

**Part 2 has twenty-one of the thirty-four public policies of *The New Enlightenment*.
The following is an excerpt of Part 2's introduction and first two policies.**

Part 2

The Way to Prosperity for All

"The most important problem that we are facing now ... is rising inequality."

Robert Shiller, Nobel Prize in Economic Sciences, 2013

On a per capita basis, our country is wealthier than ever. In spite of this, a record 50 million poverty-plagued people makes the poverty rate among the highest on record. The percentage in "deep poverty" (half the official poverty income) is the highest on record. Our per capita GDP (\$52,800) is almost two times that of 1966 (\$28,680 in 2013 dollars), yet about the same fraction is in poverty now as in 1966 because almost all of the country's income gains have gone to a small economic elite.

As I described in Part 1, conditions now are too far from the level of egalitarianism that our Founding Fathers considered ideal and therefore wanted to be maintained by the government they created. Economic inequality was one of the main motives for the societal transformations of the Enlightenment. It is now greater than it was before the Enlightenment, of which the American Revolution was a part. Below is a review of a few more facts indicating that it is time for a New Enlightenment.

Wealth Inequality

Inequality of wealth is even more extreme than our extreme income inequality. U.S. household wealth reached \$77.3 trillion in September 2013.¹ This is about a \$657,000 (about two-thirds of a million dollars) average wealth per U.S. household. Considering this fact, is it acceptable for our economic and political system to result in a negative total wealth of the least wealthy 40% of the country, or about 128 million people?

In 2013 the top 400, or 0.00013% of Americans, had over \$2.3 trillion in wealth, more wealth than 190 million or 60% of the least wealthy Americans combined.² Most people are aware that economic inequality is extreme, but not aware it is this extreme. If you have a penny and no debts, you have more wealth than the total wealth of about the 128 million poorest Americans combined. When a large portion of our ship of state is underwater, even though part of the ship is still rising, there is cause for concern about the eventual fate of the ship.

It has been known for thousands of years that extreme economic inequality is a threat to stability and democracy:

Aristotle (384-322 B.C.), one of the most influential philosophers in history, who made contributions to logic, metaphysics, mathematics, physics, biology, botany, ethics, politics, agriculture, medicine, and other fields, concluded in “The Most Practical Type of Constitution”:

“Good government is attainable in those states where there is a large middle class—large enough ... to be stronger than both of the other classes... The reasons why democracies are generally more secure and more permanent than oligarchies is the ... middle class.... is more numerous and is allowed a larger share in the government than it is in oligarchies.”

The ancient Greek Platonist philosopher and prolific author Plutarch (A.D. 45-120) observed:

“An imbalance between the rich and the poor is the oldest and most fatal ailments of all republics”

Income Inequality

America’s gross national income of \$16.4 trillion makes it the most prosperous nation in the history of the world. Over the course of the twentieth century alone, real income per capita (adjusted for inflation) increased roughly eightfold. If national income were divided equally today among all employed persons, including those working part-time, each person would be earning \$115,520 per year, or their annual work-hours could be cut in half with their income reduced on average to \$57,760.³ This is over two times the median personal income of \$28,280 in 2012.

We cannot have a functioning economic system if we divide income or wealth equally, but disparities so large that the top 1% of Americans have 24% of the nation's income are unjust and economically, politically and socially harmful. The average income of the top 1% of U.S. households in 2011 was \$1,530,773, while the average income of Americans in the bottom 20% was \$9,187. The highest income for an individual was \$4.9 billion. Part 4, note 1, details why this degree of income disparity is unjustifiable and harmful. The New Enlightenment policies would strongly incentivize formation of corporate structures that would create more egalitarian outcomes without redistribution. Also, more robust redistributive and other New Enlightenment policies will reduce extreme disparities with their widespread harmful consequences.

