

November 8, 2014

The Solution:
How to Make the U.S. Quickly Reach Its High Economic and Social Potential.
How to Ensure Sustained Low Unemployment and Prosperity and
Avoid Recessions.
How to Ensure a Successful Foreign Policy.
How to End Poverty.
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The United States has an extremely high economic and social potential, but it is performing way below potential due to severely misguided economic and social policies. There is no valid excuse for the U.S. to have had a slow economic recovery from the latest deep recession (which was totally avoidable and never would have occurred with the right policies) and to have had so many unemployed. Many of the unemployed have not been able to find a job for years, and the number of discouraged workers (those who are unemployed but no longer actively looking for a job) reached a record high. The worker participation rate has been the lowest in decades.

High unemployment is not an inevitable phenomenon. The right economic policies can keep unemployment **always** under 5% and prevent economic slowdowns from plunging into recessions (v. on page 3, QE-financed tax rebates whenever unemployment rises above 5%). Apart from the individual suffering which derives from being unemployed for long periods, with widespread unemployment the whole country suffers from lower wealth creation, increased poverty, and increased crime. There is also no valid excuse for the U.S. having widespread poverty and violence. With the right social and economic policies, the U.S. can quickly reduce its poverty and violence.

Apart from our disastrous economic policies resulting in repeated long recessions, high unemployment, and persistent poverty over the past 40 years, our foreign policy has also been an abject failure for decades. Why such poor government? It has been due to the fact that our presidents, senators, representatives, State Department and CIA officials have not been highly qualified by any objective standard. We logically require doctors, lawyers, engineers, architects, accountants, and airline pilots to prove a minimum objective level of competence **before** being allowed to practice their profession. But, strangely, we require no demonstration of a minimum (let alone a high!) level of knowledge and competence in economic, foreign, and social policy by our political leaders. Which presidents have been experts in economic, foreign, and social policy in their own right? Not one.

Our poor economic, foreign, and social policy results are the natural consequence of having unqualified people in high office, whose main expertise is largely limited to climbing the political ladder, raising campaign money, pretending to be knowledgeable and have solutions for the country, and promising what they cannot deliver. It is a fallacy to believe that all our presidents need is to have highly knowledgeable and competent

advisors. If our presidents are not highly knowledgeable and competent themselves, how can they know which advisors to pick, and how can they properly digest and synthesize expert advice from within and without their administrations?

Clearly, we need our best and brightest leading the nation, and that requires major political reform and the highest standards for all political candidates for high office. Political gridlock is also the result of our having largely unqualified people in Congress who are mainly partisan with no effective solutions. We should require all our political candidates for high office to run on **very specific platforms** detailing solutions for the nation's problems, **not vague platforms** consisting exclusively of wish lists. Any candidate without a detailed platform should be viewed as a superficial person whose main reason for running is personal ambition, not solving the nation's problems. The following is what I would like to see as the platform of our next president. (I would like you the reader to give me your comments via email at edwardsonnino2016@yahoo.com and you can follow me @EdwardSonnino on Twitter.)

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I. The Economic Policy Solution

What many readers will find surprising is that the economic policy solution to avoid deep, long recessions and guarantee **sustained** economic growth and low unemployment is extremely simple to implement, straightforward, and effective. The right policy will keep the economy growing strongly and the unemployment rate from ever rising significantly above 5% (which practically corresponds to full employment). What the country needs whenever the economy slows and edges toward recession is a **QE-financed tax rebate**, the amount to be determined by how much stimulus is needed to get the economy growing strongly again. QE-financed tax rebates **immediately** stimulate the economy by increasing **personal income** which in turn leads to **increased consumption**. Increased consumption in turn leads to **increased hiring** and a drop in the unemployment rate. The 2009 \$800 billion Obama stimulus program corresponded to \$6,000 per taxpayer, but it was largely ineffective precisely because it was not in the form of a tax rebate which puts money directly in the pocket of each and every taxpayer/consumer. Had the Obama stimulus been in the form of a \$6,000 tax rebate per taxpayer, the economy would have recovered immediately, the housing crisis would have ended overnight, and unemployment would never have risen to high levels.

What is “QE”? QE stands for “quantitative easing”, that is the Federal Reserve **creating** money with which to buy U.S. Treasury bonds. The Fed has implemented an enormous QE over the past few years starting in 2010, purchasing over \$3 trillion worth of Treasury bonds in order to single-handedly finance the government’s enormous budget deficits and keep interest rates extremely low. Without that QE, our interest rates would have skyrocketed and we would have plunged into a veritable depression. So, the Fed’s QE has helped the economy avoid a depression and recover from a deep recession. **But** the recovery has been very weak, agonizingly so for the many unemployed, as personal income has stagnated. Personal income stagnation (due to sluggish employment gains and greatly reduced interest income, the byproduct of low interest rates) combined with high levels of consumer indebtedness (which constrains new borrowing for consumption) has led to sluggish consumption growth. Clearly, the shortcoming of the Fed’s QE over the past few years has been that it focused exclusively on funding the government’s budget deficits (much of it to save the banks), **not also** on funding a tax rebate which would serve to increase personal income and consumption.

It is precisely sluggish consumption growth which has been preventing a strong economic recovery from taking place and the unemployment rate from dropping rapidly since the recession ended in 2009 four years ago. **That is why tax rebates are the solution for quickly ending (and preventing!) recessions, particularly when they are financed by the Federal Reserve through QE and therefore cost the government absolutely nothing.** Not only do QE-financed tax rebates cost the government nothing, as will be explained later on page 6, but they lead to increased consumption **without** increased borrowing, an important consideration given the high levels of consumer indebtedness. **And** with tax rebates stimulating the economy, there is no longer the need

for the Federal Reserve to pursue its extremely low interest rate policy which has very negative side-effects, namely compressing interest income (a very important component of personal income) and creating bubbles (i.e., excessive investment in certain fields, such as real estate) which inevitably burst and cause great economic stress.

There can be no doubt that had the 2009 \$800 billion Obama stimulus consisted exclusively of a \$6,000 QE-financed tax rebate, it would have immediately jump-started the economy by greatly increasing consumption. **It would even have stopped the housing crisis and related banking crisis in their tracks**, as families having difficulty keeping current on their mortgage payments suddenly would have received two \$6,000 rebate checks from the IRS (when both spouses were taxpayers) for a total of \$12,000 with which to pay their monthly mortgage installments. And since QE-financing costs the government absolutely nothing (v. page 6), a second round of tax rebates could have been implemented down the road if necessary. No one would have had reason to complain, since all taxpayers would have received the same amount of tax rebate.

Importantly, tax rebates are **fair** because they do not discriminate, favoring one category of citizens over another the way the 2009 Obama stimulus did, where only first-time home buyers, new car buyers (v. the “cash for clunkers” program), the few involved in infrastructure projects, and state/municipal employees benefited. Most Americans did not receive one penny from the Obama stimulus. Speaking of fairness, the Fed’s ultra-low interest rate policy has been extremely unfair to savers, penalizing them in favor of borrowers by denying them a reasonable interest rate. With a policy of tax rebates to stimulate the economy, the Fed would be able to pursue a normal, optimal interest rate policy instead of its problematic ultra-low interest rate policy.

To sum it up, there should be no doubt that well-calibrated QE-financed tax rebates ought to become **standard policy** for stimulating the economy. They are immediately effective, they cost the government nothing, they actually serve to reduce personal and national indebtedness, and since they are fair (what with every taxpayer receiving the same rebate check) they can be implemented as often as necessary in order to keep the economy **always** out of recession and the unemployment rate from rising much above 5%. Just as importantly, they allow the Federal Reserve to pursue a normal, optimal monetary policy, avoiding the use of an ultra-low interest rate policy which has negative side-effects, such as inducing destabilizing bubbles and squashing interest income.

The day QE-financed tax rebates become standard policy, it will mark a veritable revolution in the history of economics, the biggest breakthrough ever in the quest to avoid recessions, depressions, high indebtedness, and high unemployment. From that day onward there will **no longer** be periods of high unemployment and protracted recessions, only economic slowdowns or brief shallow recessions at worst with the unemployment rate never rising much above 5%. **That’s how to really help the middle class and the poor, and to reduce income inequality!** People will look back and wonder with amazement that it took so long for the country to understand the need for

QE-financed tax rebates as standard policy for stimulating the economy. They will wonder how the economics profession could possibly believe it was logical to want to stimulate an over-indebted economy by encouraging even more borrowing, in part the rationale of the Fed's ultra-low interest rate policy. **The repeated recessions we have needlessly endured due to flawed economic policy have cost the nation trillions of dollars of lost production, higher taxation, and increased private and public indebtedness. Our standard of living would be much, much higher and poverty would practically no longer exist had QE-financed tax rebates been the standard tool for economic stimulus.**

On the matter of **income inequality** which has widened significantly and become a political issue, it is important to understand that it is not due to the lower and middle classes having part of their income shifted to the wealthy. It is due **firstly** to the long recession and high unemployment, which combined have reduced personal income gains for the lower and middle classes, which means the solution is an economic policy guaranteeing sustained economic growth and low unemployment, i.e., having QE-financed tax rebates as the standard stimulus tool. **Secondly**, it is due to the fact that the stock market has risen sharply benefiting those individuals having large stock market investments, and that executive compensation has risen sharply, as the economy and corporate profits have recovered. Clearly, there should be no complaints that the stock market has risen sharply, as it has benefited not just wealthy investors but also middle class investors **and**, importantly, pension funds. We should not succumb to the politics of envy, to socialistic ideas. The free market economy, whose efficiency depends on profits guiding investment, benefits all classes better than any other system regardless of income inequality, but it must be supported by enlightened economic policies which prevent deep recessions and long periods of high unemployment which hurt the lower and middle classes the most. Having QE-financed tax rebates as the standard tool for economic stimulus would lead to sustained economic growth and low unemployment, ensuring that the economic pie grows for the benefit of all Americans. **(Imposing higher income taxes on the wealthy as a means of reducing income inequality is counterproductive, as most of their income is for investment, which the economy absolutely needs in order to grow, and whatever they spend on personal consumption also leads to economic growth and higher employment. If one wants to help the poor and the middle class, the best way, beyond dramatically increasing every American's education level, is not to focus on income inequality but on raising their personal income through a strong economy and low unemployment, and through QE-financed tax rebates and targeted tax credits and subsidies for those with low incomes. Helping eliminate poverty and raise low incomes is the job of the government, and it should not be at the expense of or put on the shoulders of wealthy individuals or corporations whose income derives from benefiting the economy through their productive economic activity. Any society penalizing the wealthy will inevitably be poor, since the wealthy are the ones who guide productive investments. Fortunately, as just explained, there is no need to penalize the wealthy or corporate profits in order to help low and middle-income citizens.)**

Many will object that since QE financing consists of the Federal Reserve creating/printing money, it is necessarily and inevitably inflationary. But we have seen over the past three years that \$3 trillion of QE by the Fed (the equivalent of 7% of our GDP and more than the government's budget deficits over that period!) has **not** caused an increase in inflation, to the surprise of many prestigious economists. Not only has inflation not increased, it has remained at historic lows since QE was implemented in 2010 and we are now at the end of 2014, a statistically significant stretch.

Why has the enormous QE of the past few years not caused inflation? **Because** that QE never caused excess aggregate demand, the situation where there is too much money chasing too few goods causing "demand-pull inflation". Inflation does not magically materialize from any given amount of newly created/printed money. It **only** develops when a given amount of newly created money results in excess aggregate demand, a situation where you have full-capacity utilization and very low unemployment. So, well-calibrated QE's (i.e., those which do not cause excess aggregate demand) will never be inflationary, or only marginally so. The Fed should easily be able to estimate how much of QE-financed tax rebates is needed today to get the economy rolling again without creating excess aggregate demand. Probably, \$800 billion of QE tax rebates is the right amount, the equivalent of \$6,000 per taxpayer. If the government and the Fed are afraid of such a large rebate, they can start with a smaller rebate, and have a second round six months later if it appears necessary.

Many people have been wondering why business has not been hiring, not been borrowing from banks flush with cash to lend in order to invest in new plant and equipment. The reason is clear, and it should be obvious to everyone. There is not enough demand for goods and services! There is excess production capacity and there is no need for new hires. Businesses do not invest and increase hiring unless they need to increase their production capacity. Today we have insufficient demand. That is why we need increased consumption, and the best way to achieve that is through QE-financed tax rebates: they increase personal income, and that leads to increased consumption. Of course, some taxpayers will choose to save and invest their tax rebate, others will use part or all of their tax rebate to pay back debt, but overall much of the total tax rebate will end up increasing consumption.

One way to graphically understand inflation resulting from excess aggregate demand is to imagine the economy as a bath tub. When the tub is only half full of water, you can turn on the water faucet for a while before the bathtub is full and water starts overflowing. By keeping a close watch on the bathtub filling up to the brim, you can turn off the water tap in time to prevent any overflowing. A full but not overflowing bathtub represents an economy running at its full potential without overheating, i.e., without excess aggregate demand developing and causing inflation.

Alternatively, you can imagine a balloon half full of air. You can fill the balloon with air until it is full, nice and round, while being careful not to fill it with too much air, causing the balloon to burst. The half full balloon represents a sluggish economy with

unused capacity and high unemployment, whereas the balloon full of air represents a healthy economy with practically full capacity utilization and low unemployment but with no inflation caused by excess aggregate demand. The Fed's QE is the equivalent of adding water to the bath tub or air to the balloon.

Today, our economy is like a half-full bath tub or a half-inflated balloon, so there is no risk that adding water or air will cause overflowing or bursting. In other words there is no risk that the Fed's creating some money today will cause inflation due to excess aggregate demand. What the Fed and the government have to do is calculate how much new money needs to be created and distributed as a rebate to taxpayers in order to have a strong economy with low unemployment but without creating excess aggregate demand which would cause inflation. That calculation is not difficult! If the Fed and the government want to err on the conservative side in order to minimize the risk of creating excess aggregate demand, they need only agree on a tax rebate that falls a bit short of the calculated amount. So, all we need is the president, Congress, and the Federal Reserve to agree on the need for a QE-financed tax rebate and its amount and then implement it. It's as simple as that. What can possibly be wrong with having a policy of QE-financed tax rebates to stimulate the economy whenever there is a slowdown and unemployment rising above 5%? What logical argument can there be against an economic policy guaranteeing **sustained** low unemployment and avoidance of recessions without causing inflation?

Whenever the economy becomes so strong that it risks overheating and developing inflation from excess aggregate demand, instead of having the Fed raise interest rates far above the going inflation rate (its normal procedure which has negative side-effects), the Fed, Congress, and the president need only agree on a **temporary** tax increase which would slow down consumer demand. Using fiscal policy with tax rebates and temporary tax increases is far more efficient in managing the economy than by using monetary policy with the Federal Reserve increasing and decreasing interest rates. In fact, monetary policy should normally be put on automatic pilot, with the federal funds rate (off which all other interest rates are based) set monthly by the Fed at the prevailing inflation rate, i.e., the six-month trailing consumer price index (CPI) rate. Today, that would mean a 2% fed funds rate, not a 0% fed funds rate. All other interest rates (such as on CD's, Treasury bonds, and corporate bonds) would then be at normal levels relative to the inflation rate, and savers would not be unfairly punished as they are today with the Fed's ultra-low interest rate policy.

It's important to understand that when the economy is strong and functioning near full capacity, by using a temporary tax hike instead of using high interest rates to slow consumer demand, investment in new capacity would not be hindered by higher interest costs. When the economy is near full capacity, you want to encourage investment in new capacity, **not** discourage it through higher interest rates which raise the cost of the new investments and require a higher rate of return on investment, which in turn raises prices. In short, we need much more reliance on fiscal policy than on monetary policy, as has unfortunately been the case for decades. Importantly, it will not be politically problematic to implement a temporary tax hike when the economy is strong and unemployment

practically non-existent, especially when citizens understand the policy is optimal for sustained economic prosperity.

How exactly is a QE-financed tax rebate implemented and why does it cost the government absolutely nothing, even leading to reduced national indebtedness? When the U.S. Treasury Department decides to finance a tax rebate through the IRS (which is an agency of the Treasury Department), its first step is to raise the amount of the tax rebate by issuing and selling new Treasury bonds. It is with the proceeds of those bond sales that the Treasury finances the tax rebates, with the checks mailed out to taxpayers by the IRS.

Normally, new Treasury bonds are sold on the public bond markets, to domestic and often to foreign investors. Bonds purchased and held by investors constitute real debt, costing the government annual interest and at maturity the repayment of principal, (the borrowed capital). **But when** the bonds are purchased **by the Federal Reserve** (which is an arm of the U.S. government) they do not constitute real, but only virtual, debt since the interest paid annually by the Treasury on those bonds is paid to the Fed which returns that interest at the end of each year to the Treasury, and at maturity the Fed returns the principal payment back to the Treasury, those bonds being thereby extinguished at no cost to the government. As soon as the Fed purchases those bonds from the Treasury, it credits the Treasury's bank account at the Fed. It is from that bank account at the Fed that the IRS draws on in order to pay out the rebate checks when taxpayers deposit them in their personal bank accounts.

(An important digression: It is instructive to examine why military spending is often inflationary, whereas an equal amount of QE-financed tax rebates is much less inflationary, if at all. Take the enormous military spending during World War II or the Viet Nam War. Military spending during World War II was between 20% and 30% of gross domestic product, and around 10% during the Viet Nam War. In both cases, inflationary pressure rose significantly because the effect of the military spending was to increase aggregate demand for consumer goods and services while reducing the nation's production capacity of consumer goods and services. That combination led to excess aggregate demand for consumer goods and services. How exactly did that imbalance develop? Spending on military equipment and military personnel increased personal income while diverting a large part of the workforce from producing consumer goods and services to being employed in the defense sector. That large employment shift to the military sector led to a significant decrease in the production capacity of consumer goods and services, which combined with rising personal income led to excess aggregate demand. On the other hand, an equal amount of QE-financed tax rebates would be much less inflationary because the increase in personal income would not be accompanied by any shift of employees from the civilian sector of the economy to the military sector. The nation's production capacity of consumer goods and services would not be reduced at all, and would therefore be much more capable of keeping up with increased aggregate demand. Excess aggregate demand might develop, but if it did it would be much much less than under the military spending scenario.

It is also instructive to consider that although the enormous military spending during World War II did get the nation finally out of the Great Depression by rapidly creating full employment, it is not true that military spending is needed to quickly stimulate an economy and reach full employment. QE-financed tax rebates stimulate even better and more quickly, in fact practically instantly, a matter of days, the time it takes to mail out tax rebate checks (there is no time lag as there is instead with a military build-up which takes a few years to roll out). The conventional wisdom that wars are the best medicine for sluggish economies is entirely mistaken. The best medicine by far is QE-financed tax rebates. Not to be overlooked is that when military spending is not financed through QE (it never has been prior to the Fed's recent QE), it is financed through newly issued Treasury bonds sold to investors: that means increased national debt which has to be paid for through taxes. **End of digression.)**

Another very important consideration regarding QE-financed tax rebates is the following. Contrary to all government spending financed without QE (rather by newly issued Treasury bonds sold to investors) which always ends up being paid for by future taxation, even by successive generations of taxpayers, **QE-financed tax rebates never become a burden for taxpayers**: not for the ones directly benefiting from the rebates, **nor** for future generations of taxpayers most of whom do not benefit at all from past rebates, not even indirectly. **You never get a generational conflict with QE-financed tax rebates**, since they never constitute real debt and never require future taxation to cover their cost, which is zero. QE-financed tax rebates are financed out of thin air by the Federal Reserve at no cost for the country, through “printed money” or more accurately through the Fed electronically creating and then depositing funds in the U.S. Treasury's bank account at the Fed.

