfare, allow people to have welfare who did not prepare for parenthood, or allow people to have children while on welfare.

*List of Suggestions.* Now the suggestions again, in list form, without many specific cutoffs:

-Nobody who is physically and mentally fit may receive welfare for themselves until they are at least 23 years old. Nobody who is over 18 years old may receive welfare as a dependent child. Between the ages of 18 and 23, able people are on their own.

-Welfare should be aimed first at the handicapped. People with a congenital handicap or a handicap that prevents them from learning skills should consider not having children.  
-People may receive welfare only if they have developed skills that would make them hireable, and/or are willing to learn skills that would make them hireable (even if the skills do not lead to a job right away).

-Welfare should make as many people on welfare as hireable as possible. People who are able have to take courses while on welfare. See below.

-After the obviously handicapped, then welfare should be aimed at people who have a hard time holding a job, such as people who have trouble working in an office or factory. These people are handicapped in modern capitalist society even if they might not have been handicapped in other times or societies. We should not give welfare to these people if they already have children. If you cannot hold a job, then do not have children.

-Then welfare should be aimed at people who have learned skills, are old enough, and have small families, but who have had a stroke of bad luck such as the death of a spouse.

-Then welfare should be aimed at people who have learned skills, are old enough, and have small families, but who had a run of bad luck and have not been able to get a job for a while.

-Welfare should not be the instrument by which people build families. The state should never be the expected surrogate father or mother. A woman should never have a child with a man who is not likely to be able (or willing) to support the child, and vice versa.

-Institute national health insurance. Many people stay on welfare to make sure of medical care, especially for their children. If people could get medical care without welfare, they would more likely leave welfare. This is another reason for a national health insurance system.

-People who do not qualify for welfare have to be handled by private agencies, however tragic the case and however otherwise-deserving the people.

-People may not have a child while on welfare even if they have only one child when they begin welfare. The state cannot act as a surrogate parent. If a person has a child while on welfare, all benefits to the person, and to all of his-her children, stop.

-Allow welfare recipients some leniency in their living conditions. Allow a young person that gets welfare to live with parents, grandparents, other real kin, fictive kin, other people on welfare, or caretakers. Allow a variety of people to live together to minimize expenses even when some receive welfare and some do not.

-If a household member on welfare abuses welfare, such as by having a child while on welfare, then all benefits to that person, his-her children, and everyone in the household, stop, as long as the person remains in the household. The abuser must leave the household. A person may not go on welfare if they live in a house with a person who has ever abused welfare. People on welfare should not use their welfare to support welfare abusers. I understand these provisions might split families.

-Ideally, a person on welfare may not live in a household with a person who is disqualified for welfare, such as by having children too early or by having too many children. However, this provision might be too hard to enforce practically. Some aspects might be enforceable and

desirable, such as a person receiving welfare may not live in a household with another person who has a child and is too young. I understand these provisions might split families.

-Allow recipients to have modern needs such as computers, modest cell phones, and cable connections.

-Job training programs cannot end unemployment, poor employment, or poverty. Even so, job training does help, and it has other uses, such as providing general education for people that need it, providing employment for people (the teachers) that might otherwise be on welfare, and training people in skills that are important for good citizens. All welfare recipients periodically have to complete courses that might help them get a job. They might have to take a different three-month course every year. The courses can be in obvious vocational topics such as computers but can also be in related topics such as commercial design.

-Pay for welfare recipients to take high school courses and college courses that might lead to employment even indirectly.

-Provide child care for welfare recipients while they are taking course.