Our huge disparity of income is widening, and the rate at which it is widening is increasing. Despite a \$1.3 trillion GDP increase over the 2009-2011 recovery period, the bottom 99% lost income, so effectively **121%** of the income gains went to the **top 1%**.⁴ The top 10% share of income in 2012 is equal to 50.4% of all U.S. income, a level higher than 1928 right before the Great Depression. The great economic disparity then was an important part of the systemic failures that caused the Great Depression, as ours was of the Great Recession. The United States has a record level of inequality of income from labor, probably higher than in any other society at any time in the past, anywhere in the world. This includes societies in which skill disparities were extremely large, such as those with an educated class and a large fraction of the population illiterate. For example: We have greater labor income disparities than apartheid South Africa did, and India did when it had a large illiterate portion of its population with a small educated class.⁵

The share of prime working-age U.S. adults who can’t generate enough income to meet their basic needs shot up from 31% in 2000 to 38% in 2010.⁶ Over 150 million people are either in poverty or with low-income (less than two times the poverty level). Families in poverty do not cluster just below the poverty threshold. 44% have incomes of less than half the poverty line. These over one in sixteen Americans are the “severely poor,” or live in “deep poverty,” the highest on record. During the pre-recession 2000-2005 period, the number of the severely poor grew by 26%, over 50% faster than the overall population in poverty. From 2005 to 2012 the population of the severely poor increased by 28%, to 20.4 million.

Inequality of Opportunity

For most of our history, America has been known as the land of opportunity. If you were poor or born into a poor family, your chances of rising to high income or wealth were greater here than anywhere else in the world. Now, if you are poor or born into a low-income family, your chances of staying low-income throughout your life are higher in the United States than in any other advanced country.

Another Important Negative Outcome of Our Economic and Political Systems

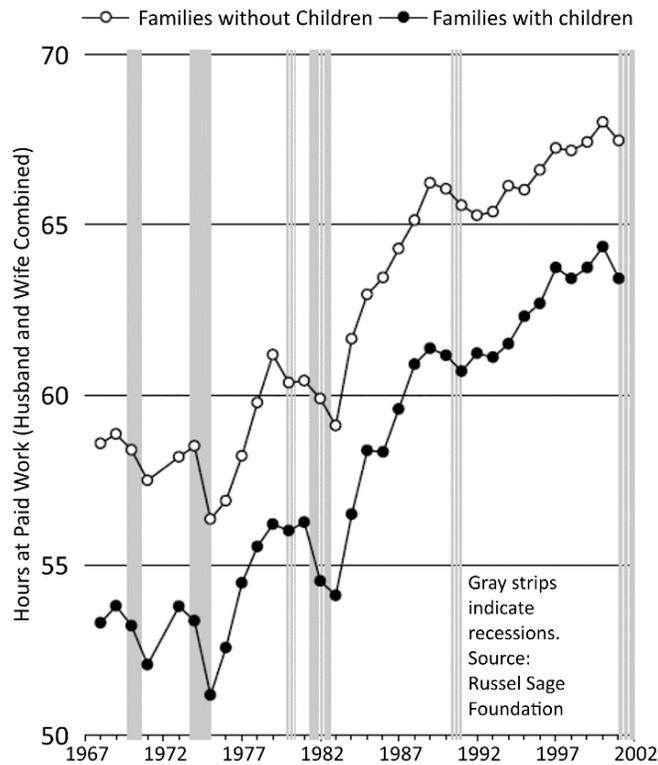
Our nation's productive capacity is creating unprecedented national wealth and income. Due to advances in knowledge and the resulting technology and systems involved in economic performance, productivity has doubled since 1974. This could have resulted in our working half the number of hours for the same income as in 1974, or the same number of hours with two times the income, if we had an economic system designed to best serve the majority of the population. (One extreme example of a way productivity improved through technological advancement is through the almost universal use by businesses of spreadsheets on microcomputers. With these tools a person can do calculations, and analyze and organize data, in minutes, that could have taken that same person in 1974 months to accomplish.)

Instead of working fewer hours for the same income, the median household with children is working nine more hours per week, an increase from 58 to 67 hours or 15.5%; the median household income is about the same; the income of the bottom quintile has declined; and a larger fraction of the population is living in poverty.⁷ The graph on the following page shows the upward progression in the number of hours worked for families both with and without children. The increase in work-hours of the median household has served mainly to increase the concentration of income and wealth in small economic elite.

Liberty and the ability to participate in a democracy are extremely limited when people are compelled to work almost all of their waking hours, as is now commonly the case—and unnecessarily so given our levels of productivity. The more time available for judgments on public policy issues, and to otherwise participate in the democratic process, the better we can participate.