The logical conclusion is that the U.S. needs to embrace QE-financed tax rebates as its **standard policy** for stimulating the economy, in order to keep unemployment **always** low and avoid recessions as well as to reduce national and personal indebtedness. It is the only **fair** way to stimulate the economy, since all taxpayers receive the same amount of tax rebate, and it costs the government absolutely nothing. Therefore, whenever one round of tax rebates proves insufficient, a second round can be implemented with no hesitation as no one will have reason to complain. Finally it must be kept in mind that when properly calibrated, QE-financed tax rebates do not cause demand-pull inflation.

(An important digression: Many economists and policy makers unfortunately fail to distinguish between “demand-pull” inflation and “cost-push” inflation. **It is a crucially important distinction because “demand pull” and “cost push” are completely different species of inflation, requiring a very different policy response.** As explained above, “demand-pull” inflation arises from excess aggregate demand, a situation of too much money chasing too few goods. So the correct policy response is to reduce aggregate demand, preferably through a temporary tax increase, not through higher interest rates. Whereas “cost-push” inflation arises from an increase in production

costs having nothing to do with excess aggregate demand. Therefore, a policy of reducing aggregate demand at a time of “cost-push” is completely misplaced and inappropriate, even counter-productive.

The most noteworthy examples of a severe “cost push” were the two famous energy crises of 1973-74 and 1979-80 when the price of oil skyrocketed due to major reductions in OPEC oil production, up from \$2 a barrel in 1973 to \$14 in 1974, a seven-fold jump; and up from \$14 a barrel in 1979 to \$42 in 1980, a tripling. Since oil is a determining cost factor in production and distribution/transportation, when oil prices spiked they pushed up the cost of everything else. Companies were forced to pass along their increased costs to consumers through higher prices.

It is no coincidence that the term “stagflation” was coined during the first energy crisis. Stagflation combines the words “stagnation” and “inflation”, accurately describing the historically unusual situation of having economic stagnation simultaneously with inflation. In fact, before the energy crises, the only type of inflation experienced was of the “demand-pull” variety. It logically follows that the correct policy response to a “cost-push” inflation is not to reduce aggregate demand but to directly confront the cause of the “cost-push”. In the case of the energy crises, the correct policy response would have been measures to increase the domestic production of energy, both fossil fuel and alternative sources, and to increase energy efficiency. By dramatically hiking interest rates far above the inflation rate both in 1974 and 1980-81, the Fed’s “achievement” was two deep and totally unnecessary recessions while increasing the cost of investments in new energy sources and energy efficiency! **End of digression.)**

Once QE-financed tax rebates become **standard policy** for stimulating the economy and temporary tax increases become the standard policy for preventing excess aggregate demand from developing, the Federal Reserve should be given the power to independently implement rounds of tax rebates and tax increases. Just as it has been given the power to independently raise and lower interest rates to regulate the economy through monetary policy, it should be given the same power to independently implement the fiscal policy tools of tax rebates and temporary tax increases to regulate the economy. Then, with properly calibrated QE-financed tax rebates and temporary tax increases, the U.S. will be able to enjoy **sustained** economic growth and low unemployment, while avoiding recessions and reducing national and personal indebtedness and income inequality. **It’s about time we had this historic breakthrough in economic policy.** Our economy will finally be able to consistently grow close to its high potential instead of needlessly underperforming due to repeated recessions and periods of high unemployment. We will then not run short of funds for defense expenditures (instead of cutting back, as we are currently, at great risk to national security), for basic scientific research (of which the U.S. must be the world leader), necessary social programs, and for NASA space programs such as sending astronauts to Mars, and at the same time have much lower taxation.

II. Tax Reform for Optimal Economic Growth and Fairness

The U.S. needs to decide whether it wants a new tax policy which optimizes economic growth and prosperity while being fair, or whether it wants to stick with its current outmoded, complex, costly, unfair, and counterproductive taxation system which leads to an underperforming economy. **That is a political decision of great import, and it should be decided by a popular referendum, not** by the politicians who are influenced by powerful lobby forces and all too often vote against what is in the nation's interest. **All important political decisions, in fact, should be decided by popular referendums after extensive public televised debate.**

The nation's current tax system is clearly unfair **and** a hindrance to economic growth and prosperity. To start with **our tax system being a hindrance to economic growth**, the reasons are easy to comprehend. Notoriously, our income tax system has given rise to an enormous tax avoidance activity, most notably consisting of tax shelters. **Tax shelters** represent investments which are made **exclusively** by taxpayers to reduce, even eliminate, the income taxes they would be normally liable for. Tax shelter investments would **never** be made **without** their tax avoidance feature, which means that they make no economic or business sense on their own merits. They are the economic equivalent of digging ditches and filling them up again. They have no intrinsic economic value. The amount of money invested in tax shelters is huge, representing an **enormous misallocation of capital and human resources**. A free market economy obviously works best when business decisions are **not** made with taxes in mind, when investments are **not** guided by tax avoidance considerations. Therefore, eliminating tax shelters would be an important step in helping the economy greatly improve its performance. Furthermore, since tax shelters are employed only by the very wealthy and thereby represent **discrimination** by the government in favor of one class/category of taxpayers, a tax system promoting tax shelters is **unfair**.

So, how to eliminate tax shelters, a politically difficult proposition since the tax shelter industry is enormous and politically powerful, defended by armies of lobbyists who funnel enormous amounts of campaign contributions to senators and congressmen? The best way would be to simply **eliminate the federal income tax and replace it with a federal sales tax**. A federal sales tax of between **5% and 10%** would be sufficient to replace all the tax revenue raised by the federal income tax on individuals and corporations, **and** it would ensure **fairness along with economic efficiency**, leading to much more wealth creation and economic prosperity. Clearly, if there were no federal income tax, there would be no more tax shelters, with or without lobbyists! And the huge amount of money and employment which currently go into tax shelter activity would be shifted to investments with real, intrinsic business merit. The positive effect on the economy would be enormous. (Of course, state and local income taxes should also be eliminated, with reliance exclusively on sales taxes.)

Replacing the income tax with a sales tax would **also** have the extremely positive effect of encouraging our corporations to **repatriate the huge amount of profits they**

have made overseas and are currently keeping abroad in order to avoid paying U.S. income taxes on them. The repatriation of billions of dollars by our corporations would result in greatly increased investment in the country. Eliminating the income tax would **also** greatly increase the economic attractiveness of the U.S. and encourage investment and employment in the U.S. by foreign companies, not just by American companies which would have less incentive to invest abroad. **Replacing the income tax with a sales tax would lead to a veritable economic boom.**

Apart from enormously increasing productive investment and employment, replacing income taxes with sales taxes would greatly reduce the cost of raising and paying taxes. The IRS would need far fewer employees, and there would be an enormous reduction in the dollars and time spent by individuals and corporations on accountants and lawyers. There would be a very substantial increase in the nation's productivity, as much employment and capital would be shifted from economic activity with no intrinsic/inherent value to activity with intrinsic value. Time and money spent on income tax preparation and collection does not contribute to economic growth and prosperity, it is clearly a waste of capital and human resources.

As far as **fairness**, the concept/guiding principle of non-discrimination is controlling. Just as economic stimulus programs should not discriminate among categories of citizens, taxes should also not discriminate. **A sales tax system does not discriminate, obviously, and the wealthy would bear their fair share, much more than under an income tax system with tax shelters.** The wealthy obviously spend much more than low income citizens, so they would pay much more in sales taxes. That in itself is very progressive. The government could make **the sales tax even more progressive** by reimbursing the sales taxes paid by low income citizens, as income assistance, not tax discrimination. For example, it could decide that any household with less than \$20,000 annual income be reimbursed with a check from the IRS for the sales tax amount on annual spending of \$20,000. If the federal sales tax were 5%, then each low income household would receive a \$1,000 check from the IRS every year. **And by having the federal sales tax as the sole tax revenue tool for the government, the Federal Reserve would be able to optimally manage the economy, raising and lowering the federal sales tax periodically, as needed, in addition to having the tool of using QE-financed tax rebates to stimulate the economy.**

(Another digression: It should be noted that **both the income tax and the estate tax** are probably **unconstitutional**, even though hardly anybody realizes it. The U.S. Constitution (Fifth Amendment) does **not** allow “the taking of private property without just compensation”. What is income and what is an estate if not private property??!! No taxes foreseen by the Constitution prior to the 20th Century are in violation of the “no taking” clause of the Fifth Amendment, whether they are **indirect** taxes such as sales taxes, duties, imposts, and excises (Article 1, Section 8), or direct taxes. The only **direct** tax specifically mentioned is the capitation tax (Article 1, Section 9) which no longer exists having been abolished a long time ago. Article 1, Section 2 specifies that all direct taxes must be “apportioned”. That explains why the Sixteenth Amendment, which in

1913 created the income tax (which is a **direct** tax), **specifically** exempts it from the “apportionment” requirement of Article 1, Section 2. So the income tax is constitutional with respect to the “apportionment” requirement which the Sixteenth Amendment overrides. **But** it remains in violation of the Fifth Amendment’s “**no taking of private property**” clause which has never been abrogated, overridden, or limited to any degree.

The logic and morality behind the “no taking of private property” in the Constitution is the same as the one in the Bible’s Ten Commandments which forbids coveting the property of others. The logic and morality is that private property is sacred, that individuals are fully entitled to their legal economic gains, all of which encourages people to work and invest, which in turn benefits society. It follows that income taxes are morally improper and economically inefficient, and that only sales taxes are morally proper and economically efficient.

What exactly is the difference between direct and indirect taxes? Direct taxes (such as income taxes and estate taxes) are paid directly to the government by the taxpayer burdened by the tax. Indirect taxes (such as excise taxes on cigarettes and alcohol) instead are passed on to and borne by the taxpayer but not paid by the taxpayer directly to the government; rather they are collected by a third party (normally the seller) which in turn forwards them to the government. Indirect taxes always related to commercial transactions and were the only taxes foreseen by the Constitution until the income tax was introduced in 1913. One can say that the U.S.’ tax system was intended to consist **only** of indirect taxes affecting only commercial transactions. Direct taxes were **not** envisioned to play a significant role, since private property was considered sacred and untouchable. Taxing property was a despised relic of British colonialism, and the U.S. considered taxing private property immoral until 1913. Taxing income was then justified as not being in violation of the “no taking” clause only through the sophistic reasoning that taxing, i.e., the taking of a percentage of property, was only a partial taking and therefore not a proper taking. A real, proper taking, instead, was a total taking, such as expropriation. Logically, a partial taking is still a taking, however. It only differs by degree from a total taking, not by its essence.

As for the **estate tax**, it is **even more clearly unconstitutional**, as the legislators were transparently aware of the “no taking” clause and used the following subterfuge to get around it, hoping no one would notice. The decedent’s property is not taxed directly, nor are the beneficiaries taxed on what they receive, since that would be too clear a violation of the “no taking” clause. So the legislators were careful to specify the estate itself was not taxed, that the estate tax “is not a tax on private property” but rather a tax on the **transfer** of estate assets, the rationale being that taxing a **transfer** of property would not violate the “no taking” clause. Taxing the transfer was to be considered the equivalent of taxing a sale, which was constitutional, not being a tax on property. But the legislators’ reasoning is disingenuous since a sale is a **commercial** transfer, whereas the transfer of an estate is **not** a commercial transfer. The Constitution envisioned taxes **only** on **commercial** transfers. Furthermore, the legislators show their deviousness, dishonesty, and clear intent to violate the Constitution by contradicting themselves. They

insist that the estate tax is a tax on the transfer of estate assets to the beneficiaries, **but why then** are the filing of the estate return and the payment of the estate tax due 9 months from the date of death, not from the date of transfer? What if the transfer doesn't take place for a year or more, as often happens? The tax should not be payable before any transfer takes place, logically. Also, why is the tax based on the value of the estate at the date of death, instead of at the date of transfer? After all, the value of stocks, bonds, and real estate vary over time, often over short periods. The legislators were clearly not connecting the tax to the transfer at all! It is clear that the legislators creating the estate tax perpetrated a conscious fraud on the American people, in violation of the Constitution's "no taking" clause. It's high time the estate tax was declared unconstitutional. The same goes for the gift tax.

What also proves that the income and estate taxes are unconstitutional is the fact that **real estate taxes**, which are clearly taxes on property, have not been exempted by the Constitution from the "apportionment" requirement or the "no taking" clause **and yet are** constitutional. Why? Because real estate taxes are **not** really taxes on property **but essentially fees for local services** rendered directly or indirectly to real estate properties, such as police, sanitation, public schools, fire departments, public libraries, roads, sewers, etc. So the term "real estate tax" is a misnomer. Real estate taxes are more properly termed "local usage" or "local service" taxes connected to real estate property. That explains why real estate taxes are **only** levied **by local governments** (cities and towns) which provide the services, **not by states or the federal government**. If states and the federal government thought they could legally impose real estate taxes, they would have done so a long time ago! But they don't, because it would be too obvious a violation of the Constitution. **End of digression.**)

In any case, so long as we have an income tax, two reforms are necessary (**while keeping the preferential tax rates for dividends and capital gains** which are pro-growth by encouraging saving and investment): **1) eliminating the double-taxation of dividends**, and **2) adjusting capital gains for inflation**. Currently, the total earnings of companies are taxed at the company level, and any distribution of those same earnings in the form of dividends to shareholders is taxed again at the shareholder level. So the same earnings are taxed twice, first by the company, then by the shareholder. **This is an injustice, a totally unjustified discrimination, and it is anti-growth for various reasons.** The double-taxation reduces income available for investment by companies and investors, which is clearly anti-growth. And since dividends are not deductible for tax purposes whereas interest paid is deductible, companies have an incentive to finance themselves through bank or bond debt instead of through stock (equity) issuance, which leads to an over-reliance on debt. A tax code which favors debt over equity constitutes a senseless, even perverse hindrance to the health and growth of an economy.

Currently, capital gains are taxed without any consideration of the effect of inflation on the **real** appreciation of a stock or real estate held over a period of years. Consider the case of a stock held for thirty years before being sold. The purchase price might have been \$20 a share, and a holding of 1,000 shares would have cost \$20,000.

Let's say thirty years later the stock is sold at a price of \$60 a share, for a total of \$60,000. The capital gain unadjusted for inflation would be \$40,000 and would be subjected to a long-term capital gains tax which has varied from 33% to 15%. But if over those thirty years the price level has doubled due to inflation, the inflation-adjusted sale price would be \$30 a share, for a real (i.e., inflation-adjusted) capital gain of \$10,000, not \$40,000. And if over those thirty years the price level had tripled (as it has since 1980), then the inflation-adjusted sale price would be \$20 a share, for a real capital gain of \$0. There is no justice in taxing nominal (i.e., not adjusted for inflation) capital gains. Only real (inflation-adjusted) capital gains are legitimately taxed. Not only is the taxation of nominal capital gains an injustice, but it is also anti-growth, reducing investment income which can be used for reinvestment, reduction of personal debt, or increase in personal consumption.

(Until such time as all income taxes are banned for being found unconstitutional, all states not giving at a minimum the federal preferential tax treatment for dividends and capital gains should be encouraged to follow the federal example, just as they should be encouraged to replace their income taxes with sales taxes. Since the federal government will increase its funding of education and in other sectors, the states will have lower expenses and will be able to completely replace their income taxes with sales taxes.)

To sum it up, **replacing the federal income tax and the estate tax with a federal sales tax would lead to much faster economic growth and much better Federal Reserve policy, while making our taxation system fair, even very progressive.** The wealthy would actually end up paying more taxes than they currently do, given that they spend exponentially more than the average citizen and would no longer have the benefit of tax shelters, which are a hindrance to economic growth in addition to being unfair. Nevertheless, the wealthy should not be viewed negatively, as many populists have done throughout history. On the contrary, those citizens whose wealth was acquired legally in a competitive free-market economy should be viewed positively, even greatly appreciated, since wealth **legally** created is a benefit to all society.

Societies cannot thrive economically without the wealthy, since **legally** created wealth comes as a market reward for providing appreciated goods and services, and since wealth provides the capital for investment, an absolute requirement for economic growth. If it were possible to have economic prosperity without profits (the result of competent and creative business decisions) and without the wealthy, communism would have worked. As for those who insist on having heavy estate taxes imposed on the wealthy, they fail to realize the fact that those who inherit great fortunes end up investing most of their inheritance, which greatly benefits the economy, and whatever they spend on themselves also benefits the economy, by increasing the demand for goods and services, and therefore employment. Wherever and whenever the politics of envy have triumphed, societies have paid a heavy price. The best economic system for all citizens is a competitive, free-enterprise market economy which rewards legally successful businesses and individuals, an enlightened capitalism which understands that intelligent social

investment is necessary whenever there are pockets of poverty and crime. Enlightened social spending eliminates poverty and reduces income inequality **not through** income redistribution, **but through** providing socially useful employment for those not able to find jobs in the private sector and by providing **all** youth with a great education.

III. Education Reform

While having a standard policy of QE-financed tax rebates to maintain a low unemployment rate and avoid recessions combined with substituting sales taxes for income taxes would greatly increase economic prosperity, in order to reach its high potential our country needs to do more, specifically it needs to **raise the quality of its workforce, which means raising the average educational level**. Just as a football team's success depends not just on the coach's game plan but on the training of its players, a country's economic success depends not just on its economic policy but also on the educational training and achievement of its citizens. It is clear that the U.S. needs to greatly improve the average educational level of its citizens if it wants to greatly increase its economic and social prosperity, and eliminate poverty and crime. Public high school degrees must represent a high level of achievement, not just a piece of paper and the illusion of educational achievement. The phenomenon of dropping out of school must be eliminated.

Raising the average level of education in the U.S. requires three things. **First**, imposing strict classroom discipline in the public schools and assigning lots of homework, **the time-tested formula of all successful private schools**. **Second**, having an enlightened curriculum with an eye towards the highly competitive global economy, accompanied by a demanding national high school graduation test. **Third**, having universal pre-school and daycare, since starting educational development at an early age is crucially important.

It is common sense to conclude that if public school students do not pay attention in class and do lots of homework, they will learn very little even if they graduate from high school. Often they will end up dropping out. That is all too often the case, particularly in the so-called "failing public schools" where discipline is lax and homework is rarely done. **The real cause of poverty in the U.S. is the lack of a good education. When parents do not expect a lot from their children and make sure they are paying attention in class and doing all their homework, someone has to step up and do it for them. That someone is every public school**, which must compensate for parental shortcomings. **We cannot allow our youth to fail**. As a nation and society, we must commit to having every one of our youths become well-educated, and **we must ensure that schools overcome mediocre parental guidance wherever and whenever it occurs**.