Our productive capacity allows for a reduced full-time work-hour standard, while substantially increasing the standard of living of most people, including tens of millions of Americans in severe hardships—some typical of much poorer countries, including those mentioned earlier, such as: 20% of Americans in a Gallup poll said in 2013 that they did not have enough money to buy the food they needed on at least one occasion over the prior 12 months. Most of these people had the problem much more often than once, many who never thought it possible they would ever need emergency food assistance.

Dysfunction of our economic system is harming the great majority of Americans. And if we don't measure quality of life purely in terms of personal wealth, harm is caused to everyone. Everyone benefits from living in a decent, just, and well-functioning society. Part 1 and Part 4, Note 1 describes some of the ways even the "1%" is harmed by our economic system.



New Enlightenment economic policies, which include policies that motivate and support a transformation of the ownership and management structure of business enterprises, ensure that our economic system far better serves the country as a whole. They are designed for greater prosperity and a more just sharing of it, and for realizing some of the potential for widespread reduction of work-hours due to productivity advancements.

An important benefit of a system-wide per-person work-hour reduction is a reduction in unemployment. Without the advances of a shorter workweek, vacation time, earlier retirement and later labor force entrance, the economies of the OECD would never have attained the “golden age” of high employment that prevailed after the 1930s Depression. Between 1870 and 1970, work-hours of workers fell roughly by half. As productivity increased these countries instituted laws that reduced average work-hours per worker, in effect distributing work in a more economically beneficial and just way, as we should do now. The austerity economics that says “work longer and retire later” is exactly wrong. It will exacerbate the unjust trend of increasing the number of people unemployed, lowering wages of the majority of the population, and concentrating vast wealth and income in a small minority. Working less and sharing prosperity more equitably will be a great societal advance.

Although productivity advances are temporarily disruptive to some people, they should ultimately benefit everyone. This would be the outcome in an economic system designed by a well-functioning democracy. When productivity reaches levels that cause undesirable levels of unemployment, the country is best served by national labor regulatory reforms that reduce average system-wide work-hours per worker, while maintaining or increasing average incomes. And educational opportunities should be made easy to access for learning the skills needed for new work requirements that productivity advancements create.

Other nations have acted on the vision that reducing average work-hours per worker best serves their citizenry. Dutch workers have the world’s shortest working hours—over 400 fewer work hours per year

than American workers. The Dutch economy has been very productive, and their unemployment rate was 5.8% in December 2011, compared to 8.5% in the United States. The Netherlands has a positive trade balance and high personal savings. A Gallup survey ranks the Dutch third in the world in life satisfaction, behind only the Danes and Finns, and well ahead of Americans.⁸ In 2000, the French government introduced a maximum work week of 35 hours. Wage subsidies support it.⁹

Limits to Growth

Between 1950 and 2000, world population more than doubled; world agricultural production tripled; world GDP and energy use quadrupled. World economic output continues to increase exponentially—the OECD projected, in 2012, growth at about a rate of 3% per year through 2030. If this growth rate continues, world GDP will be double 2012 levels in 2035.

At current levels of production, environmental and resource depletion problems are serious. Depletion of finite resources is likely to impact on world GDP before the worst impacts of global warming. Critics of the pessimistic position on growth limits have pointed out that new resource discoveries, new technologies for extraction, and the development of substitute resources as well as expanded recycling all extend the horizon of resource use. It is highly unlikely that these advances will do more than delay inevitable major resource limit problems sometime within this century.

Food production's worldwide land use is causing massive species extinction, soil erosion, and greenhouse gases emissions—more than all forms of transportation combined (largely from cattle and rice farm methane emissions and CO₂ from the cutting of rain forests), and is environmentally destructive in other ways.

An important issue will also be the environmental impacts of increased resource recovery. The highest quality and easiest to access mineral ores are exploited first, then as lower quality ores are accessed, the energy requirements to obtain processed metal, as well as the volume of related industrial waste, will rise. Our present mining operations have left a legacy of scarred earth and polluted water—how will we deal with future higher impact requirements? As world population grows, environmental degradation is likely to increase.

The New Enlightenment describes policies to mitigate global warming and the pollution created by economic activity, but policies that deal with resource limit projections are beyond the scope of this book. The economic policies of this book will create increased prosperity in the short to medium term—prosperity that is far more equitably shared. Eventually we will need to deal with resource limits, which will require social planning and international agreements. If governments anticipate resource constraints and act in a constructive manner these problems will be manageable.