From personal experience teaching economics/investing as a volunteer to high school juniors and seniors in New York City "**failing public schools**", I found out first-

hand that the **real** problem was a lack of institutional discipline. Students were not made to pay attention in class and not made to do their homework. There was no institutionally enforced discipline. And no teacher could possibly impose discipline. That explained why, incredibly, not one of my 150 junior and senior students knew how to work with fractions or percentages. They had learned next to nothing in all their years of public school! They had not been forced to learn either by their parents or by their school. Clearly, part of the solution has to be imposing strict discipline, and having **mandatory afternoon study hall for all students with less than a B average**. For those students with less than a B- average, Saturday study hall should be mandatory. For those students ending the academic year with less than a B- average, summer school should be mandatory. **That is the only way to end the vicious cycle of poorly educated citizens and poverty. It is one of the best investments our society can make.** Study halls could be financed by the federal government, and wholly or partially provided through the Federal Tutors and Mentors Corps as mentioned under the **Social Reform** heading (v. page 19). It should always be kept in mind that **the formula of all successful private schools is simple: strict discipline and lots of homework!**

An enlightened, ambitious curriculum is essential if we want to reach our high potential and successfully compete in the **global** economy. That **requires a national core high school curriculum** containing, beyond the traditional literature and science courses, **four years of 1)** economics and investment, so that our citizens know how to manage their savings and how to vote for the right economic policies (selected program segments from CNBC and Bloomberg TV should be included in the courses during the two final years); **2)** two foreign languages and cultures (**foreign language instruction must begin in elementary school**); **3)** 20th Century world history, with a careful analysis of the causes of wars and other major conflicts, including religious ones; **4)** introductory law and the history of human rights violations, with careful study of the United Nations Universal Declaration of Human Rights; **5)** the history of the major religions, comparative religion and humanism/atheism, given the fact that religious conflict, violence, and discrimination is a major problem worldwide; **6)** psychology combined with “group therapy classes”, in order to have a self-aware, well-adjusted, understanding, empathetic, compassionate citizenry, uniformly capable of being good parents, and so that incidents of rape, shootings, bullying, suicide, racism, domestic violence, excessive force by law enforcement agents, and other forms of violence are practically eliminated; **7)** logic, ethics/morality, manners, and individual responsibility; **8)** history of art, architecture, and design, given its importance for success in business apart from its intrinsic humanistic and intellectual value; **9)** history of music, with emphasis on classical music greats. All our high school graduates must know the music of Bach, Haydn, Mozart, Beethoven, Schubert, Brahms, Schumann, Chopin, Dvorak, Tchaikovsky, Johann Strauss, Puccini, and Wagner just as well as they know pop hits; **10)** marketing and advertising; **11)** discussion of current affairs, domestic and foreign, as reported by The New York Times, the nation’s premier newspaper. **12)** discussion of selected Public Television programs from The News Hour, Nova, Nature, Frontline, and Charlie Rose. Such a core curriculum is ambitious and demanding, but it is doable and absolutely essential if we want to succeed as a nation in the highly competitive, complex global

economy. **Creative activities in art and music** must be encouraged by all schools and given the same importance as sports. **Funding for afternoon, weekend, and summer programs in the arts and sports should be provided by the federal government.** Given possible resistance from “states rights”, voluntary adoption of the national core curriculum can be stimulated through federal financial incentives.

Having **national competitions** annually **in all high schools for stock and bond portfolio management** would serve to greatly increase the interest and knowledge of economics and finance among our citizens. The national competitions should include various categories: individual students, student teams, class teams, and school teams. The prizes will consist of college scholarships and summer travel abroad which would include cultural programs.

A demanding national high school graduation test is absolutely necessary if we want our youth to graduate from high school with a meaningful degree, one which attests to a high level of educational achievement. Such a test would also serve to stimulate all schools to educate their students at a high level, while serving as a measure of individual school performance. Those schools in need of better management and teaching will no longer be able to hide behind mediocrity and necessary changes will then be made. The graduation test must include the history of human rights violations and the U.N. Universal Declaration of Human Rights. Given possible resistance from “states rights”, **the national high school graduation test can be voluntary, the incentive being its prestige**, the fact that the national high school diploma carries weight, guaranteeing a very high level of knowledge for a high school graduate. Financial incentives from the federal government can also be considered, such as cash prizes (the better the grade, the higher the cash prize) in addition to scholarships for college.

Universal pre-school and daycare is absolutely essential if we want all children to become educated at a high level and succeed in life, especially in the highly competitive global economy. Head Start must be available for all children. It is one of the best cost-effective investments we can make, along with ensuring that all our public schools are excellent, in order to have a prosperous society. Well-educated citizens are rarely unemployed or turn to drug addiction or crime. To ensure universal quality daycare and pre-school, federal financial incentives will be necessary if states are reluctant to provide quality service. It might be necessary and even preferable to have public pre-school and daycare provided by the federal government through a National Preschool/Daycare Teacher Corps, one of the civil service options listed under the **Social Reform** heading (v. page 19).

Apart from having all public schools (particularly the “failing” and “quasi failing” ones) enforce strict classroom discipline and assign lots of homework, since **competition** increases quality and reduces cost, **public schools must be subjected to competition**, i.e., market competition. That means **giving parents the choice** of schools for their children, by giving them **vouchers** (issued by the local government, corresponding to the budgeted cost per student) with which to pay tuition to the schools where their children

enroll. The better schools, public and private, will see increased enrollment demand and increasing funds, while the mediocre public schools will see falling enrollment demand and decreasing funds. The better schools will gradually replace or take over the inferior schools.

The point of public education is to ensure that all children, particularly those of low and middle income families, get an excellent education for free. It is not to create and maintain a monopolistic public school system not subjected to market competition. Vouchers ensure free education for low and middle income children, and thanks to the competition they engender they provide for much better schools.

An important detail for public schools: dress shirts and ties should be mandatory for boys and girls, as they are in most of the best private schools, to instill a sense of seriousness and professionalism in all our students. Such **uniforms** will help underprivileged youth see themselves as future professionals and increase their self-image and self-confidence. The uniforms also reinforce the message of equal opportunity, regardless of differing family incomes, and eliminate pressures and distractions of competitive dressing.

IV. Social Reform

Along with economic, tax, and education reform, we need social reform which will optimize and maximize our nation's economic and social performance. While a sustained low unemployment rate is the most important part of the solution, it is not sufficient. **Enlightened social reform is also necessary to eliminate our serious poverty and crime problem in the most economically efficient and patriotic way.** A prosperous free-market/private-enterprise economy is the linchpin, **but** specifically targeted government-funded social programs are **also** part of the solution in the areas of education, unemployment, and social assistance for the poor, the handicapped, and the infirm. We need programs ensuring **1)** that citizens unqualified for employment in the private sector find socially and economically useful employment provided by the government; **2)** that underprivileged youth having difficulty in school get highly qualified one-on-one tutors/mentors and study-hall supervision; **3)** that the elderly, the handicapped, and the infirm get quality home assistance whenever needed even if they cannot afford it; **4)** that quality pre-school is universally available; **5)** that prisons provide effective intellectual and psychological rehabilitation to the inmates in order to eliminate recidivism and to ensure a positive prison environment; **6)** that our cities, parks, and highways are beautified; **7)** that low-income neighborhoods have quality local medical clinics in order to greatly decrease the use of extremely expensive hospital emergency rooms; **8)** that we have quality shelters for all abandoned animals.

Since there are unfortunately many uneducated and unskilled citizens who are unqualified for employment in the private sector, the federal government must step in and create meaningful jobs for them which will **also** directly benefit society. A Federal Urban

and Highway Beautification Corps would be of great value providing jobs for the unskilled unemployed while beautifying the nation's cities, parks, and highways. Meanwhile, a Federal Tutors and Mentors Corps, a Federal Home Assistance Corps, a Federal Pre-School/Day-Care Teachers Corps, a Federal Prisoner Education and Rehabilitation Corps, a Federal Local Medical Clinics Corps, a Federal Welfare Assistance and Housing Corps, and a Federal Animal Shelter/Companionship Corps would provide urgently needed services.

It might make sense to make two years of civil or military service mandatory for all high school and university graduates. They could choose from among the various Federal Corps listed above or join the military. It would make sense from a patriotic perspective, as well as providing needed services at a reasonable cost. The Peace Corps, a valuable foreign policy program, could also be offered as an alternative. The various Federal Corps would also serve to offer an employment alternative to private sector jobs for those who would be interested, providing valuable services to society which would not be adequately or at all met by the private sector.

V. Social Security and Pension Reform

Our current social security and pension system is largely flawed, parts are deeply flawed and about to blow up in our faces. In fact, Social Security is based on taxing working generations to pay for the Social Security payments made to retired citizens. It is not a true pay-as-you-go, pay-for-yourself system. It consists of a generational income shift, from younger generations to older generations. It worked well in the early years after World War II when there were 7 workers for each retiree, so the tax burden was easily bearable. But today, for demographic reasons, there are only 3 workers for each retiree, and in twenty years there will be only 2 workers for each retiree. The tax burden on current workers is barely tolerable, and soon it will become intolerable. There will be a taxpayer revolt and a refusal by the working population to pay for the Social Security of the retired population. The promises of Social Security were not well-founded and will inevitably be broken. The sooner we reform our Social Security system the better, the less pain will be inflicted, and a nasty, ugly generational conflict will be avoided.

The most workable and fair system for Social Security is one which is truly a pay-as-you-go, pay-for-yourself, defined-contribution system, **not** a defined-benefits system which is only partially pay-as-you-go and which is not entirely pay-for-yourself but rather a generational income shift. Social Security should consist of the same mandatory contributions (whether through payroll taxes or otherwise) but into IRA's (individual retirement accounts), not into a government agency (the Social Security Administration) which furthermore invests taxpayer contributions exclusively in Treasury bonds which rely entirely on future taxation. (There can be guidelines for diversification and the types of investments allowed in IRA's, such as in AAA rated stock index funds, bond funds, and REITS (real estate investment trusts), in order to minimize imprudent and excessive

risk.) Clearly, IRA's are the only logical, workable, efficient, and fair system for Social Security.

It should **also** be noted that shifting retirement contributions away from Treasury bonds (which are simply claims on future taxes) and into **real** investments, i.e., investments in companies or real estate, will greatly enhance our economic growth and personal income. **As for concerns** that some retirees will have insufficient income at some time during their retirement, the government can decide to guarantee minimal retiree income with monthly checks paid out of general tax revenue.

Not only should we immediately switch to a pure IRA social security system going forward, **but** we should immediately **close out** the existing system by refunding all past Social Security contributions with interest (but minus Social Security payouts) to every taxpayer. Those lump sums would be deposited in taxpayers' IRA's for investment. We would then be on firm footing and no longer have periodic Social Security crises, not to speak of the enormous cost of running the Social Security Administration bureaucracy, a big waste of taxpayer dollars.

As for corporate pensions, they, too, should consist entirely of 401K defined-contribution accounts, not of defined-benefits. Defined-benefit systems have imperiled many companies and their retired workers, as future company profits necessary to pay employee pensions have often been insufficient. There is no way for a company to accurately forecast future profits, so, logically, no pension system should be based on long-term profit forecasts. The same goes for all state and local government pensions. They should be based on pay-as-you-go, 401K defined contribution plans, not defined benefits plans, for affordability, fairness, and transparency. More and more cities are facing bankruptcy because of excessive defined-benefits pensions for their employees. Defined benefits pension plans generally hide their real future cost which almost always turns out to be greatly in excess of the revenues estimated to pay for them in the outer years. They are mostly the result of corporate managers, state governors, and city mayors signing off on pension plans they well know are unaffordable in the long run, but do so anyway for their own economic or political benefit knowing that the problems will explode after they are no longer in charge.

VI. Medicare and Healthcare Reform

Medicare also needs to be reformed for efficiency and major cost-savings. Just as the most efficient system for pensions is having IRA's and 401K's (individual retirement accounts), the most efficient system for Medicare is having **IMA's**, i.e., individual medical accounts with mandatory defined-contributions. IMA's should consist of medical insurance policies with varying deductibles designed for retirees along with investments in stocks, bonds, and real estate funds.

The same system of IMA's should apply to companies providing health benefits to their employees. It's much more efficient for companies to simply pay their employees more instead of providing company-sponsored health care, or contribute to their IMA's and have the employees free to choose their own medical coverage. There should be mandatory IMA's with defined-contributions by all citizens who are employed. They should consist of medical insurance policies with varying deductibles along with investments in stocks, bonds, and real estate funds. Again, as for concerns that there will be cases of citizens with inadequate IMA's, the government can decide to subsidize the purchase of an annual medical insurance policy with vouchers paid for out of general tax revenues.

It is important to make adequately high deductibles an essential component of all medical insurance policies, in order to ensure that citizens choose their medical care with an eye on cost. We need to have **doctor and hospital fees made available online** so that consumers can make informed choices in advance of emergencies. Medical insurance policies should also be priced according to the doctors and hospitals selected as primary caregivers by the individually insured: policies covering care by more expensive doctors and hospitals will have higher premiums. That should lower costs through greatly increased transparency and competition.

Of crucial importance in order to reduce healthcare costs is to have **nationwide competition in the insurance industry**, with every insurance company free to insure people in all fifty states. Currently, insurance companies are not allowed to insure outside their main region of operations, which severely limits competition and results in higher prices. Furthermore, all healthcare insurance companies should **list their policies and prices online** so that consumers can compare benefits and prices. **Wholesale and retail drug prices must also be published online** by drug manufacturers and pharmacies in order to increase competition through informed consumer choice.

We have a growing, serious problem with **obesity**, including the very young. What's needed is encouraging exercise and a much better diet. We need balanced, nutritious meals in all public schools, which the federal government can incentivize by providing financial assistance to those schools providing quality meals. All public schools should have one hour per day of athletics, and have weekend organized sports programs, with subsidies from the federal government as an incentive.

VII. Foreign Policy Reform

There are **two main flaws** in our foreign policy. **First**, we do not strictly and faithfully adhere to our most important principle, i.e., **human rights**. As all members of the **United Nations** must do, we signed the U.N.'s Universal Declaration of Human Rights which we are honor-bound to uphold. But we do not uphold it and allow countless members of the United Nations to systematically, even outrageously, violate human rights without making a big case out of it. **We should insist that the U.N. make its**

members respect and defend human rights with no exceptions. When members violate human rights, they should be promptly warned that they will be expelled from the U.N. unless they immediately stop their violations and punish those responsible. By closing an eye to human rights violations, we are tacitly condoning human rights violations, even validating them, thereby undermining our own credibility, not just the U.N.'s. **If** the U.N. refuses to firmly enforce human rights and expel incorrigible offending members, **then** we must withdraw from the United Nations and create a **new** U.N. which **only** accepts nations which have an established record of respecting and defending human rights.

It is scandalous that the U.N.'s human rights commission includes members from nations openly violating human rights. How hypocritical and cynical is that? It makes a mockery of the U.N.'s commitment to human rights! Appeasement has never worked in the past, and it never will in the present or the future. If we want a much better world, a civilized one without violent conflicts and egregious injustices, we must adhere to our moral principles and not belong to organizations which do not wholeheartedly defend and enforce human rights. So-called "real politik" does not work. At best, it only kicks problems down the road only for them to become even bigger. The U.N. should mandate that all its member nations teach the history of human rights violations and the U.N. Universal Declaration of Human Rights to all their secondary school students and include the topic in their high school graduation test. The UN should require its members to adopt the U.N.'s own devised course as the core of their course, to ensure that important historical human rights violations are not omitted by any nation. Any member nation not properly teaching the course should be immediately and publicly censured by the U.N. and required to properly teach the course in short order (within six months), and subsequently expelled in case of non-compliance.

Human rights violations must be highlighted by having live televised debates on the subject of human rights between the political leaders of important nations and those of nations systematically violating human rights through their actions or through their laws and regulations. Public opinion worldwide must be mobilized in defense of human rights. It's the most effective way to have human rights respected and defended. **The human rights of women in particular need to be defended.** In many parts of the world women are not afforded equal rights, particularly in Islamic countries, and many are subjected to demeaning attitudes by males. Many primitive men feel entitled to enslave women, to rape them, to deface them with acid or knives, even to murder them for perceived slights or lack of obedience. Incredibly, in some Islamic countries women are subjected to genital mutilation, whereby their clitorises are sliced off before puberty to reduce their sexual pleasure, ostensibly to reduce their temptation to betray their husbands. This scandal must be addressed and ended promptly.

Second, our State Department and diplomatic corps is not sufficiently qualified or competent and must be **vastly upgraded**. (The same goes for the FBI, the CIA, and the military.) The qualifications must be extremely high given the complex modern world and the importance of the job, and the pay must be **commensurate**. Top diplomats must

be paid on a par with top lawyers and businessmen in the private sector. We need the best and brightest in our diplomatic corps, they have to be extremely well prepared, and the job must be held in very high esteem. The diplomatic corps must be viewed as having the highest prestige in the nation. As for being well-prepared and well-qualified, no diplomat should be posted in a foreign country without speaking its language fluently and without deep knowledge of its history and culture, **all of which is absolutely required in order to properly “read” foreign leaders and understand foreign societies.** Our repeated foreign policy failures are the result of having unqualified people in the State Department and our diplomatic corps. It’s high time we realized that. An absolute priority must be to have our best and brightest leading the State Department, the CIA, the FBI, and our military.

It doesn’t help that all too often our presidents, senators, and representatives are not highly qualified or knowledgeable in foreign affairs either! It should be clear that we need to require high qualifications of all our political candidates for high office. Those who are not qualified, i.e., those who do not demonstrate that they are themselves experts in economic policy, foreign policy, and social policy, should not be allowed to run for office. Just as doctors, lawyers, engineers, and architects need to have an advanced degree in order to practice their profession, our politicians should have obtained an advanced degree in government. **Optimally, they should be required to have a very advanced degree, giving evidence of deep knowledge in economic policy, foreign policy, and social policy.** It is a fallacy to believe that our presidents don’t need to be experts in their own right, that all they need is to be surrounded by experts. If they are not experts in their own right, how can they know which “experts” to select and rely on? How can they competently interpret, digest, evaluate, and synthesize inside and outside expert advice?

One big missed opportunity in the war against Islamic terrorism is the way Guantanamo has been run. Apart from the few instances where “enhanced interrogation” was used to extract urgent information from non-cooperative terrorists to prevent further terrorist attacks, Guantanamo should have been run as a strict boarding school, educating the prisoners on Western civilization and world history, teaching them the United Nations Universal Declaration of Human Rights, having them learn about the United States and its accomplishments, teaching them English and even baseball. Instead of increasing their hatred of Americans and “infidels” in general through the exact opposite of rehabilitation, with the right approach Guantanamo could have succeeded in turning mortal Islamic enemies into true friends, and very possibly valuable allies in the war against Islamic terrorism. Plus, Guantanamo would have been seen worldwide as a shining example of American goodness and competence in dealing with captured enemies, greatly enhancing our moral standing. Guantanamo instead has been a big blotch, and the responsibility lies with our political leadership, from the White House to Congress.

Beyond not “rehabilitating” the Guantanamo prisoners, the U.S. government was incapable of defending itself from unfair accusations of approving of torture. Whenever

water-boarding or other harsh methods of “enhanced interrogation” were used, it was **not** for the purpose of inflicting pain for pain’s sake, **but only** to extract urgent information from a non-cooperating terrorist. **That distinction is crucial**, and it must be made clear to all critics, domestic and foreign. Compare the U.S. with the many nations, including Islamic ones, which instead condone torture for torture’s sake.

What else but leadership incompetence can you expect from a political system such as ours which rewards political candidates for their ability to raise money and make empty promises instead of for having demonstrably high qualifications for devising intelligent foreign, economic, and social policy? Which American presidents, senators, or representatives have been experts in their own right in foreign, economic, and social policy? Not one. Somehow we do not require our political candidates to prove they are highly qualified **before** being allowed to run for high office. Somehow, we seem to believe that all is required from them is to be surrounded by good advisors. But how can they possibly select good advisors and properly digest and synthesize advice if they themselves are not highly qualified, highly knowledgeable? Disastrous results are the natural consequence of such a system.

Beyond correcting the two main flaws, of crucial importance is to **eliminate foreign “state capitalism”**, whereby some nations are directly involved with ownership and management of companies. This distorts free market competition and puts non-state owned companies at a disadvantage. Oil companies in many nations are state owned or controlled, as are companies in other “strategic” sectors. WTO (World Trade Organization) membership must prohibit such practices. Our foreign policy should have as one of its priorities eliminating “state capitalism”. Furthermore, we should point out the merits of having state-owned companies privatized with their shares distributed to citizens. That minimizes political corruption and favoritism, and benefits citizens as opposed to the political elite.

It would be very helpful for American foreign policy if the president of the United States had annual live televised debates with important foreign leaders, in order to make all positions clear, to eliminate misunderstandings, and to communicate directly with the citizens of foreign nations so that they properly understand the positions of the United States and can compare them with those of their own leaders. This would be of great benefit in terms of our public relations and diplomacy. Too often, citizens of foreign nations have a negative opinion of the U.S. either because of misinformation provided by their own government or because of our failure to properly communicate our positions. Such debates can also serve to defuse severe tensions between the U.S. and nations with aggressive leaders such as Russia with President Putin (a career KGB agent), or at least to publicly unmask and undermine any unjustified/false claims of legitimacy regarding military aggressions. Putin should be asked why he militarily invaded Crimea and southeastern Ukraine instead of asking the United Nations to oversee referendums for seceding from Ukraine in order to join Russia. In other words, Putin should be asked why he chose military violence instead of a peaceful, democratic solution, particularly since he claims the clear, overwhelming popular will of those regions was for leaving Ukraine

and joining Russia. Also, whether he sees that his government's actions violate international law and the principles of the United Nations, of which Russia is a member.

What should be clear is that the United States, the one indispensable nation for the defense of democracy and human rights in the world, **must always** have overwhelming military superiority. Unfortunately, through naïveté (believing a KGB-led Russia would be peaceful and respectful of international law, democracy, and human rights) and a mistaken belief that we could not afford increased military spending due to budget deficits (not understanding the benefits of QE), we have left our guard down over the past twenty years, actually reduced our military capabilities, and let **NATO** slide towards impotence and unpreparedness. Since peace and security for democracy and human rights **only** comes through strength in a world full of bad actors, the U.S. urgently needs to regain overwhelming military superiority and turn NATO into an effective deterrent force with the full commitment of its members. We must remember that without the United States' engagement in World War II and in NATO throughout the Cold War years, half of the world today would probably be fascist and the other half communist, with human rights trampled. We may not like it, but democracy and human rights in the world depend on the United States actively and intelligently defending them. Our own well-being depends on the rest of the world being democratic and defending human rights. We cannot afford to be isolationist.

As for **the Israeli/Palestinian conflict**, the approach of the past fifty years has failed miserably because it has not recognized that the heart of the conflict is religious discrimination on both sides. **“Land for peace” negotiations have inevitably failed because the conflict is not essentially about land; it is essentially about religious discrimination.** In fact, **if** the Israelis and Palestinians were all atheists, would there be a conflict? **If** the Israelis were Muslims, would there be a conflict? **If** the Palestinians were Jews, would there be a conflict? **If** Moses and Mohammed had commanded **not** to discriminate on the basis of religion, would there be an Israeli/Palestinian conflict? It logically follows that the only way to end the conflict is to have both sides unambiguously embrace human rights as listed in the UN's Universal Declaration of Human Rights which prohibits religious discrimination. Both sides must publicly renounce and repudiate religious discrimination (and violence!) which unfortunately is commanded and incited by their holy books, the Bible's Old Testament (which states that God only loves the Israelites/Jews, his “chosen people”, that he promised them the land of Israel in exclusivity at the expense of all other tribes, and that he even helped them in battle against the Philistines, the ancient Palestinians) and the Koran (which states that Allah only loves Muslims and hates the “infidels”, especially the Jews who are to be despised and fought against). Illustrative quotes of the Old Testament, the New Testament, and the Koran are listed in the appendix.

It would be very helpful to have **a series of televised debates** between Israeli and Palestinian political leaders as well as between ordinary citizens and journalists on the roots of their conflict and on how to reach peace; debates on the history of the Israeli/Palestinian conflict; **and** debates on whether human rights are more important than

religions which violate human rights, on whether the UN Declaration of Human Rights trumps the Bible and the Koran.. The debates should be followed by **a series of parallel referendums** among Israelis and Palestinians on what concessions and compromises each side is willing to make in order to achieve lasting peace, prosperity, and true, full reconciliation. The only way to reach peace is to have the people express their wishes directly through **referendums**, in order to marginalize the extremists and narrow-interest groups on both sides and to legitimize beyond a doubt the popular decisions. There should be no doubt that if logic, a commitment to human rights, and a spirit of fair, good faith compromise prevail on both sides, a lasting peace with full reconciliation will be quickly achieved along with enormous prosperity for both the Israelis and Palestinians. Within a short time thereafter, they will realize how tragically absurd their conflict was and wonder how they could have been so gravely mistaken for so long. Having two independent, sovereign states truly at peace and respecting human rights (with no religious discrimination) will mean that Israelis and Palestinians will be free to reside and own property in either state regardless of citizenship, just as happens in most Western democracies (although each state might want to set limits on the number of foreign citizens residing or owning property, as Switzerland does).

Iran's public, official position calling for the elimination of the Jewish state Israel, a sovereign nation recognized as such by the United Nations, using such terminology as "wipe Israel from the face of the Earth", combined with its being an Islamic republic which has systematically violated human rights, most egregiously with its leader Ayatollah Khomeini issuing a transnational death fatwa against the British author Salman Rushdie simply for having written a novel (The Satanic Verses), means that it cannot ever be trusted and allowed to have nuclear weapons, particularly since Islam encourages martyrdom and devalues life on Earth. It is conceivable that Iran, being run by Islamic clerics, would actually raze Israel with nuclear bombs, even though that would entail millions of Palestinian Muslim deaths, in order to clear the way for future generations of Muslims to repopulate it in place of the Jewish "infidels". Iran's religious leaders would not be deterred by Israeli nuclear retaliation since, as Muslims, they embrace martyrdom and are convinced that by getting rid of "infidels" Allah will reward them in heaven for eternity.

In general, there should be no nations qualified as adhering to a specific religion, as that in itself suggests religious discrimination, a major violation of human rights, particularly in the case of the three monotheistic religions whose essence, whose very core, consists of religious discrimination which is literally, unambiguously validated, even commanded, by their respective holy books. One can admit, **however**, that **Israel is a justifiable exception, given the atrocious history of anti-Semitism which culminated in the Holocaust**. Jews are justified in having their own nation for self-preservation in a world which is still plagued by religious discrimination and anti-Semitism, both particularly pernicious today in lands dominated by Islam. So long as there is anti-Semitism in the world and so long as there are Islamic republics, Israel is entitled to be a Jewish state.

Given the widespread discrimination, censorship, violence, and terrorism caused by monotheistic religious extremists, we should insist that the **United Nations** call on the leaders of the three monotheistic religions to **publicly** pledge adherence to the Universal Declaration of Human Rights which prohibits religious discrimination, censorship, and violence, and gives the right to individuals to freely leave their religion and adopt another one or become atheists. Those leaders should be asked to **publicly** exhort their followers to do the same, while repudiating the insulting terms “apostates” and “infidels” which drive religious discrimination, intolerance, intimidation, violence, and terrorism. **Religious freedom must not mean the right to violate human rights.** Religions violating human rights in their holy books and practices must be confronted: they must be made to comply with human rights, and not to believe that their god demands religious discrimination and intolerance, notwithstanding what is written in their holy books. Any member nation not actively repudiating religious discrimination, violence, and censorship should be expelled from the United Nations. All religious and political individuals, no matter how high or low ranking, who incite religious discrimination, violence, and censorship, must be prosecuted. Scandalous events like the murder ordered by Iran’s Ayatollah Khomeini by death fatwa against the British author Salman Rushdie, the attempted murder by Muslim extremists of the Danish cartoonists, and the murder of the Charlie Hebdo cartoonists by Muslim fanatics must no longer happen. Unrelenting firmness in defending human rights and confronting violators, even when they are religious or political leaders, is an absolute prerequisite. **Separation of church and state**, the prerequisite for the Christian West becoming civilized after the Middle Ages, must also take place in the Islamic world if it is to finally join the modern world. It is no coincidence that without separation of mosque and state, most of the Islamic world has greatly lagged the West in economic, scientific, social, and cultural development.

The causes of Islamic terrorism should be well understood by our government by now, but quite incredibly they are not. That is due to the fact that, even after all these years of Islamic terrorism, no one in government has ever read the Koran, let alone carefully, or studied the history of Islam and the life of Mohammed. Otherwise our government would know that Islamic terrorists are actually faithful Muslims, following the specific, unambiguous commands and incitements of Allah and Mohammed in the Koran, to despise, hate, maim, torture, and kill the “infidels”, specifically Jews, Christians, atheists, and apostates. In fact, Islamic terrorists are **not** “perverting” or distorting Islam, as many American government officials mistakenly believe. On the contrary, they are following the Koran’s clear dictates and emulating Mohammed who, after the siege of Medina in 627 AD, attacked trader “infidels” (the Qurayzah Jews) living in encampments not far from Medina for refusing to submit to him, notoriously decapitating male prisoners after their surrender and selling their women and children as slaves. The Koran **is** Islam, and not to follow the Koran is to be a bad Muslim. The only thing that counts is what the Koran says. To say that Islam is a peaceful, tolerant religion is to ignore the history of Islam and what the Koran clearly states, which is precisely what Islamic terrorists hew to. In fact, Islamic terrorists read and quote the Koran, and consider those Muslims who are “moderate” in their views of “infidels” as apostates who should be killed, in accordance with the Koran. So, regarding Islamic terrorism and

extremism, it is **irrelevant** that most Muslims are moderate and not terrorists. **What is relevant is that the Koran effectively incites a minority of Muslims to actually become terrorists against “infidels” and “apostates”, and dissuades Muslim immigrants from assimilating and giving their primary allegiance to the nation they immigrate to, by specifically commanding them not to befriend “infidels” (Koran, Surah IV, 89).**

Clearly, **the main cause** of Islamic terrorism is the Koran, **while a contributing cause** is the large number of uneducated, unemployed/underemployed, frustrated, angry Muslims who were not properly loved by their parents. It is no coincidence that most Muslim terrorists are ex-convicts, high-school drop-outs, and unemployed misfits from broken homes and unloving parents. Zarkawi, the now-deceased notorious Jordanian leader of Al Qaeda in Iraq, is emblematic. As for those raised in Western nations, they have typically had **difficulty integrating into secular society**, in part due to their not studying properly in order to have rewarding careers, and in part due to their **primary identity** as Muslims and knowing that the Koran commands them not to befriend “infidels”, rather to despise, hate them, maim them, and kill them (v. the Koran, Surah II, 6,7, 21, 89, 90, 98, 178, 191, 193, 211; Surah III 19, 23, 85, 112, 151; Surah IV 34, 46, 89, 140, 160; Surah V 33, 41; Surah IX 5, 29,30; Surah XXII 19, 20, 21; Surah XXIV, 31,32). It is a sign of Western governments’ ignorance that their prisons supply Korans to Muslim inmates, which only serves to radicalize them even more! What should be done, instead, is to intellectually and psychologically rehabilitate Muslim inmates during their incarceration so that they embrace human rights and repudiate all religious discrimination and violence, overcome their psychological problems, and are prepared to assimilate and be economically productive, law-abiding citizens upon release. **Whereas to prevent Muslim youths living in Western nations from becoming radicalized**, rejecting human rights, finding justification for violence in the Koran, valuing a sense of belonging to a violent tribe/organization, a purpose in life and redemption as terrorists for Islam, the schools they attend must give them special educational and psychological assistance (to compensate for inadequate parenting) to ensure **1)** that they do not drop out and become alienated, to ensure **2)** that they feel their adoptive nation cares about their well-being and professional success, to ensure **3)** that they embrace democratic values and human rights and assimilate properly in Western society, **and** to ensure **4)** that their **primary identity** is belonging to a society which respects human rights, not belonging to a religion which discriminates on the basis of religion and violates human rights.

What distinguishes Muslim immigrants to Europe and the United States from past immigrants to the United States such as the Irish, the Italians, the Czechs, the Poles, the Germans, the Chinese, the Japanese, and the Koreans, is their **difficulty in assimilating**, due to their insistence on maintaining their religion Islam as their primary identity and primary allegiance, precisely because the Koran commands them to do that; whereas non-Muslim immigrants to the U.S. wanted to become Americans first and foremost, even while maintaining ethnic pride and cultural ties to their country of origin. Italian-Americans, for example, are Americans first, patriotic and proud to be Americans, even if they value their Italian origins and conserve their religion. Similarly, Italians immigrating

to France became French first, even while valuing their Italian origins. But all too many Muslim immigrants to France remain Muslim first, do not feel French at all, nor do they feel any allegiance to France, certainly not over and above Islam which would be in violation of the Koran's commands. They should be made to understand that if they dislike "infidel" societies, it makes no sense for them to immigrate to them and become residents. If they prefer Islamic society, they should not choose to live in "infidel" lands. In any case, they must be made to understand that they have no right to impose their own mores in non-Islamic societies. If they choose to live in "infidel" lands, they must willingly assimilate and fully respect "infidel" laws and traditions.

The West has not properly engaged in the "war of ideas" in order to end Islamic terrorism. First, Islamic terrorists must be discredited through a major public relations campaign aimed at showing that they are most often misfits with psychological and family problems, drop-outs, ex-convicts, sadistic torturers and psychopaths, seeking violent adventure, sexual gratification through having sex slaves and multiple submissive wives, and, not least, religious redemption and validation for their violence induced by personal frustrations. It should be pointed out that due to excessive puritanism in Islamic society, Muslim youth are very frustrated sexually. **No disco? No dating? Jihad!** Second, and most importantly, **what is required is facing the truth, however "politically incorrect", about the violations of human rights by the holy books of all three monotheistic religions**, pointing them out, and making the case that the morality of the United Nations Universal Declaration of Human Rights is far superior to that of the Bible and the Koran. One **major difference between Islam and Judaism and Christianity** accounting for the fact that Islamic terrorism is widespread whereas Jewish and Christian terrorism is very limited, is the following: **whereas the Koran** specifically commands Muslims to despise, not befriend, hate, maim, and kill non-Muslims (the "infidels", and specifically Jews, Christians, apostates, and atheists) wherever they are here on Earth while Allah will torture them in Hell for eternity, **the Old Testament** tells the Jews to fight **only** for the land of Israel, and **the New Testament** tells Christians **not** to fight non-Christians while God will accept into Heaven only those who believe in Jesus Christ and the Holy Ghost. **If Jesus** had commanded his followers to hate and kill those who do not believe in him, we would certainly have lots of Christian terrorists! Clearly, **if Mohammed** had commanded Muslims in the Koran **not** to be violent with "infidels" and to treat them with respect, there would be no Islamic terrorism. Unfortunately, he commanded the opposite, and that's the root of the problem. **If Mohammed** had **not** promised Muslims dying as martyrs waging war against infidels an immediate entry to heaven with multiple virgins as sex partners, there would be very few Muslim suicide bombers and far fewer jihadis. That promise to Muslim martyrs is very appealing to Muslim youth, frustrated by the excessively strict, rigid, arid, restrictive, retrograde, and puritanical Islamic society. Its critical appeal to frustrated Muslim youths cannot be underestimated. No disco? No dating? Jihad! It would be very helpful to have many televised debates with Muslim youths on human rights and on their difficulty integrating into Western society. Also to be discussed is why extremist Muslims despise and want to destroy non-Islamic art, even when of great world cultural value; and why "infidels" are forbidden to visit mosques and especially Mecca (v. the Koran, Surah IX,

17, 18, 28), whereas Muslims and other non-Christians are welcome to visit the Vatican and all churches.

Regarding Iraq, the solution for its disastrous state of affairs, a veritable civil war due to vicious religious discrimination by its Iraqi Sunni and Shiite population, is its breakup into three sovereign nations: Kurdistan in the northeast where most Kurds live, Sunni Iraq in the center where most Sunnis live, and Shiite Iraq in the south where most Shiites live. Conveniently, as geographic luck would have it, each new nation would have its own ample oil fields. Since Iraqi Sunnis and Shiites detest each other, why should they be forced to live together? As for the Kurds, they deserve to have their own sovereign country and no longer be dominated by Sunni and Shiite Iraqis, having demonstrated to be by far the most civilized people in Iraq. (One should keep in mind that Iraq, formerly a province of the Ottoman Empire, was artificially put together as a nation by Western powers following the collapse of the Ottoman Empire at the end of World War I, with no consideration for ethnic and religious differences and preferences. The breakup of Iraq into three sovereign nations, if not inevitable, is desirable for the welfare and serenity of all its people.)

The U.S. had a brief window of opportunity to steer Iraq towards a true democracy as soon as Saddam Hussein was toppled, but blew it through total incompetence, leaving the country in total chaos with no one in charge, instead of providing security and order and guiding the Iraqis to a prosperous democracy respectful of human rights with low corruption. The first step should have been privatizing the Iraqi national oil company, putting a blue-ribbon senior management in charge, and distributing its shares to all adult Iraqis who would thereby share equally in their country's great natural resources through the payout of dividends and the value of their shares in the stock market. (This also applies to Libya, to end its civil war.) The tone would have been set for fairness, greatly reassuring the Iraqi citizens and enhancing their trust in American stewardship, removing all suspicion that the U.S. wanted to steal Iraqi oil. A crucial first step would have been taken towards economic prosperity and social cohesion. All that was needed was enlightened nation-building for a year or two (which we could have easily afforded if not for misguided, economically ignorant obsessions with budget deficits) with an emphasis on economic development, education, and a major effort to impart the concept of human rights. That would have been much less costly in human and economic terms than what we ended up enduring through years of combat due to the spiral into chaos which we could have prevented but didn't. Unfortunately, our political leadership was utterly deficient of competence, having no clue as to what needed to be done to ensure a smooth transition from the Saddam dictatorship and simmering sectarian strife to a prosperous, peaceful democracy.

Regarding Afghanistan, it needs a continued American military presence in order to prevent the Taliban from returning to power through terrorism. The new political leadership seems interested in the country's modernization through education, including of girls, and it behooves the U.S. to assist it through major investments in infrastructure, education, and security, while minimizing government corruption. A few years of

intelligent nation-building (which **must** include an intelligent “war of ideas” countering primitive traditions and beliefs which violate women’s rights and resist social and economic progress) will lead to a success story, and is worth the investment in spades. It is absurd to want to avoid the task of nation-building in order to save money in the short term, since that inevitably leads to much higher costs, human and economic, in the long term. A major public relations effort is required to change primitive Afghan male attitudes towards women, so that women are respected and have equal rights. The UN Universal Declaration of Human Rights must be publicized and taught in all secondary schools along with the history of human rights violations. Secondary school must be mandatory for both boys and girls, through age 18. It should be explained that with women having equal rights, Afghanistan’s economy will grow strongly and greatly raise the standard of living, just as happened in the decades following World War II in the United States and Western Europe when increasing numbers of women joined the workforce. An important point to be made to Afghan males resisting social modernity: contrary to their fears, they will have much happier and satisfying relationships with women once women have equal rights. A major American university scholarship program should be instituted for outstanding male and female Afghan high school graduates.