As with all public issues, if the public interest is to be best served it will require a true government of, for, and by the people. New Enlightenment policies will create such a government. Both through their representatives and directly, the citizenry will be enabled to be much more effective participants in social planning decision-making processes.

According to the OECD, in 2015, Americans worked 419 hours more than Germans; 308 more than the French; 125 more than Australians; 116 more than the British; 84 more than Canadians; and 71 hours more than the Japanese.¹⁰

The most effective, straightforward and beneficial way for society as a whole to share in the advantages of the enormous and rapidly growing productive capacities of modern mechanization and other technologies is through widespread ownership of businesses by their workers. These advantages will continue to increase with the creation of new technologies, so ideally, we all, or as many as possible or practical, need to have

a piece of the business assets that create them. I will detail The New Enlightenment's practical 20-year program to largely accomplish this in Policy 3.

The falling costs and growing sophistication of robots have the potential to increase productivity rapidly. This can be a great benefit to the majority or be devastating through the high level of unemployment that could result. A small elite can make huge profits replacing people, or we can all reduce work-hours and share in the benefits of the enhanced productive capacity more equitably through The New Enlightenment policies to ensure a widespread establishment of worker-owned business enterprises and other policies.

Economists at the Massachusetts Institute of Technology, Erik Brynjolfsson and Andrew McAfee, believe rapid transformation to an extensive use of robots will occur. They wrote: "*The pace and scale of this encroachment into human skills is relatively recent and has profound economic implications.*" In one example, a robotic manufacturing system initially cost \$250,000 and replaced two machine operators, each earning \$50,000 a year. Over the 15-year life of the system, the machines yielded \$3.5 million in labor and productivity savings.¹¹ Only public policy can ensure that productivity advancements benefit the majority, rather than harm it.

Wasting an important advantage of our large and growing productivity by working unnecessarily long hours has negative impacts that will reach far beyond the present. When parents work long hours it harms children, and thus the future of the country. A 2007 UNICEF study ranked children's welfare in the Netherlands as the highest in the world. The United States was next to last of twenty-one wealthy countries studied. When parents commonly have little time for their children, this will naturally be the result.

The research on the effects of early life suggests that roughly half of our health as adults is programmed from conception to about the age of two.¹² The importance of these "first thousand days" is the subject of increased interest and study. Countries with healthier populations make it easier for parents to parent through fewer work-hours, including paid maternal during this formative period. Everyone in society gains when children grow up to be healthy adults. The rest of the world seems to understand this simple fact, so most developed and many developing countries have healthier populations.

What will be the future social cost of leaving children alone with today's television programming and video games, or with low-paid, poorly trained child care workers? We pay child care workers on average less than we pay animal caretakers and parking lot attendants. Children commonly experience a series of "bonding breaks" resulting from high child care worker turnover rates. Also, a shocking 16 million, or 22%, of children in the United States live in poverty, 7.3 million of whom are in deep poverty.

A shorter work-week will allow us to spend more time with family and friends, better participate in the political system, volunteer, take classes, do art or other activities that are creative, exercise more, sleep more, drive less, and engage in any other preferred leisure activities such as gardening. Rising incomes have failed to increase happiness. Working long hours as we have in the past to keep on doubling and redoubling our gross domestic product, even if there were no resource limits to continue to do this, would result in environmental disaster. *I will detail New Enlightenment programs for a better way forward toward more leisure time, no or very low unemployment, and a more equitable sharing of prosperity, and for creating a political system that will facilitate further advancements.*

This better way involves moderate increases in taxes on high income and wealth households. Since the requirement to pay taxes is a restriction of freedom, I would like to point out: The New Enlightenment holds the ideal of freedom as a high priority as well as the Enlightenment ideals of democracy, human rights, reason, and progress. Societies require that freedom must have some constraints, though, in the process of serving the other ideals or the greater good, in the form of rules determined through democratic

processes, if cultural mores are not sufficient. The requirement to pay taxes is one of these necessary rules. We, and especially the wealthiest among us, cannot be free to shirk the financial responsibilities for the support of a just and prosperous society.

Can anyone deny that freedoms are denied to those tens of millions of Americans who are in poverty most of whom are food insecure, or unable to get treatment for illness due to lack of funds, or compelled to work long hours due to low pay, or lack opportunities for advancement? Or deny that some of these freedoms are far more significant than the lost freedom from society's insistence that the wealthy contribute their fair share to the society that not only allowed them to accumulate large amounts of wealth but was an active participant in the process? Or that all our freedoms would be greatly diminished if our infrastructure, public education system, and other government services did not exist or were made dysfunctional? Some of these services are poorly functioning now, withdrawing funds further is not likely to be part of the solution to the problem of how best to improve them.

The moral and economic and other justifications for higher taxes on high income and wealth I describe in more detail in Part 4, Note 1, rather than here, to avoid a large diversion from the focus on explaining the details of The Way to Prosperity for All. Also included is an exploration of other important justifications for higher taxes on high income and wealth, including reducing our "democracy deficit," other social problems, and even the health problems caused by conditions associated with inequality.

On moral and economic grounds, and to serve the advancement of democratic governance and other social values, from those with large amounts of income and wealth a justifiably large debt is owed to our society. If paid to support New Enlightenment economic and political reform policies, transformative beneficial impacts beyond and including the economic and political will result.

The New Enlightenment taxes will not significantly affect the lifestyle of the wealthiest in our society. Most of this book describes how we will use the resulting public funds for great benefit to all of society.

During the Age of Enlightenment, society advanced with radical ideas for economic, political and social development, and a common sense of shared responsibility to improve their world. It's time to re-clarify the importance of having an economic, political and social structure based on the Enlightenment ideals of democracy, human rights, reason, and progress. Applying the public-spiritedness, thoughtfulness, and dedication of many during the Enlightenment, we can solve our modern day fundamental economic, political, and social problems that are separating us from those ideals, and advance into a New Enlightenment. The social reforms detailed in this book is intended to be an important part of its foundation.

Evaluate New Enlightenment public policy proposals in Part 2 based only on whether they will, if instituted, achieve the goal of prosperity for all—not on whether the extent of the reforms is too large to be practically achievable by our political system. A new definition of practicality regarding public policy is required, one that would exist in a true democracy: If it benefits the majority, it should be considered practical, and only if it does not should it be regarded as impractical. The New Enlightenment political system reforms in Part 3 will ensure that we meet this ideal.

I developed New Enlightenment policies over about a five-year period beginning in December 2011. The policy details of Part 2 are based on data that change frequently, and some policy details require large amounts of calculation time. As the writing of the book progressed, it became clear it would be a multi-year project so I chose to write the policies using 2013 data and to determine their budgetary impact relative to the 2013 federal budget. The essential character of all the policies remains as beneficial as when they were written. When implemented, relatively minor adjustments will need to be made in some details based on conditions at the time. So far, we are taking a very different path than the one leading to the major social

advancements I detail in this book. But it is not yet too late, though such a time could come. An elite that cannot see beyond their narrow self-interest is unprecedentedly wealthy and powerful so it is possible to descend into very extraordinary levels of injustice and dysfunction.

“We can either have democracy in this country or we can have great wealth concentrated in the hands of a few, but we can’t have both.”

Louis Brandeis, U.S. Supreme Court Justice (1856-1941)

The Most Immediate Way to a More Just Sharing of Prosperity, While Increasing Economic Activity, Reducing Full-time Work-hours, and Eliminating Unemployment

The most immediate way to establish a far greater degree of shared prosperity is through a greatly expanded earned income tax credit (EITC) or subsidy. The New Enlightenment EITC will eliminate the problem of the “working poor”—tens of millions of employed Americans with insufficient income to meet basic needs—and nearly eliminate poverty by creating many millions of new jobs. The wages of people whose income is below \$50,000 per year will no longer pay income taxes; instead, the government will add money to their paychecks.¹³ Also, as part of our labor regulatory reforms, we will reduce the full-time workweek to 36 hours from 40. Among the benefits will be a substantially reduced unemployment rate.

In 1850, the average number of weekly work-hours of an industrial worker was roughly 66 hours, or 11 hours per day, six days per week. Eventually, popular movements and productivity advancements led to a 44 hour-a-week standard, decreed by the 1938 Fair Labor Standards Act. This act required that beyond the 44-hour workweek limit, pay would be at one and a half times the base rate in covered industries, and it set a federal minimum wage. In 1940, Congress amended the Fair Labor Standards Act, reducing the federal workweek limit to 40 hours.