Regarding Syria and Libya, those failed states cannot be allowed to fall under the domination of Islamic extremists such as ISIS/ISIL. A concerted effort must be made by the Western democracies to delegitimize the extremists’ ideology, to eradicate them militarily, and to “nation build” both nations into democracies embracing and defending human rights. Intelligent nation-building (with rapid economic development through major infrastructure and education programs highlighting the UN Universal Declaration of Human Rights) is much less expensive than dealing with outlaw nations, and it is an excellent investment in its own right. It is imperative to have many televised debates between opposing political groups and ordinary citizens so that public opinion can coalesce around shared values and lead to political stability. Referendums may well be necessary to decide critical points.

Regarding Ukraine, it must be assisted to develop into a free-market democracy free from corruption. A referendum should be held to ascertain whether the great majority of Ukrainian citizens are fully on board to adopt policies essential for a prosperous democratic nation. If the response is unambiguously positive, the West should provide significant infrastructure assistance. All referendums must be preceded by extensive live televised debates.

Ukraine itself should call for a **United Nations organized and supervised referendum in the southeastern region invaded by Russian forces regarding secession**. Russia could not oppose such a referendum without losing face, particularly since it claims the great majority of the region’s inhabitants, many of them ethnic Russians, want to secede and become part of Russia. If the people vote for secession, so be it. The rest of Ukraine, with few ethnic Russian inhabitants, will then be strongly united and free to integrate economically with the West, with no unrest problems and no

possibility of pro-Russian politicians being elected: a positive development, since the stability and sovereignty of western Ukraine is more important than keeping a hostile southeastern Ukraine from seceding. Importantly, a precedent would have been set with Russia accepting United Nations run referendums, not military force, as the standard method for determining changes in national borders. That would be a very desirable outcome of the crisis, and it would matter little that southeastern Ukraine ends up voting to join Russia after a Russian invasion, with Russia achieving its goal subsequent to using military force.

Regarding Russia, the West must understand that Russia's aggressiveness under President Putin is rooted in a desire to regain self-respect after the collapse of the Soviet Union, unfortunately through military might and intimidation, as well as in a desire to not acknowledge that it made a huge mistake over 70 years by embracing communism. Tellingly, Putin publicly stated that the greatest tragedy of the 20th Century was the collapse of the Soviet Union. He should be asked to publicly explain to the world what exactly he means by that, and what was so good about the USSR in his opinion.

Given that Russia is economically backwards due to its communist past and its failure to embrace true democracy with human rights and a free-market economy with no state corruption and interference, it sees it is incapable of competing economically with the West. So, being led by a revanchist career KGB man, the only way Russia feels it can compete with the West is militarily. It is quite amazing that Russian citizens, having been brutally oppressed for 70 years by the KGB whose mission was to violate the human rights of Russian citizens in order for the Communist Party to remain in power, ended up voting for a former KGB director as their political leader, probably because of a "Stockholm syndrome" variation combined with denial and 70 years of brainwashing.

The Russians need to be made to understand that it is in their interest to be peaceful and to concentrate on developing economically, which requires embracing true democracy, human rights, a private sector, free-market economy with no government corruption and interference. The Russians, and Putin himself, need to explain to themselves why they don't produce any consumer goods capable of competing in the global marketplace. They need to realize that investing mainly in military might will prevent them from investing sufficiently in the development and production of quality goods and services.

The West should promote the view that, in the interest of fairness, economic efficiency, and less government corruption, large Russian energy companies should be privatized with their shares distributed equally to all Russian citizens, who will then be able to benefit directly through dividends and the value of their shares.

It would be helpful for there to be live, annual, televised debates between the American and Russian presidents in order to increase understanding and minimize misunderstandings, and for the citizens of both nations and of the rest of the world to hear first-hand the thinking of the two presidents.

Unfortunately, Putin is following the Hitler playbook (minus the anti-Semitism), with the same mindset of revanchism and military aggressiveness after a national humiliation, refusing to see it as the result of his own nation's grave errors, not of other nations' doing. He and resentful Russians of his generation need to have their eyes opened, to understand themselves and their mistakes. Putin, driven by his anger and resentment at seeing his nation so far behind the West economically, might risk everything and embark on a major military conflict, just like Hitler. The West needs to be prepared, not complacent as it has been over the past twenty years. And it needs to get through to Putin and the Russian people, to make them understand that their anger is misdirected. Their anger should not be against the West, but against their own mismanagement and misgovernment. A major public relations effort is urgently needed. There is no time to waste.

Putin should be publicly asked why he opted for military invasion of Crimea and southeastern Ukraine instead of requesting that the United Nations oversee a referendum in those parts of Ukraine to see whether it was the popular will to secede from Ukraine and become part of Russia. He should be asked to explain why he prefers military options to peaceful ones. The U.S. should make clear to Putin and the Russian people that the invasion of southeastern Ukraine logically drives Ukraine and other neighboring countries to rearm in order to defend themselves from an aggressive Russia which does not respect other nations' borders and sovereignty. And that it is illogical for him to believe that if Ukraine joined NATO it would be a threat to Russia. Clearly, it would only be a defensive move, in light of Russia's military aggression in southeastern Ukraine. Furthermore, NATO does not have, and never has had, plans to attack Russia. It is hypocritical for Putin to protest that such defensive rearming threatens and provokes Russia.

Putin should also be asked publicly what he thinks of the UN Universal Declaration of Human Rights, whether/when he will have it taught in all Russian secondary schools as required of all signatories, and why the USSR violated it systematically even though it undersigned it. He should be asked publicly why so many of his political critics and opponents have been intimidated and murdered, even outside of Russia by FSB/KGB agents, and why he has closed down opposition media, in violation of human rights.

Regarding Greece and the Euro Zone, the deep recession worsened by severe, counterproductive austerity measures, risks alienating Greece (suffering from 25% unemployment) and having it ally itself with Russia, a danger to democracy and human rights. Even France is at risk of allying itself with Russia, as one of its leading opposition parties is being financed by Russia. **The European Union needs to have enlightened economic policies guaranteeing sustained economic growth and low unemployment, and that means adopting QE-financed tax rebates as the standard economic stimulus tool to be used whenever unemployment rises above 6%.** Reforms for increased productivity are urgently needed in Greece, but such reforms will be embraced

willingly only when the economy is in good shape and unemployment low. **For sustained European Union prosperity, the euro needs to be replaced by the former national currencies, given the enormous differences of economic performance and potential of the various member nations. The euro is a straightjacket which inevitably leads to recurring economic crises since in the long term one currency cannot fit all.** The European Union needs free trade for economic prosperity, **not** also a single currency. An economically prosperous European Union is an imperative, so that it does not run the risk of breaking up or having members ally themselves with Russia, and so that it has the capability to contribute its fair share for ensuring that NATO is an effective defense force. A referendum preceded by extensive televised debates should be held on the question of whether to retain the euro.

Regarding China, relations are difficult since its new leadership is aggressive with regard to foreign policy, as it seems fixated on taking over some small islands belonging to Japan but which it claims belonged to China in the past, and on expanding its offshore borders, particularly at the expense of Vietnam. Furthermore, China remains adamant that Taiwan not assert its sovereignty and take no political measures which would interfere with its eventual reversion to China, a longstanding goal of China. It would help to have annual televised debates between the presidents of China and the U.S., where they could freely ask each other questions, in part to clear up misunderstandings, and to allow the citizens of both nations to take a measure of them and their views directly.

Given the increasing censorship in China, its president should be asked what he thinks of the UN Universal Declaration of human rights, which China has undersigned and pledged to uphold, and how he can justify censoring even artists, not just writers and political activists. At the same time, the American president should congratulate China on its stunning economic development over the past twenty years, expressing his admiration of the Chinese people's talent, and state that it is precisely such incredible economic progress which makes government censorship so incongruous! What is the Chinese leadership afraid of? The American president should also make clear that an economically prosperous China is very much in the national interest of the United States, and that we hope China will not try to change time-settled borders through military intimidation or actual conflict. The world cannot have peace and stability if nations aggressively claim lands which belonged to them in the past. Sovereignty disputes over territories and secession demands should be resolved through peaceful, good-faith negotiations, or, if necessary, through U.N. supervised referendums indicating the freely expressed wishes of the residents in the disputed territories.

Regarding India, we must cultivate relations with it, and provide educational assistance wherever possible in the many areas of extreme poverty. A well-educated, prosperous India is in our national interest. Unfortunately, there is some degree of anti-American sentiment in India, as in other parts of the world, which we must turn around.

Regarding Turkey, a NATO member, the U.S. must affirm its interest in seeing Turkey be a prosperous nation fully committed to democracy and human rights.

Regarding Mexico, it is of great importance to help Mexico develop economically and socially so that illegal immigration is no longer a problem. The U.S. should make a major effort to help young Mexicans get an excellent education, and open primary and secondary schools wherever they are needed, providing financial assistance and teachers when necessary. Having a well-educated, prosperous, crime-free Mexico is in our national interest.

Regarding Cuba, the U.S. trade embargo has not achieved any positive results for over half a century, and it should be completely terminated. Cuba has traded freely with the rest of the world over the years, and the lack of trade with the U.S. has clearly not resulted in regime change or even weakened the Castro regime. The expectation that the trade embargo would result in regime change was naïve wishful thinking and based on flawed economic logic. There should be no doubt that having full economic and diplomatic relations with Cuba will lead to positive results for both Cuba and the United States. Cuba will no longer feel it needs to be allied with Russia, and Cuban Americans, while understandably and justly resentful of the Castro regime, will finally have the chance to legally reacquire property in their country of origin through free market purchases. They will probably not have their expropriated properties returned, nor receive compensation for the expropriations, but historic wrongs are unfortunately not always righted. While some formerly communist nations of Eastern Europe have returned expropriated property to their original owners, it does not seem that Cuba will do that willingly in the near future, but it might decide to find a way to compensate the victims of expropriation in the future when the country becomes prosperous. That is the only realistic possibility for Cuban Americans receiving compensation, and they should accept it. Having a major league baseball team based in Cuba would greatly help the development of close ties between Cubans and Americans and an enduring friendship.

Regarding Venezuela, the United States should openly explain why it disapproves of the current regime, but assert unambiguously that it will not interfere with its internal affairs, and that it is up to the Venezuelan citizens to change their government if they are not satisfied with it. By removing fears that the U.S. will pursue actions to achieve regime change, the current regime will no longer feel it needs to ally itself with Russia.

Regarding Mali and Nigeria, it is urgent that they free themselves of **Boko Haram**, a brutal Islamic terrorist organization. The U.S. and Western Europe should provide coordinated assistance in the fight against Boko Haram, but they must also apply pressure for good governance. Both countries need help in providing a good education for their citizens, and in eliminating widespread government corruption. Failing and failed states are a threat to global peace and prosperity, no matter where they are located.

Regarding vast illegal immigration to Western Europe from underdeveloped nations in Africa and elsewhere, it is a very serious problem which needs to be solved without delay. Western Europe cannot possibly afford to continue sheltering thousands of extremely poor and uneducated migrants every year. That is extremely expensive and socially destabilizing. **The problem needs to be addressed at its source**, i.e., the extremely bad governance in the countries of origin. Coordinated Western European pressure must be applied to force a radical improvement in governance, and the United States should assist whenever possible. Failed states are notorious incubators of terrorism and must be turned around into human rights respecting democracies and free-market economies with minimal corruption. If Western Europe and the United States put their mind to it, they can succeed. The benefits in terms of global peace and economic prosperity would be enormous.

Regarding North Korea, tensions would be greatly defused if the United States withdrew its forces from South Korea, removing any North Korean fears that the U.S. is planning on invading it. Furthermore, those American troops serve no purpose, since the South Koreans have their own army backed by the U.S. pledge of military support in case North Korea initiates war. Our support would mostly consist of air and sea power, neither of which requires U.S. military bases in South Korea. In any case, it would be a good idea for the South Koreans to have a referendum, preceded by many televised debates, on whether to have U.S. military bases in their country. **Importantly**, it is time the U.S. signed a peace treaty with North Korea, recognizing it as a sovereign state, which it is in fact. The Korean War ended over half a century ago, and it is pointless to not put a formal end to it. North Korea would then feel greatly reassured and peaceful relations with South Korea could well develop in short order, enormously benefiting both nations economically. North Korea would then probably abide by nuclear non-proliferation treaties, and stop exporting nuclear weapons technology and components. The U.S. does not have to approve of the North Korean regime in order to sign a peace treaty with it.

Regarding the International Monetary Fund (IMF), it should be disbanded. Apart from being a costly, ineffective bureaucracy, it has had a very damaging effect on many developing countries through terrible economic advice. For example, its advice to Poland and Russia in their delicate transition from a communist to a free-market economy (i.e., to have a strong currency even at the cost of sky high interest rates, a deep recession, and high unemployment) was absolutely disastrous, almost leading to a rejection of market economics and a return to communism.

VIII. Political Reform

For the country to reach its high potential, political reform is essential. **1)** Whenever truly big decisions need to be made, they **must** be made **by referendums** following extensive debate by politicians and ordinary citizens. Truly big decisions cannot be entrusted to politicians who are often controlled by special interests and

lobbyists who finance their election campaigns. **2)** We need to ensure our politicians never have a conflict of interest when they vote. Lobbyists should be banned. So should campaign contributions by special interest groups and PACs. They can all publicize their views freely through media campaigns, but they should not be allowed to finance politicians. **3)** We need campaign finance reform, whereby incumbents are not allowed to spend more than 50% of what their individual challengers spend. That's leveling the playing field, since incumbents have had a few years to prove to their constituents what they are capable of, and therefore don't need to spend as much as their challengers for election campaigns. **4)** Money should no longer be a determining factor in elections. Therefore, all public TV stations must broadcast multiple debates between candidates running for high office, and a government website must carry and store all debates for online viewing, as well as individual candidates' campaign ads. **5)** All candidates must run on **very specific** platforms, not vague ones, so that the voters know exactly what they are voting for, and so that elections essentially become mandates for specific platforms and legislation. All candidates must be required to present and explain their **detailed** platforms on the government website when they announce their candidacy, in order to be allowed to run. **6)** We must **require very high qualifications for political candidates to high office: they must all have gotten a very advanced post-graduate degree in government, demonstrating that they are experts in economic, foreign, and social policy.** Given the extreme complexity of today's world, we cannot afford to have presidents, senators, and representatives who are ignorant in the crucial matters of economic, foreign, and social policy. Nor can we expect ignorant presidents, senators, and representatives to be able to perform at a high level simply because they surround themselves with "experts" of their own choosing. If they are not experts in their own right, they will never be able to select the right experts or be able to intelligently evaluate inside and outside expert advice. **7) There should be no restrictions on write-in candidates in all elections,** federal, state, and local. That is true democracy, enabled by modern computing, and the way to mitigate our often stifling, narrow-minded political party duopoly which unfairly favors Republican and Democrat candidates over independents and poses formidable electoral barriers to unaffiliated candidates with non-partisan ideas and platforms, no matter how enlightened they may be and how superior they may be to Republican and Democratic Party platforms.

IX. Bank and Finance Reform

The financial and economic crisis was caused by excess debt leverage by individuals and financial companies, along with excessive risk taking, lack of accountability, and lack of transparency. It would never have happened without the financial deregulation started under President Clinton and continued under President Bush. The reaction has been an unwieldy, extremely complicated new regulation (Dodd-Frank) which will not do the job adequately. It should be replaced by the following very simple, clear-cut measures: **1)** 50% margin for all investors, no exceptions, including hedge funds; **2)** daily mark-to-market for all securities, including derivatives, to avoid

ugly surprises and blow-ups; **3)** SIPC and FDIC raised to \$10 million per account; **4)** criminal responsibility not of companies but of individual employees involved in criminal activity; **5)** all packaged/bundled securities must be backed by the issuers; **6)** mortgages must require a minimum 20% down-payment; **7)** ratings agencies must have no conflict of interest, therefore they cannot be paid by the companies they do ratings for; **8)** when a bank fails, it should be temporarily taken over by the Federal Reserve, recapitalized by the Fed which would install new management, brought back to health, and then IPO'd. All top executives of a failed bank would of course be fired, and be subjected to a five-year claw-back of all bonuses received and of all annual salary above \$500 thousand.

X. Immigration Reform

For prosperity, we need to have as many highly educated citizens as possible. Consequently, we should offer green cards to all foreign postgraduate students with masters or PhD degrees. Such academic accomplishment demonstrates not only a high level of education but also the desire to achieve results. Incredibly, under our current regulations many foreign students at our top universities with advanced degrees are not given green cards and are required to return to their country of origin after finishing their studies. To minimize illegal immigration, all we need is to have high-tech Social Security ID cards (with photo) for every working age adult, connected to a centralized federal data base. Employers will be required to register all their employees with the federal data base. All persons requesting welfare or hospital assistance will be required to present their Social Security cards.

XI. Prison Reform and Supreme Court Reform

The shocking, embarrassing, disgraceful fact is that among all the advanced democracies, the U.S. has by far the largest prison population in absolute numbers and as a percentage of the total population. That represents a grave, shameful failure of our society and government. It is the result of not providing a proper level of education to the poor **and** of not providing adequate rehabilitation in prisons to avoid recidivism which is scandalously high at over 50%. The cost of crime to our nation is extremely high, socially and economically. One of the best investments we can make for the sake of our country's prosperity is to vastly improve education for the poor from nursery school through high school, and to implement effective, enlightened rehabilitation programs in all our prisons. We must realize that a low level of education is the main cause of poverty and crime. With that realization must come the determination to make a major, intelligent effort to drastically reduce poverty and crime.

Just as having multi-year psychology courses accompanied by "group therapy classes" is of utmost importance in our junior high and high schools, it is essential to have them in all our prisons. Our inmates all need to understand psychology and undergo cognitive therapy, just as they need to become well-educated so that when they are

released from prison they can become productive, law-abiding citizens. **Our prisons should be run as strict boarding schools, with most of the day dedicated to education.** Good performance should be rewarded in various ways in order to incentivize the inmates, motivating them with immediate gratifications beyond the long-term reward which is discouragingly distant for many. From personal experience as a volunteer teaching courses in economics/investing and in constitutional law in a New York State prison, I know that with the right amount of education and discipline one can achieve total intellectual and psychological rehabilitation for most inmates. Lots of homework must be assigned and corrected, just as should be the case in our public schools. What I found scandalous was that inmates were not required to spend a lot of time getting educated. Rehabilitation programs were completely inadequate, guaranteeing a high rate of recidivism. Well-run prisons require highly trained guards with high moral standards, and are violence-free environments, where politeness and good manners reign throughout. Such prisons are essential for rehabilitation and to greatly reduce recidivism, The way prisons are run reflect a nation's personality. We must be proud of the way we run our prisons and the positive results they achieve. That is not the current state of affairs, unfortunately. Prison reform is urgent.

As for the death penalty, it is a medieval, barbarous punishment which should be abolished. It should also be found unconstitutional. Who can logically deny that coldly executing a defenseless prisoner is in fact "cruel and unusual punishment" which the Constitution prohibits (8th Amendment)? Life imprisonment without parole should be the maximum penalty in our criminal code. How can a nation which is largely Christian not apply the admirable principles of repentance, redemption, and forgiveness also to criminals?