Based on Bureau of Labor statistics, the productivity in the nonfarm business sector increased from 1947 to 2014 by a factor of about 4.25 (data for 1940 were not available).¹⁴ So we could work less than ten hours per week to have the same standard of living we had seven years after the 40 hour-a-week standard was established, and when the country was two years into the post-World War II boom. Although most of us would prefer a standard of living higher than the average of 1947, probably most of us would settle for double its standard of living, which should require less than 20 hours of work per week. So we are well past due for a popular movement to reduce work-hours and distribute the results of our enormous productive capacity more equitably. A reduction to 36 hours per week is a very conservative one.

All work-hours over 36 hours per week will be required to be paid at the time-and-a-half rate, and over 40 hours at double time. This will motivate corporations to reduce work-hours and make up the lost work-hours by hiring more people, reducing the unemployment rate to 2.8% (excluding this and other New Enlightenment policies’ economic stimulus impact, which will eliminate it). A 2.8% unemployment rate is the lowest it’s been since at least 1947, the farthest back U.S. Bureau of Labor Statistics data go. (The next lowest was in 1953, when it was 2.9% and, possibly not coincidentally, the top marginal income tax rate was 92%, among the highest in our history, second only to the 94% rate from 1944-45.) For the analysis determining the 2.8% unemployment rate, see the text box. If you prefer not to see the somewhat technical

details, you can skip the text box content with no loss of continuity.

**Estimate for unemployment rate resulting from work-hour
reduction (excluding reduction from stimulus impact)**

In July 2013 there were 117.7 million full-time jobs (a decline since the start of the recession of four million) while part-time jobs grew by 2.6 million, to 27.4 million. Of the 117.7 million full-time jobs, 107.8 million were salaried and hourly workers, about 86.2 million of which will be covered by this new overtime rule. A 4 hour/week reduction in the work-hours of each of these 86.2 million full-time workers would yield 345 million work-hours/week to be supplied by new workers (or increased work-hours of part-time workers).

Not all workers will have their work-hours reduced by 4 hours. Assuming a conservative 70% of the 345, or a reduction of 241 million work-hours/week, this will require 6.7 million new full-time, 36 hour/week workers. However, the roughly 43 million salaried workers not covered under current overtime rules that will be covered under this new rule will have on average a much greater than 4 hour/week reduction. These workers now work on average 49 hours/week. Assuming a conservative additional average 3 work-hours/week reduction for these workers yields an additional 129 million work-hours/week. The total work-hours reduced that will be needed to be supplied by the new full-time workers is about 370 million, if the work-hours of part-time workers are not increased. This requires 10.3 million new full-time workers. Another conservative assumption we will make in determining the positive employment impact of the new fulltime 36 hour/week standard is that work-hour reductions in the top 20% will not occur, since overtime pay is not mandated for them. However, some reduction of work-hours requiring more workers in the top 20% will likely occur, due to pressures to maintain some work-hour parity.

Experience in other countries indicates that businesses will likely be able to satisfy labor requirements with about 94% of the increase in employment projected based on just reduced work-hour considerations, due to the productivity increases of workers working fewer hours.

Also, the number of persons employed part-time who would like a full-time job if one were available was 8.2 million in July 2013. We seek to assure that these people can have full-time employment also. Assuming the average number of hours per week of these workers is 25 hours, the number of total work-hours needed to provide full-time employment for them is 90 million.

Accounting for the work-hours needed for full-time employment of those now working part-time and for productivity increases leaves 258 million work-hours per week for new full-time workers. This is sufficient for 7.2 million new full-time workers (either hired or as partners in newly formed worker owned and self-directed companies, as detailed in Policy 3).

The July 2013 official number of unemployed persons was 11.5 million. So the official unemployment rate would be reduced to the difference between 11.5 and 7.2 million, or 4.3 million, divided by the size of the labor force in July 2013 of 155 million, or 2.8%. This analysis assumes that all new workers would be full-time, but if some are part-time more would be needed, reducing the official unemployment rate further.