Law-abiding citizens should keep in mind that all criminals are a product of their environment, mostly of bad parenting and growing up in a bad neighborhood. They are not completely responsible for ending up as criminals. How many of our law-abiding citizens would instead have engaged in criminal activity in their youth had they been raised by alcoholic, abusive, irresponsible, or incompetent parents in a high-crime, poverty-stricken neighborhood with inadequate public schools? Realistically, objectively, did our inmates have a childhood giving them a fair chance of become law-abiding citizens? It is our moral duty to have rehabilitation programs we can be proud of. It is in our social and economic interest to have such rehabilitation programs in all of our prisons. It must be a priority, the same as having exceptionally good schools in the ghettos, from nursery through high school, imparting not just an excellent education but a high degree of self-discipline, empathy, and respect for others.

As for parole, once mandatory time is served, its granting should be based on objective criteria, i.e., on prisoners reaching objective milestones in educational and psychological rehabilitation, not on parole boards making subjective evaluations and decisions as is our current system, which is not fair and often leads to wrong decisions.

All law enforcement officers should be required to have personal video cameras in operation while interacting with prisoners, detainees, and ordinary individuals, in order to ensure quality control and to have enhanced evidence of what transpires. This ensures improved, more efficient, less costly justice. All law enforcement agents must be very well trained and carefully screened to see whether they are psychologically well-adjusted and competent, and have no racist tendencies. National police standards should be developed, and police-training academies created, run and funded by the federal government so that local law enforcement is uniformly of high quality throughout the country.

We need more than one federal Supreme Court, since it does not have the time to review all cases worthy of review. That constitutes a grave injustice. A good system would be to have regional federal Supreme Courts whose decisions could be reviewed by the federal Supreme Court in Washington D.C. if it decided its intervention was warranted. There would be the additional benefit of speeding up Supreme Court decisions, by reducing the work load of our current single federal Supreme Court.

XII. Equal Rights for Gays

Belief in and adherence to human rights requires that there be no discrimination based on sexual orientation. It follows that gays must have equal rights, including the right to marry. Nor should there be any moral condemnation of same sex relations between consenting adults.

It should be understood that the **historical bias** against homosexuality has its **formal origins in the Bible**, where the god of the Old Testament informed Moses of various laws and regulations for governing ancient Israelite society. That took place over 3,000 years ago, in very primitive times. Those same laws and regulations which Moses passed on to the ancient Israelites included, besides the prohibition of homosexual sex, the validation and regulation of slavery and the punishment by stoning to death of non-virgin brides at the doorstep of their fathers. The Old Testament clearly reflects a primitive mentality and violates human rights repeatedly: it should not remain the model of morality in modern times for anyone. The United Nations Universal Declaration of Human Rights is the appropriate model of modern morality, not the Old Testament.

(The bias against homosexuality has its **oldest roots in prehistoric times**, when the human race was at its very beginnings and risked extinction, having few numbers. Procreation was understood as an urgent necessity for survival of the species, and any behavior which did not favor procreation was seen **and deeply felt** as a threat to the survival and development of the human race. Homosexuality obviously did not favor procreation and was therefore frowned upon, discouraged, and condemned. But homosexuality (determined by genes, **not** by individual choice) never threatened the human race since the incidence was always low, around 5%. There always were

sufficient births to guarantee a growing human population. Today, if anything, we have overpopulation, and there should no longer be any primordial or religious biases against homosexuality or, for that matter, against birth control measures. Such primitive biases, wherever they still exist, are based on irrational, subliminal fears of insufficient births threatening the extinction of the human race, fears which are magnified by ancient religious texts whose claims to represent impeccable morality, the ultimate in morality, must be rejected since in violation of the UN's Universal Declaration of Human Rights.)

XIII. Is Gun Control a Solution?

Repeated shootings in high schools and even elementary schools by mentally disturbed youths have greatly increased calls for gun control measures. But it is a **delusion** to think that gun control is a solution. Gun control laws will have no more effect than drug control laws. Drugs are illegal, yet they are sold and bought everywhere. The same would happen if guns were made illegal, let alone simply registered. People who wanted guns without registering them would find them on the black market. Gun control laws only have the effect of increasing black market sales, not of limiting gun sales, particularly not to criminals or deranged individuals.

The only solution to gun violence is to have a well-adjusted citizenry, and that requires teaching psychology in all high schools for four years along with “group therapy classes”. Not only will that reduce mental illness and violence generally, but mentally disturbed youths will get the professional attention they need before they commit violent acts. There are no short cuts. A psychologically literate citizenry will produce far better parenting and far fewer cases of mentally disturbed youth, and those few who are disturbed will be identified and treated early on, before tragedies happen. We are simply wasting time on gun control legislation debates.

XIV. Is Decriminalizing Drugs a Solution?

Counter-intuitively, decriminalizing drugs would have the effect of reducing illegal drug sales and consumption by reducing the profits in “pushing” drugs. The only reason illegal drugs have high prices and are profitable is because they are illegal. Decriminalize them and their prices will plummet, profits will evaporate, and the number of drug dealers/pushers will decline dramatically. Fewer kids will be coaxed by “pushers” into trying drugs and consequently there will be less drug addiction. It stands to reason that if Prohibition failed to work in the 1920's with regard to alcohol, making drugs illegal cannot work either. It hasn't worked, in fact.

The long-term solution for eliminating addiction to alcohol and to drugs is promoting mental health. Again, there are no short cuts. We need four years of psychology and “group therapy classes” in all high schools. That will lead to universally

good parenting and well-adjusted citizens, minimal drug and alcohol addiction and minimal violence.

XV. On Climate Change

The question to be answered is whether climate change is due to human activity or whether it is due to natural causes humans have no power over. While everyone wants clean air and clean water, a beautiful planet Earth, we have to be careful to properly understand the causes of climate change. Misidentifying the causes of global warming, for example, can lead to disastrous decisions. In fact, if we were to conclude that global warming was due to human activity and implemented policy based on the idea that we can reverse the effects of past human activity, we might make enormous investments which will be ineffective if in fact global warming is due to natural forces which we cannot influence. For scientists who are proponents of the theory that global warming is due to human activity, they should answer the following question: we have had five different ice ages and five subsequent major global warmings which dwarf the current global warming; so what caused the five major global coolings and five subsequent major global warmings, all of which occurred before humans inhabited the Earth? The causes must have been natural. Logically, how could it have been otherwise? What exactly were those natural causes? Why is the current global warming also not due to natural causes? Before we make any major decisions on how to deal with climate change, we had better be sure our understanding of past major climate changes is correct.

XVI. How to Prevent Excessive Force by Police

There have been all too many instances of police using excessive force resulting in serious injury and even death, and all too many instances of police being excessively aggressive and insensitive, alienating the civilian population and undermining its trust and cooperation. We need to have **national standards of best practices for the police**, and training at a very high level. **Police officer candidates must be screened to exclude individuals with temper control problems, overly aggressive personalities, and racist tendencies.** A high degree of professionalism, courtesy, psychological sensitivity, and cool-headedness must be required, as well as the ability to minimize the spiraling out of control of difficult situations. Being a policeman is often a difficult, complex, dangerous, and challenging job. Having a highly qualified and trained police force requires talented recruits and commensurate pay. The federal government needs to ensure that all police forces, even in the smallest localities, meet the high level of competence required by **national standards** and are compensated accordingly. **To ease the financial burden on local police forces, the federal government should shoulder the cost of training, and to ensure a high level of training nationwide a national police training academy should be created.** All police should have personal video cameras in operation when they interact with detainees and ordinary citizens, in order to ensure quality control and evidence.

XVII. Humane Treatment of Animals

It's a moral imperative that **all** animals be treated well. No animals raised for human consumption should be confined to cages, they must all be raised outdoors with plenty of room. Costs will be higher, but keeping our moral standards high is more important. Methods of slaughter must be as humane as possible, with the animals not feeling anxiety or pain. Animals in zoos must also have plenty of room to roam, and be kept in confined viewing areas for not more than a few hours per day.

All shelters for abandoned domestic animals must be well run, with the animals kept in cages only for feeding and sleeping. Adoption efforts must be emphasized, with the adopters well vetted. Un-adopted cats and dogs having the right disposition should be trained for keeping company to hospitalized patients who would desire them, and to retirees in old age homes. Many prisoners would also benefit from having pets to take care of. Schools should have a pet appreciation/animal rights program. The federal government, **not** local governments, should fund and run high quality shelters and adoption/companionship programs since animal welfare is a national responsibility, with staffing provided by a specialized civil service corps, the Federal Animal Shelter/Companionship Corps. How a nation treats animals reflects on the nation's character. The United States must be a leader in humane treatment of animals.

XVIII. Welfare and Homeless Reform

Welfare recipients must be required to work if they are not infirm. Those who cannot find employment in the private sector will have to work in one of the Federal Corps. All welfare expenses must be borne by the federal government, **not** local governments, since welfare assistance is a national responsibility. Welfare housing, run by the federal government on campuses containing schools and medical clinics, must be safe and dignified, providing stability for those who remain on welfare for extended periods, particularly those with children. Welfare housing will be staffed by the Federal Welfare Assistance and Housing Corps, which will ensure that the children are well-fed and spend their days in school getting a quality education, and that the adults are employed either in the private sector or in one of the Federal Corps.

XIX. NASA and Basic Scientific Research

We must greatly increase funding for NASA and basic scientific research, including medical research. The United States must be by far the world leader in space exploration and scientific research, for our national security and economic prosperity. We can afford it with the right economic policies mentioned above, without increased taxation.

XVIII. Appendix

United Nations Universal Declaration of Human Rights

December 10, 1948

Preamble:

Whereas disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind, and the advent of a world in which human beings shall enjoy freedom of speech and belief and freedom from fear has been proclaimed as the highest aspiration...

Whereas it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law....

Whereas the peoples of the United Nations have in the Charter reaffirmed their faith in fundamental human rights... and in the equal rights of men and women...

Whereas Member States have pledged themselves to achieve the promotion and universal respect for and observance of human rights and fundamental freedoms...for the full realization of this pledge...

....every individual and every organ of society, keeping this Declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms... to secure their universal and effective recognition and observance.

Article 2:

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, color, sex, language, religion, political or other opinion...

Article 4:

No one shall be held in slavery or servitude...

Article 5:

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 7:

All are equal before the law and are entitled without any discrimination to equal protection of the law...

Article 13:

(1) Everyone has the right of freedom of movement and residence within the borders of each State.

(2) Everyone has the right to leave any country, including his own, and to return to his country.

Article 16:

(2) Marriage shall be entered into only with the free and full consent of the intending spouses.

Article 17:

(1) Everyone has the right to own property alone as well as in association with others.

(2) No one shall be arbitrarily deprived of his property.

Article 18:

Everyone has the right to freedom of thought, conscience, and religion; this right includes freedom to change his religion or belief, and freedom, either alone or in community with others and in public or private, to manifest his religion or belief in teaching, practice, worship and observance.

Article 19:

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 26:

(1) Everyone has the right to education...

(2) Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups...

The Old Testament

Genesis 17: God said to Abraham, “This is my covenant, which you shall keep between me and you and all your offspring after you: Every male among you shall be circumcised. You shall circumcise the flesh of your foreskins, and it shall be a sign of the covenant between us. For all future generations every male among you shall be circumcised eight days after birth, including slaves born in your house and slaves which

you have bought. My covenant shall be in your flesh as an everlasting covenant. Any uncircumcised male shall be cut off from my people, for he has broken my covenant.”

Deuteronomy 10, 23: Moses addressing the Israelites: “Now, Israelites, what does the Lord your God require of you? ...Only to fear Him, love Him, serve Him, and follow His commandments and decrees that I am commanding you today... No one whose testicles are crushed or whose penis is cut off shall be admitted to the Assembly of God. Those born of an illicit union shall not be admitted to the Assembly of God. Even to the tenth generation, none of their descendants shall be admitted....”

Genesis 3: To Eve, God said: “Your desire shall be for your husband and he shall rule over you.”

Genesis 5: When Adam had lived one hundred thirty years, he became father of a son and named him Seth. The days of Adam after he became the father of Seth were eight hundred years; and he had other sons and daughters. Thus, all the days that Adam lived were nine hundred and thirty years, and then he died.

Genesis 2: ...then the Lord God formed man from the dust of the ground and breathed into his nostrils the breath of life.....and the rib that the Lord had taken from the man he made into a woman...

After creating the man and putting him in the Garden of Eden, God said: “It is not good that the man should be alone; I will make him a helper as his partner.” So out of the ground God formed every animal of the field and every bird of the air... but for the man there was not found a helper as his partner. So God then caused the man to fall into a deep sleep and then took one of his ribs with which to create woman...

Genesis 15, 17: God made a covenant with Abraham with these words: “I give this land to your descendants, from the river of Egypt to the river Euphrates... I give you and your descendants all the land of Canaan in perpetuity, and I will be their God... As for your side of the covenant, you and all your male descendants shall be circumcised; you shall cut off your foreskins, which shall be the sign of the covenant between us.”

Genesis 24: “The Lord has greatly blessed my master Abraham. He has given him flocks and herds, silver and gold, male and female slaves, camels and donkeys.”

Genesis 16: Sarah, Abraham’s wife, took Hagar, her Egyptian slave girl, and gave her to her husband to go into her and have a child. After Hagar conceived (Ishmael), Sarah became upset and Abraham said to her: “Your female slave is under your power, do with her what you want.” Sarah then chased the pregnant Hagar away.

Genesis 25: After Sarah’s death, Abraham took another wife, Keturah....To the sons of his concubines he gave gifts and sent them away to the East.

Exodus 3: Then the Lord said: “I have seen the misery of my people, the Israelites, who are in Egypt.” And God said to Moses: “Go tell Pharaoh, the king of Egypt, ‘The Lord, the God of the Hebrews...’”

Exodus 12: The Lord said to Moses: “For the passover, any slave who has been purchased may eat of it after he has been circumcised...”

Exodus 20: The God spoke these words: “I the Lord your God am a jealous God, punishing children for the iniquity of parents to the third and fourth generation... You shall not covet your neighbor’s male or female slave... You shall not murder...”

Exodus 21: The Lord said to Moses: “These are the ordinances: When you buy a male Hebrew slave, he shall serve six years... When a man sells his daughter as a slave... Whoever curses father or mother shall be put to death... When a slave owner strikes a male or female slave with a rod and the slave dies immediately, the owner shall be punished. But if the slave survives a day or two, there is no punishment, since the slave is the owner’s property... Whoever lies with an animal shall be put to death...”

Exodus 31: The Lord said to Moses: “Whoever profanes the Sabbath shall be put to death... whoever does any work on the Sabbath shall be put to death...”

Leviticus 20: The Lord said to Moses: “If a man lies with a man as with a woman, both of them have committed an abomination and shall be put to death... If a man takes a wife and her mother also, that is a depravity and they shall all three be burned to death... Any person who is a medium or wizard shall be stoned to death...”

Leviticus 24: The Lord spoke to Moses: “One who blasphemes the name of the Lord shall be put to death: the whole congregation shall stone the blasphemer. Aliens as well as citizens, when they blaspheme shall be put to death...”

Deuteronomy 7: Moses told the Israelites: “When the Lord brings you into the land [of Israel] that you are about to enter and occupy, and he clears away many nations before you -the Hittites, the Girgashites, the Amorites, the Canaanites, the Perizzites, the Hivites, and the Jebusites, seven nations mightier and more numerous than you- and when your God gives them over to you and you defeat them, then you must utterly destroy them. Make no covenant with them and show them no mercy. Do not intermarry with them for that would turn away your children from following Him, to serve other gods, otherwise the anger of God will rise against you and destroy you. This is how you must deal with them: smash and burn their altars... For you are the people holy to the Lord your God who has chosen you out of all the peoples of the earth to be his people, his treasured possession.”

Deuteronomy 12: Moses addressing the Israelites about God’s rules: “You must demolish completely all the places where the nations whom you are about to dispossess served their gods... And blot out their name from their places...”

Deuteronomy 13: Moses to the Israelites on God's rules: "If any people secretly entice you to worship other gods, show them no pity or compassion and do not protect them. But kill them, be the first with your own hand to execute them... stone them to death for trying to turn you away from your God... If you hear that any of the towns that the Lord is giving you to live in has inhabitants worshiping other gods, put those inhabitants to the sword and utterly destroy those towns, burn them as a burnt offering to the Lord, and they shall remain ruins in perpetuity...."

Deuteronomy 22: Moses to the Israelites on God's rules: "If the charge is true that the young woman's virginity was not found after she was given in marriage, then the elders shall bring the young woman out to the entrance of her father's house and the men of her town shall stone her to death because she committed a disgraceful act by prostituting herself... so shall you purge the evil from your midst."

Deuteronomy 23: Moses addressing the Israelites on God's rules: "You shall not charge interest on loans to another Israelite.... But on loans to foreigners you may charge interest..."

Numbers 3: The Lord said to Moses: "... When I killed all the firstborn of the Egyptians, I consecrated for my own all the firstborn in Israel, both human and animal, they shall be mine, for I am the Lord."

Judges 13, 14: The Israelites again did what was evil in the eyes of the Lord, so the Lord gave them into the hands of the Philistines [the Palestinians] for forty years... There was a man of the tribe of Dan whose wife was barren....one day an angel of the Lord appeared before the woman and told her: "Although you are barren, you will conceive and bear a son.... His hair shall not be shorn, and it is he who shall begin to free Israel from the hands of the Philistines"....The woman gave birth to a boy and named him Samson... Once Samson saw a Palestinian woman he liked and told his parents to get her as his wife. They answered him: "Is there not a woman among your kin or among our people that you must go take a wife from the uncircumcised Philistines?" But Samson insisted: "Get her for me because I like her." His parents did not know that this was arranged by the Lord who was seeking a pretext to act against the Philistines who at that time had dominion over Israel.

1 Samuel 17: David said to the men around him, speaking of Goliath: "Who is this uncircumcised Philistine that he should defy the armies of the living God?"

2 Samuel 5: In Jerusalem, after he arrived from Hebron, David took more concubines and wives, and more sons and daughters were born to him in Jerusalem. ...The Philistines had occupied the valley of Rephaim. David then asked the Lord: "Shall I go up against the Philistines? Will you give them into my hands?" The Lord answered David: "Go, for I will surely give the Philistines into your hands."

1 Kings 11: King Solomon loved many foreign women including the daughter of Pharaoh, from the nations concerning which the Lord had said to the Israelites “You shall not enter into marriage with them for they will surely incline your heart to follow their gods.” Nevertheless, Solomon loved them. Among his wives were seven hundred princesses and three hundred concubines, and his wives turned away his heart from the Lord, the God of Israel.

Ezra 10: Then Ezra the priest said to the people of Judah: “You have trespassed and married foreign women, and so increased the guilt of Israel...Now do God’s will, and separate yourselves from the peoples of the land and from the foreign wives.”

Nehemiah 10: “...enter into an oath to walk in God’s law, which was given by Moses, to follow all his commandments and rules: we will not give our daughters to the peoples of the land or take their daughters for our sons...”

Nehemiah 13: Nehemiah speaking to the Jews: “Shall we then do all this great evil and act treacherously against our God by marrying foreign women?”

1 Kings 2: David to his son Solomon: “...do not let Joab go down to Sheol in peace...”

The New Testament

The Gospel According to Matthew

Matthew 1,2: An account of the genealogy of Jesus the Messiah, the son of David, the son of Abraham...Abraham was the father of Isaac, and Isaac the father of Jacob...and Jesse the father of King David... and David was the father of Solomon... and after the deportation to Babylon...and Jacob the father of Joseph the husband of Mary, of whom Jesus was born...So all the generations from Abraham to David are fourteen generations; and from David to the deportation to Babylon, fourteen generations; and from the deportation to Babylon to the Messiah, fourteen generations... The birth of Jesus...his mother Mary conceived from the Holy Spirit... He will save his people from their sins...the child has been born king of the Jews, to shepherd the people of Israel.”

Matthew 5: When Jesus saw the crowds he went up the mountain, and after he sat down his disciples came to him. He taught them saying: “...Blessed are the merciful, the pure in heart, the meek, the peacemakers, those who are persecuted for righteousness’ sake and for following me. Rejoice and be glad, for your reward is great in heaven...Do not think I have come to abolish the law of the prophets; I have come not to abolish but to fulfill.”

Matthew 10: Jesus sent out the twelve apostles with the following instructions: “Go nowhere among the Gentiles, and enter no town of the Samaritans, but go rather to the lost sheep of the house of Israel. As you go, proclaim the good news, ‘The kingdom of heaven has come near.’...If anyone will not welcome you, shake off the dust from your feet as you leave that house or town. Truly, I tell you, it will be more tolerable for the land of Sodom and Gomorrah on the Day of Judgment than for that house or town.”

Matthew 5: Jesus said to his disciples: “You have heard that it was said ‘You shall not commit adultery’. But I say that every man who looks at a woman with lust has already committed adultery with her in his heart. If your right eye causes you to sin, tear it out and throw it away. It is better for you to lose a part of your body that to have all of it thrown into hell.”

Matthew 6: Jesus said to his disciples: “Whenever you pray to God, do not be like the hypocrites who like to pray in the synagogues and on street corners and wherever else they can be seen by others. Instead, whenever you pray go into your room and close the door, and pray to God, your Father, in privacy. Do not pray with empty words and long phrases as the Gentiles do... and do not be ostentatious in showing others your devotion to God, as the hypocrites do. Your Father sees you when you pray in private to Him, and that is what counts.

Matthew 10: Jesus to his twelve apostles: “Everyone who acknowledges me before others, I will also acknowledge before my Father in heaven. But whoever denies me before others, I also will deny before my Father in heaven.”

“Do not think I have come to bring peace on earth. I have not come to bring peace, but a sword. For I have come to set a man against his father, and a daughter against her mother, and a daughter-in-law against her mother-in-law, and one’s foes will be members of one’s own household. Whoever loves father or mother more than me is not worthy of me, and whoever loves son or daughter more than me is not worthy of me.”

Matthew 12: Jesus in front of the crowds: “Whoever is not with me is against me... People will be forgiven for every sin and blasphemy, but blasphemy against the Holy Ghost will not be forgiven. Whoever speaks a word against the Son of Man will be forgiven, but whoever speaks against the Holy Ghost will not be forgiven, either in this time or in times to come.”

Matthew 13: Jesus to his disciples: “The Son of Man will send his angels, and they will collect out of his kingdom all causes of sin and all evildoers, and they will throw them into the furnace of fire, where there will be weeping and gnashing of teeth.”

Matthew 15: Jesus in the district of Tyre and Sidon to a Canaanite woman: “I was sent only to the lost sheep of the house of Israel.”

Matthew 18: Jesus to his disciples: “If the offender refuses to listen even to the church, let such a one be to you as a Gentile and a tax collector.”

“The kingdom of heaven can be compared to a king who wished to settle accounts with his slaves...”

Matthew 19: Jesus to some Pharisees: “I say to you, any man who divorces his wife for any reason except unchastity and marries another woman, commits adultery.”

Matthew 22: Jesus to the Sadducees: “In the resurrection, people neither marry nor are given in marriage: rather, they are like angels in heaven.”

Matthew 24: Jesus to his disciples: “Blessed is the slave whom his master will find at work when he arrives. But in the case of a wicked slave who in his master’s absence mistreats his fellow slaves and eats and drinks with drunkards, the master of that slave will return home at a time when he is not expected, and cut the wicked slave in pieces and put him with the hypocrites where there will be weeping and gnashing of teeth.”

Matthew 25: Jesus to his disciples: “When the Son of Man comes in his glory he will sit on the throne and say to those at his right hand, ‘Come you that are blessed by my Father, inherit the kingdom prepared for you... Then he will say to those at his left hand, ‘You that are accursed, depart from me into the eternal fire prepared for the devil and his angels... These will go into eternal punishment, but the righteous into eternal life.’”

The Gospel According to Luke

Luke 2: After eight days had passed from his birth, it was time to circumcise the child who was named Jesus, just as the angel Gabriel instructed Mary before she conceived.

The Koran

“In the Name of Allah, the Beneficent, the Merciful....Master of the Day of Judgment... Keep us on the right path. The path of those upon whom Thou hast bestowed favors. Not the path of those upon whom Thy wrath is brought down, nor of those who go astray.” Koran, The Opening (The Introduction)

“This book, there is no doubt, is a guide to those who guard against evil.”
Koran, Surah II, 2

“Allah’s curse is on the unbelievers.” Surah II, 89

“...so they have made themselves deserving of wrath upon wrath, and there is a disgraceful punishment for the unbelievers.” Surah II, 90

“Allah is the enemy of the unbelievers.” Surah II, 98

“O you who believe! Retaliation is prescribed for you...” Surah II, 178

“...kill them wherever you find them... slay them... such is the recompense of the unbelievers.” Surah II, 191

“... religion should be only for Allah...” Surah II, 193

“There is no compulsion in religion...” Surah II, 256

“Allah bears witness that there is no God but He...” Surah III, 18

“Surely the true religion with Allah is Islam... and whoever disbelieves in the communications of Allah then surely Allah is quick in reckoning.” Surah III, 19

“And whoever desires a religion other than Islam, it shall not be accepted from him, and in the hereafter he shall be one of the losers.” Surah III, 85

“We will cast terror into the hearts of those who disbelieve.” Surah III, 151

“They desire that you disbelieve... seize them and kill them wherever you find them, and take not from among them a friend or helper.” Surah IV, 89

“Surely those who disbelieve... will not believe. Allah has set a seal upon their hearts... and there is great punishment for them...” Surah II, 6, 7

“There is a disease in their hearts, so Allah added to their disease and they shall have a painful chastisement...” Surah II, 10

“... the fire of which men and stones are the fuel; it is prepared for the unbelievers.” Surah II, 24

“...you would certainly have been among the losers... Be as apes, despised and hated.” Surah II, 64, 65

“Those to whom We have given the Book [the Koran] read it as it ought to be read... whoever disbelieves it, these it is who are the losers.” Surah II, 121

“...Allah has revealed the Book with the truth; and surely those who go against the Book are in great opposition.” Surah II, 176

“Ask the Israelites how many a clear sign We have given them; and whoever changes the favor of Allah after it has come to him, then surely Allah is severe in requiting evil.” Surah II, 211

“As for those who disbelieve... these it is who are the fuel of the fire.” Surah III, 10

“...they rejected Our communications, so Allah destroyed them... Allah is severe in requiting evil.” Surah III, 11

“Say to those who disbelieve: You shall be vanquished and driven together to hell; and evil is the resting place.” Surah III, 12

“Have you not considered those Jews who are given a portion of the Book? ... then a part of them turn back and they withdraw.” Surah III, 23

“...they have become deserving of wrath from Allah, and humiliation is made to cleave them; this is because they disbelieved ...the communications of Allah...” Surah III, 112

“...the life of this world is nothing but a provision of vanities.” Surah III, 185

“...the good women are therefore obedient... as to those on whose part you fear desertion, admonish them... and beat them....” Surah IV, 34

“Of those who are Jews... Allah has cursed them on account of their unbelief....” Surah IV, 46

“Surely Allah will gather... the unbelievers in hell.” Surah IV, 140

“...for the iniquity of those who are Jews...did We disallow to them the good things...” Surah IV, 160

“The punishment of those who wage war against Allah is only this, that they should be murdered or crucified or their hands and their feet should be cut off on opposite sides... this should be as a disgrace for them in this world, and in the hereafter they shall have a grievous chastisement.” Surah V, 33

“We believe and their hearts do not believe, and from among them who are Jews... those are they for whom Allah does not desire that He should purify their hearts; they shall have disgrace in this world, and they shall have a grievous chastisement in the hereafter.” Surah V, 41

“...slay the idolaters wherever you find them and take them captives and besiege them and lie in wait for them in every ambush...” Surah IX, 5

“The idolaters have no right to visit the mosques of Allah... Only he shall visit the mosques of Allah who believes in Allah... the idolaters are nothing but unclean, so they shall not approach the Sacred Mosque...” Surah IX, 17, 18, 28

“Fight those who do not believe in Allah....And the Jews say: Ezra is the son of Allah; and the Christians say: The Messiah is the son of Allah; may Allah destroy them....” Surah IX, 29, 30

“...as to those who disbelieve, for them are cut out garments of fire; boiling water shall be poured over their heads. With it shall be melted what is in their bellies and their skins as well. And for them are whips of iron.” Surah XXII, 19, 20, 21

“...the women must wear head coverings... except in the presence of their husbands or fathers, or their sons or brothers, or their female slaves or male eunuch slaves... your male slaves and your female slaves...” Surah XXIV, 31, 32

“... there is no coercion in religion...” Surah II, 256

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The Grand, Underappreciated Implications of QE For Economic and Foreign Policy.

As Quantitative Easing has just ended after four years, consisting mostly of around \$3 trillion worth of Federal Reserve purchases of U.S. Treasury bonds, many observers have not yet understood the extremely positive implications of the QE experiment for both economic policy and foreign policy. Once our economic policy makers catch on, there will no longer be deep recessions or periods of high unemployment, and no holding back on necessary infrastructure investments and defense expenditures so long as the unemployment rate is over 5% and capacity utilization has room to increase. There will no longer be any talk of our national debt being too high, of debt being passed on to future generations of taxpayers, of budget deficits necessarily

being inflationary or inevitably crowding out private investment, of our not being able to afford increased defense, infrastructure, and research spending, of our having to patiently slog through recessions and endure periods of high unemployment. This may sound improbable and pie in the sky, but only to those who do not yet fully understand QE.

When our policy makers fully understand the nature of QE, QE will be used in a revolutionary way, not just as it has been over the past four years to stabilize the economy by financing otherwise unfinanceable enormous budget deficits, thereby keeping the economy from plunging into depression: **QE-financed tax rebates will become the standard tool to stimulate the economy**, allowing economic growth to reach its highest potential, recessions to always be very brief, unemployment to never be high, and the national debt to shrink. Even private sector indebtedness will shrink. The use of QE-financed tax rebates as the standard tool to stimulate a weak economy -as opposed to an easy monetary policy with ultra-low interest rates which have the negative side-effects of creating asset bubbles and of reducing interest income necessary for consumption- will be the economic equivalent of the invention of the wheel.

What is QE? It is, quite simply, the Fed printing money through the creation of **virtual, not real debt**, virtual debt which gets extinguished upon maturity and disappears into thin air. The virtual debt consists of newly issued Treasury bonds which the Fed purchases and keeps through maturity. Since the Fed is an agency of the U.S. government, at the end of each year it reimburses the Treasury for all interest payments received on the T-bonds it held, and it returns to the Treasury all principal payments it received on maturing T-bonds. So, T-bonds held by the Fed cost the Treasury absolutely nothing in terms of interest payments, and absolutely nothing in terms of capital repaid upon maturity. As for the money creation, it occurs when the Fed credits the Treasury's checking account at the Federal Reserve for the dollar amount of newly issued Treasury bonds it purchases. (Such crediting is an instance of electronic printing of money.) Importantly, since all T-bonds held by the Fed get extinguished at maturity at no cost to the U.S. Treasury, the debt represented by those bonds vanishes and is not passed on to future generations of taxpayers. QE means free, new money for the Treasury and subsequently free, new money for the U.S. economy when the government spends it or passes it on to consumers through tax rebates.

Conventional economic theory, which has often proved mistaken, holds that printing money is necessarily inflationary. But the past four years of gigantic QE, about \$4 trillion dollars worth, has not led to high inflation, not even to higher inflation. Inflation has held at extremely low levels despite enormous amounts of money printed by the Fed. That can only mean one thing, i.e., that printing money is not per se inflationary. Logic explains why. So long as newly printed money does not translate into excess aggregate demand (the situation of "too much money chasing too few goods"), the economy will not overheat and cause "demand-pull inflation". Prices and wages rise when there is excess aggregate demand, i.e., when capacity utilization is very high and unemployment very low. So long as there is slack in the economy, inflation will not be a problem. That has been the situation over the past four years, with ample free productive

capacity and employment well below full-employment levels. (Too many economists fail to distinguish between the two types of inflation, i.e., “demand-pull” and “cost-push” inflation, which have different causes and require different economic policy responses. The high inflation years of the 1970’s and early 1980’s were of the “cost-push” variety due to skyrocketing oil prices having nothing to do with excess aggregate demand.)

Consequently, whenever there is slack in the economy, a well-calibrated QE (one which does not cause excess aggregate demand) will not be inflationary, it will only help the economy grow. The reason the enormous QE implemented by the Fed over the past four years did not bring about a strong economic recovery is that the printed money was mainly targeted to help the financial sector avoid obliteration, and not also targeted to significantly increase personal income and consumption. **The proper QE would have included a large QE-financed tax rebate**, which would have gone straight into taxpayers’ pockets and led to strong consumption growth. With an \$800 billion tax rebate (the same size as the Obama stimulus package of 2009), each taxpayer would have received a \$5,000 check from the U.S. Treasury. A household with two taxpayers (v. husband and wife) would have received two checks of \$5,000. Such a rebate would have immediately stimulated the economy which was suffering from insufficient consumption due to rising unemployment and over-indebted consumers unable to increase their borrowing no matter how low interest rates fell. It would also have stopped the housing crisis in its tracks, as households in financial difficulty would have suddenly had the means to keep current on their mortgages. The recession would have been ended overnight, and both public and private indebtedness would have declined substantially.

Since QE does not increase the nation’s indebtedness, it can be employed as often as needed. Well-calibrated QE-financed tax rebates should become the standard tool for stimulating the economy. Importantly, they are **fair**, since there is no discrimination, no favored categories of beneficiaries as unfortunately happened with the 2009 Obama stimulus which benefited only new cars buyers (“cash for clunkers”), new home buyers, state and local government employees, and selected companies awarded infrastructure contracts. With tax rebates, instead, all taxpayers benefit equally, receiving the exact same check from the U.S. Treasury. The combination of fairness and no-cost means that QE-financed tax rebates can be implemented whenever the economy slips into recession. No one will have reason to complain, since every taxpayer benefits equally and the national debt does not increase by one penny, in fact it decreases thanks to the cyclical economic recovery brought about by the rebates.

The proper use of QE-financed tax rebates means the end of prolonged recessions and high unemployment. It means higher sustained economic growth and lower national indebtedness, along with a stronger national defense and foreign policy largely free from budget constraints, without any significant increase in inflation. It means using an accurate tool for fine-tuning the economy, as the stimulative effects of tax rebates can be accurately calculated, which eliminates the risk of generating excess aggregate demand. (Of course, tax rebates can be partially reversed if found to be

excessive through the imposition of temporary tax surcharges.) It means using a stimulative tool which does not create asset bubbles.

As for the widespread apprehension that the unwinding of the Fed's balance sheet will cause interest rates to spike, it is mistaken. First, the Fed can dispose of its Treasury bond holdings as slowly as it wants in the bond markets or not at all, since it can simply hold on to all its QE-financed T-bonds until maturity, letting them evaporate. Second, the Fed's enormous holdings of QE-financed T-bonds will not inevitably generate inflation since most of QE was targeted to cover the enormous losses of the financial sector, i.e., it served to avoid a bank sector implosion, it did not serve to greatly augment bank lending capacity which would lead to a lending boom. Therefore, there is no need for the Fed to reduce its balance sheet since there is no inflation risk inherent in the QE of the past four years. In any case, the best way to head off demand-pull inflation (which occurs only with a booming economy) is not through drastically higher interest rates (which have serious side effects, just as ultra-low interest rates have) but through temporary tax surcharges. And it should be understood that the best monetary policy is a neutral one, one which targets the fed funds rate at the six-month trailing CPI on an ongoing basis. We should never have the fed funds rate far above the going inflation rate, as we did under Fed Chairman Paul Volcker in the 1980's: that only served to greatly increase indebtedness, to slow economic growth, and to have a grossly overvalued dollar on a trade basis. It is no coincidence that we had record budget and trade deficits under Volcker's tenure as Fed chairman.

QE-financed tax rebates may seem too good to be true, a magic trick to stimulate the economy without inflation. But they are simply a logical and instantly effective way to put idle productive resources back to work, to increase consumption to a level which ensures high capacity utilization and low unemployment without increasing debt, indeed with public and private indebtedness decreasing as a result. Crucially, tax rebates are also a **fair** way to stimulate the economy, with all taxpayers benefiting equally. Large QE-financed tax rebates would have quickly ended the Great Depression of the 1930's, whereas the various public works programs did not. Nor was World War II necessary to end the Depression. Large QE-financed tax rebates would have provided the necessary stimulus with no displacement of workers away from producing consumer goods and services towards the defense sector, therefore without causing demand-pull inflation.

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N.B. One would expect that after three years of QE by the Federal Reserve totaling more than \$3 trillion, there would be no more talk of the U.S. depending on foreign capital to finance our budget deficits. Incredibly, that mistaken theory still prevails today, even in the face of such overwhelming contrary evidence, and even ends up constraining our foreign policy due to our presidents feeling beholden to our largest foreign creditors, such as China currently. **No Addiction to Foreign Capital**, my May 3, 1985 article published by the Wall Street Journal, debunked the conventional economic wisdom that the U.S. depended on foreign capital (Japanese at the time) to finance its budget deficits.

June 19, 2015

The Simple, and Only, Solution for Greece:

- 1) Exit the Euro Zone; 2) Convert Euro Debt into Drachmas;**
- 3) Have Drachma QE; 4) Remain in the European Union.**

Economic realism has been absent from the negotiations between Greece and the Euro Zone leaders, tragically, leading to unnecessary prolonged economic and social agony in Greece as well as serious geopolitical risk. There is a failure to understand that nations of different economic potential cannot be linked sustainably with a common currency. The European Union witnessed that reality first-hand in 1992 when the euro's precursor, the European Monetary System (EMS), failed after a brief life: Italy and Great Britain were unable to keep up with Germany economically and were forced to abandon the tight link between their currencies (the lira and the pound) and the deutschemark. The EU leaders illogically and naively concluded that the EMS failed only because the penalties for not respecting its rules (mainly concerning indebtedness, government debt to GDP) were not severe enough. Their flawed thinking was that by tripling the penalties for debt limit violations, discipline in the Euro Zone would be ensured. What has happened? Euro Zone government indebtedness has skyrocketed to record levels!

Today, after seven years of a severe downward economic spiral, Greece finds itself in a desperate economic and social situation, yet wanting to remain in the Euro Zone, the very cause of its crisis. Its only solution is, instead, to abandon the euro and take back its former national currency, the drachma. Contrary to widespread belief that returning to the drachma would be extremely painful for Greece, its creditors, and the European Union, the opposite is true: everyone would win, Greece, its creditors, the EU.

Returning to the drachma has two crucially important benefits for Greece. **First**, with a free-floating national currency, Greece would have a currency accurately reflecting its economic competitiveness within the European Union and globally, thereby greatly enhancing its economic performance. For decades before the euro, the drachma exchange rate gradually slipped against the world's major currencies, ensuring a decent level of cost competitiveness despite the country's relatively unproductive economy. Not having the political will to reform and have an efficient, productive economy, the free-floating, gradually devaluating drachma was Greece's economic lifeline. **Second**, a return to the drachma means having a sovereign central bank, which in turn means having the possibility of doing QE whenever necessary and not depending on foreign capital to finance government debt. Greece would be able to do exactly what the Federal Reserve, the Bank of England, and the Bank of Japan have been doing, i.e., buying up government bonds to finance government deficits. Without QE, the United States, Japan, and the United Kingdom would have plunged into depression. Without QE and being in the Euro Zone, Greece has plunged into depression.

Exiting the euro and returning to the drachma means Greece no longer has a problem financing its government debt, consequently it can abandon the

counterproductive austerity imposed on it by the Euro Zone and quickly recover. It must be remembered that austerity is exactly the economic policy decision in the 1930's which turned a recession into the Great Depression in the United States. That lesson has been ignored by the European Union, a startling error.

Contrary to the conventional wisdom, Greece's creditors would also benefit from a return to the drachma and the conversion of Greece's euro denominated debt into drachma denominated debt at the average exchange rate prevailing in the months following Greece's exit from the euro. Such exchange rate would undoubtedly be much lower than the one prevailing at the time when Greece adopted the euro, and it might well gradually devalue further over the years. But, precisely because their euro loans will be converted at the devalued drachma exchange rate, Greece's creditors will be able to recover much of their loans' original value when they sell their drachma bonds and convert the proceeds into euros. The alternative scenario, with Greece hanging on to the euro, is much worse: either outright default or a bailout by the EU. Apart from simply prolonging the agony, the bailout scenario would not be fair to the citizens of the EU who would be bankrolling Greece's unreformed economy, rife with tax evasion and pensions of Greeks who retire at an early age.

Since the United Kingdom, Sweden, Norway, and Denmark each have their own national currency, not the euro, while remaining in the European Union, why can't Greece do the same? Why should Greece be forced out of the European Union just because it drops the euro and returns to its former national currency? Since the UK can have its own sovereign central bank and do QE to finance its government deficits whenever it wants, why shouldn't Greece also have its own sovereign central bank and QE whenever it needs it?

There is absolutely no logical reason to expel Greece from the European Union or for Greece to leave the European Union just because it drops the euro in favor of the drachma. In fact, the EU and Greece will both prosper with Greece out of the Euro Zone. Perhaps it is precisely that prospect which disturbs the Euro Zone leaders who are emotionally attached to the euro like idolaters, since Portugal, Spain, Italy, and even France would then see the benefits of leaving the euro, leading to the euro's demise. It is truly unfortunate that the EU leaders do not understand that the end of the euro would quickly lead to a strong, sustainable economic recovery. They should remember that before the euro, the European Union never experienced a severe economic crisis such as the current one under the euro. That is no coincidence! The euro is an economic strait-jacket which far from strengthening the European Union is undermining it economically, socially, and geopolitically. The EU's prestige rests not on having a single currency, but on having economic and social prosperity. Having Greece leave the European Union would represent an incredible, severe geopolitical blunder by the EU leadership.

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Why There Is So Much Anti-American Sentiment Abroad And How to End It.

While most Americans have not been aware of it until fairly recently, there has been much anti-American sentiment around the world since the end of World War II, mainly in Western Europe and in the Muslim countries. Most of it is not deserved, but it exists nevertheless and its effects are very negative. It is imperative that the U.S. carefully examine anti-American sentiment in order to understand it, identify its roots, and find the way to eradicate it. Doing so would dramatically enhance our foreign policy, our security at home and abroad, and even contribute significantly to our economic and social prosperity. Therefore, one of our absolute priorities must be to gain worldwide respect and goodwill. That will take some real work on our part. A superficial public relations job will not do.

We should ask ourselves how it is possible that the U.S., which genuinely means well and has done so much good for the world during the past century as the prime defender of freedom and democracy (notwithstanding our Cold War support for certain right-wing regimes), has generated so much antipathy abroad, even amongst citizens of other democratic nations (including those liberated by the U.S.), not just amongst citizens of dictatorships who may be largely brainwashed and uneducated. And how is it possible that our motives are questioned, that we are viewed with such cynicism?

How can it be that the U.S. is accused (even by many of its own citizens) of invading Iraq for its oil, whereas it should be clear that our purpose was 1) to uphold the United Nation's authority and credibility after Saddam repeatedly flouted the U.N. and even expelled its arms inspectors, 2) to get rid of a dangerous, criminal tyrant responsible for two wars, the use of chemical weapons, the oppression of his own people, and innumerable deaths, whether or not he still had weapons of mass destruction, and 3) to spread democracy and human rights? How can it be that the U.S. has so little credibility and so little moral authority after a century of never going to war in order to confiscate other nations' wealth?

How is it that continental Europe -responsible in the past century for major colonization, for two world wars, for the worst dictatorial systems of all time, fascism and communism, and for virulent anti-Semitism culminating in the Holocaust- can be so critical of the United States? How is it possible that many people in Muslim countries call the U.S. "the Great Satan"? How is it possible that the expression "the ugly American" came about and has persisted abroad for half a century?

The shocking fact that President Chirac of France and Chancellor Schroeder of Germany -whose own countries owe their freedom and democracy to the sacrifices of Americans and cannot be oblivious to the fact that without the U.S. continental Europe would still be half fascist and half communist- could be so angrily and adamantly against the U.S.' decision to get rid of Saddam and offer the Iraqi people human rights and democracy, reveals not just their own selfishness, lack of idealism, and questionable rationality, but especially the ineptitude of the U.S. when it comes to foreign relations. We have a serious, deep foreign relations problem which cannot be solved by superficial public relations campaigns, which seem to be the extent of the Bush Administration's policy (v. the brief, ineffective campaign targeting Muslim countries, and the current, apparently inconsequential effort being led by Karen Hughes.) The solution will, instead, require deep introspection on our part, and major changes in domestic and international policy.

The fact that anti-U.S. sentiment in Western Europe is baffling for most Americans, including those in the White House and the State Department, is in itself a tip-off about one main cause: Americans are mostly ignorant about Europe and Europeans, the percentage of well-educated Americans fluent in at least one foreign language and culture being far below 1%. It seems that even our diplomatic and foreign intelligence corps are not sufficiently knowledgeable of the language and culture of the countries they are assigned to. Quite incredibly, back in the mid 1960's, at the height of U.S. economic/military might, much of collegiate academia decided to eliminate the foreign language requirement, believing only English mattered and that Americans had little need to learn about other peoples and cultures. The thinking was, foreigners would learn English and learn about us. They needed us, we didn't need them. We were much more advanced militarily and economically. We dominated in autos, TV's, HiFi's, steel, computers, electronics, aviation, appliances, even oil. That domination would surely never come to an end.

When a nation is collectively ignorant about the rest of the world, inevitably it doesn't understand the way the rest of the world thinks, and its foreign policy and diplomacy suffer from miscalculations. Additionally, its international economic competitiveness diminishes since knowledge of foreign markets is essential for commercial success. Worse, a nation ignorant of the rest of the world will actually tend to lose respect, confidence, goodwill, and diplomatic cooperation abroad, particularly if that nation is an economic and military superpower. The reason is that such ignorance -being clearly the result of a refusal or lack of desire to study other languages and cultures despite having ample means to do so- suggests either collective arrogance or stupidity, if not both! Such a collective lack of interest in other nations is typically found to be insulting abroad. In fact, many Europeans feel resentment towards the U.S. because of our disinterest in their rich culture, which they are rightly proud of and which they feel is in many respects equal or superior to ours, and because they

have made much more of an effort to be familiar with our language and culture. Such a lack of reciprocity disturbs and offends them, often making them hypercritical, even to the point of irrationality, and resistant to diplomatic cooperation. Now that we have lost our commercial dominance, they feel vindicated and respect us even less. Furthermore, given the U.S.' enormous military superiority, Europeans feel powerless and insecure, being dependent on the U.S. making the right moves in foreign policy, which they feel has become a rarity. That increases their resentment, although they should realize they have only themselves to blame for their predicament, having skimped on defense spending and having failed to coalesce diplomatically and militarily.

The U.S. academic leaders' decision to de-emphasize the study of foreign languages and culture in the mid 1960's derived from a mistaken assessment of the reasons for U.S. economic superiority in the 1950's and 1960's, specifically a false impression of intrinsic American superiority. It was perhaps easy to fall into such a fallacy trap, given the fact that in the 50's and 60's the U.S. dominated in every commercial and industrial field. But the reason for the American economic superiority was not intrinsic: it was mainly the result of the aftermath of WW I and WW II, the destruction of much of Western Europe and Japan's infrastructure, coupled with the economic shackling of Eastern Europe and China by communism. Without WW I, WW II, communism, and the pre-European Union trade barriers, there never would have been the temporary economic and technological domination by the U.S. (We have been and are, however, by far the leaders in idealism, which the world desperately needs, and we can be very proud of that.)

Today, the U.S. finds itself a laggard in autos, for example, without even one American manufacturer of TV's or HiFi's, and dominant in very few sectors. If the current educational trend in the U.S. continues spiraling downward for the lower and middle classes, our country will decline into overall economic mediocrity if not worse, due to an internationally uncompetitive workforce. We cannot afford to become a country with only an educated elite, the majority of the country being relatively uneducated, or seriously undereducated. Jay Leno's "Jay Walk" street interviews are a comical but disconcerting warning. To compete in the global economy, we need not just a very well educated population overall, we need a population well-informed about the rest of the world, fluent in foreign languages and culture.

It follows that the U.S. needs to emphasize foreign languages and culture, and require fluency in at least one foreign language and culture for every high school graduate, and two for every college graduate. College "junior-year-abroad" should be encouraged, even subsidized. Our own culture will become richer and our society more vibrant and creative. Improvement in our foreign policy and diplomacy will be dramatic in one generation, extraordinary in two generations. Similar improvement will take place in our economy. Part of the long-term

solution is realizing that “know your customer” applies just as much to foreign policy, diplomacy, and international business, as to business within our own borders.

Meanwhile, in the short-term, the President should become a much better advocate abroad for U.S. foreign policy and communicate directly with foreign citizens on their own television and radio (with simultaneous translation/subtitles), especially when there are disagreements or misunderstandings. For example, President Bush should prepare himself to go on French, German, Italian, and Spanish political talk shows, to be interviewed and even debate with European political leaders and journalists. The president of the U.S. cannot afford to be perceived as aloof or unconcerned with foreign public opinion. He must show that he cares, and wants to make U.S. positions and rationales clear. He must do his utmost to be totally sincere and direct, and not be defensive or condescending. Just making the effort is as important as being persuasive. The gesture, the sincere concern, the effort to communicate directly will be greatly appreciated, and result in much increased goodwill abroad. Differences of opinion -such as on Kyoto/global warming, the International Court of Justice, and even Iraq- are not nearly as important as having a direct, sincere, personal dialogue. President Bush should also take some cultural trips through Europe, showing genuine interest and appreciation. He must realize that his domestic constituency is no longer his only constituency. In the age of global mass communications and the primacy of public opinion, the whole world has become his constituency.

As for the Muslim world, anti-American sentiment is based on two issues: 1) the Israeli-Palestinian conflict, and 2) Islam’s aggressive intolerance. The U.S. is viewed as the reason Israel exists and as Israel’s unjust ally in the violation of Palestinian rights. Furthermore, the U.S. is viewed as an “infidel” nation, while the Koran exhorts Muslims to kill and maim “infidels” wherever they can be found, asserting that Allah wants only Islam and rejects all other religions. (Contrary to the West’s conventional wisdom, Islam is not moderate, it is radical, as any reading of the Koran clearly reveals. There are moderate and passive Muslims, but there is no moderate Koran, and therefore no moderate Islam. That explains Islamic terrorism, which will only be eradicated after Islam itself is reformed through the repudiation of various segments of the Koran.) These two issues must be faced squarely, frontally, not with head-in-the-sand wishful thinking and denial of the existence of real, profound differences, not with the attitude that the solution requires nothing more than sugarcoated public relations while avoiding frank discussions on sensitive matters.

The President should try to personally engage with the Muslim world on its own television and radio stations, seeking permission to grant interviews and participate in debates with leading Muslim politicians, religious authorities, and journalists. He should show his deep concern and determination to find a just, fair

solution to the Israeli-Palestinian conflict, but also -however sensitive the issue- his rejection of Islam's misguided intolerance and discriminations by asserting his belief (and it must be his belief, no matter that he is of the Christian faith!) 1) that God -if God exists- has no favorites, i.e., no favorite religion, and no favorite people, and that any religion which asserts the contrary must be gravely mistaken, 2) that the term "infidel" must be forever banned, 3) that God must love all men and women equally, regardless of their religious belief or lack of belief, and 4) that God only wants man to do good on Earth and avoid strife, particularly religious strife. He should insist that Muslims give women equal rights and that forcing women to cover is a violation of their human rights, their equal rights, not a symbol of religiosity but only of women's submission to men and oppression by men, a primitive and unacceptable tradition. And he should also explain how Muslim society's economic and social prosperity depends on women's equal rights and on separation of church and state, just as in the West. Muslims have not reformed Islam for 700 years. They need to be pushed to do so without further delay.

As for the Israeli-Palestinian question, the President should set the historical record straight regarding the reason Israel exists -i.e., the Holocaust, which had nothing to do with the U.S.- and explain that our support for Israel is based on the fact that the Jews have been unjustly persecuted for centuries and that they deserve to live in peace in their own country, Israel, where they lawfully settled under the British Protectorate of Palestine after WW II. He must point out that the Koran unjustly singles out Jews for reprobation and punishment simply because they do not embrace Islam, and that there would be no occupation of the West Bank and Gaza had the Arabs not gone to war with Israel in 1967 and 1973. Reason must be made to prevail. At the same time, the President must loudly insist that Israel cannot fairly make biblical claims to the West Bank in order to justify its settlements. That is an open invitation to religious discrimination and conflict. The President needs to be scrupulously fair, and not forget that good diplomacy cannot consist of appeasement and denial, that problems must be faced squarely and resolved, not swept under the rug where they will fester.

On another front, the U.S. needs to realize that it is perceived by many abroad as a violent, selfish, inhumane, materialistic, uncultured society, shocking as that may sound to many Americans. People around the world see that we have a lot of shootings, even by adolescents, a lot of crime, a lot of drug addiction, a lot of poverty, the death penalty, and all too many Americans with little or no education, and little knowledge of foreign languages and culture. The world needs the U.S. to be a leader for democracy and human rights, but to be an effective, credible leader we must become truly admired and even liked. A prerequisite is solving our own problems and shortcomings.

Most of our crime and poverty derives from bad parenting and academic failure due to a mediocre public education system which does not compensate for

inadequate parental guidance and discipline. The main problem with the public schools is not insufficient funding, too few teachers, or too few classrooms, as the conventional wisdom goes. The main problem is the lack of student effort and discipline. Too many students do not pay attention in class or do their homework. Schools must enforce strict discipline and oblige failing students to attend study hall after normal school hours, even on Saturdays and during the summer, when necessary. For chronically failing students, reform school must be the prescription. Practically no one is saying this, and it may be politically incorrect to blame the students and their parents for academic failure, but enforcing strict discipline together with high expectations is the solution to “failing schools”, the only solution. It is to be ignorant of the real situation in the so-called “failing schools” or to be in denial when one blames academic failure on insufficient funds, inadequate facilities, insufficient teachers, or insufficient testing, instead of on grossly insufficient student effort and discipline. Apart from strict discipline and high expectations, what is needed is a secondary school core curriculum which includes multi-year courses on ethics, personal and family psychology, economics/finance, 20th Century world history in great detail, history of art and architecture, history of music, comparative religion and philosophy, and of course, foreign languages and culture. We should adopt an attitude whereby academic failure is inadmissible, and whereby a high level of life-enriching education is mandatory for every young American.

As for the death penalty, it must be abolished. It is a primitive and immoral punishment, and it goes against our Judeo-Christian ethos. One of the Ten Commandments states “Thou Shalt Not Murder”, and the message of Jesus Christ is certainly not vengeance for the worst of crimes through execution. Rather than execution, we have the alternative of life imprisonment, which, by the way, should always be accompanied by spiritual rehabilitation and intellectual development programs. That would conform to the Christian ethos of forgiveness and redemption, execution does not. The Europeans see us as hypocritical, vicious, and primitive to maintain the death penalty, and they make the point that we are in bad company. The death penalty, in fact, has been abolished by practically every democratic nation except ours, whereas it is common in most nations which are undemocratic and systemic violators of human rights. Furthermore, capital punishment is undeniably “cruel and unusual” punishment, and we should finally have it declared unconstitutional, in violation of the 8th Amendment. Abolishing the death penalty and proclaiming the sanctity of life would raise our standing with the Europeans, and it would send a powerful message to the Muslim world which is so prone to killing civilian, non-combatant “infidels” in the name of Islam. It would also have a positive subliminal effect in our own country, where shootings are an astonishingly frequent occurrence, evidence of a harsh, alienating society (strangely in contradiction with our strong sense of patriotism and of mission for bringing about good in the world).

Finally, we should make 2 years of military or civil service mandatory for all young Americans, to be performed after college. It is imperative to have a mindset of solidarity, and for all young Americans -regardless of their socio-economic background- to contribute significantly to a national cause before embarking on their own careers. Public service could be performed domestically, such as teaching in public schools or working in hospitals, old-age homes, and day-care centers, or abroad in the Peace Corps, wherever young Americans would be truly welcomed and not risk being harmed. A well-organized Peace Corps can do much to increase international goodwill for the U.S., helping underdeveloped countries emerge from their backwardness.

We must deal with anti-American sentiment intelligently, comprehensively, and without delay. It's been going on for far too long, and it's been very costly, even in terms of lives lost or irreparably damaged. If we succeed in eradicating it, the benefits will be extraordinary, far beyond what most Americans can imagine.

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N.B. No Addiction to Foreign Capital, my May 3, 1985 article published by The Wall Street Journal, debunked the conventional economic wisdom that the U.S. depends on foreign capital (v. on Japanese capital, back in the 1980's) to finance its budget deficits. Such gravely mistaken view still prevails, and it even ends up constraining our foreign policy, with our presidents feeling they must take care not to upset our foreign creditors. Today the belief is that we depend on Chinese capital to finance our budget deficits despite more than \$3 trillion worth of QE financing by the Federal Reserve over recent years! Why would anyone still believe we need the Chinese or anyone else to buy our Treasury bonds when we have the Fed and its QE? It's a big mystery how this fallacious economic theory still prevails. It must be discarded, especially since it severely impacts our foreign policy. **Fed Tightness Boosts Borrowing**, my February 21, 1986 article published by The Wall Street Journal, explained how an excessively restrictive monetary policy (such as the one conducted by Fed Chairman Paul Volcker in the 1980's) is counterproductive.

The best way to end the Libyan civil war would be for the U.S. to promote the privatization of the Libyan national oil company and have its shares equally distributed to every Libyan citizen, since the civil war is mainly about competing tribes wishing to gain total control over Libya's oil. The fair distribution of Libya's oil wealth directly to Libyan citizens under U.S. auspices would most probably lead to peace and enhance the U.S.' reputation in the Arab world.

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