Despite the 10% reduction in work-hours resulting in as much as 10% less compensation from the workplace, everyone's take-home income covered under this overtime rule (less than \$100,000 income) will rise, and rise proportionately more the lower the income due to either lower taxes or an expanded earned income tax credit. Not all companies will reduce full-time worker income an equal percentage as the 10% full-time work-hour reduction. Some companies will reduce it less, due to what research has revealed regarding worker productivity: Average worker productivity increases when full-time work-hours

are reduced. Productivity increases because when people work less they have more energy and motivation during the time they are working. Corporate profits may increase from this effect, or preferably corporations would increase hourly pay. Competitive pressures in the full employment environment created by this and other New Enlightenment policies will motivate businesses to at least account for the productivity increase with higher pay.

The reduced taxes will include both reduced income taxes on incomes under \$160,000 and the elimination of the worker half of the payroll tax on all workers. Policy 2 specifies the income tax rates for all incomes.

The payroll tax elimination alone will give all workers covered by this new overtime rule, a take-home pay increase in an amount almost sufficient to compensate for the possible 10% reduction in workplace income without subsidies or an income tax cut. These workers now pay 7.65% of their income in payroll tax. As I describe in *Now Is the Time for The New Enlightenment*, the payroll tax is extremely regressive, which is why I propose that we extensively reform it by replacing the worker half of it with progressive taxes and eliminating the top income cap on the employer portion of the tax.

A large majority of businesses are covered by the Fair Labor Standards Act and we would extend coverage of this new overtime rule to all businesses. Currently, salaried workers can be excluded from the Act's overtime rule if they earn over \$23,660 a year.¹⁵ In 1975, 62% of full-time U.S. salaried workers were eligible for overtime; now fewer than 8% are eligible. This has resulted in employers abusing by many low and middle-income people by demanding over 40 hours per work-week for no overtime pay. For example, some of the nation's largest chain restaurants and retailers, including Starbucks, Chipotle, Walmart, and Ralphs supermarkets, have expected salaried employees to work long hours while denying them overtime because they were classified as managers with pay over \$23,660 per year. An August 2014 Gallup poll found that the average number of hours worked per week by a salaried worker is 49.

New Enlightenment policy will extend the overtime requirement to all salaried and hourly workers under the 80th percentile in income, now about \$100,000 per year. Although this new rule will not cover workers earning between \$100,000 and \$160,000, social pressures will reduce work-hours in this income group to maintain some parity with covered workers. However, any in this group not receiving a work-hour reduction will receive a take-home pay increase resulting from lower taxes.

Federal regulation will allow pay reductions up to 14% for workers having work-hour reductions of 14% or more to meet the requirement of 36 hours without overtime pay. Corporate profits have soared with upper management pay due to both the suppression of worker pay and the increase of their work-hours. Companies most abusive of the excessive work-hour tolerance of salaried workers in corporate culture earning less than \$100,000 per year will be relatively disadvantaged by this policy (but justifiably so). They would need to reduce profits and/or upper management pay to compensate for the higher costs from reducing the work-hours to 36 hours of salaried workers working over 42 work-hours per week. (42 to 36 hours is about a 14% reduction.)

Financial and social pressures on businesses to institute full-time work-hour reductions as soon as possible after the policy is implemented will be substantial for those eligible for the mandated overtime pay. Although financial pressures will likely be sufficient, additionally, we will promote the policy as a full employment policy where business's civic duty would be to reduce full-time work-hours to the new 36-hour standard to the degree practical. And ignoring their civic duty will be costly in another way: Many workers will prefer to work for businesses that do not require work over 36 hours per week.

As a further incentive to reduce full-time work-hours and to mitigate additional expenses to corporations resulting from this policy, \$500 per month will be the subsidy for each new full-time worker

over the number of employees prior to the institution of this policy for a period of one year. To receive the subsidy, we will require that full-time work-hours be reduced to 36 hours for nine or more full-time workers for each subsidized new hire. For companies with fewer than nine additional full-time workers, the requirement will be reduced to the number they have. Businesses that are prosperous and growing their workforce without reducing work-hours will also add the additional employees resulting from the work-hour reduction.

Redirected unemployment insurance funds will support most of the corporate subsidies. If all the 10.4 million unemployed persons in December 2013 and the 3.5 million “missing workers” who have dropped out of the labor force because they have lost hope of finding employment are hired, the subsidy cost would be \$83 billion, which is less than federal expenditures on unemployment insurance in 2012, and the federal government will be responsible for only a portion of the subsidy cost according to the system described shortly.¹⁶

The economic stimulus effect of the wage subsidy and other New Enlightenment policies will be large, substantially increasing demand for workers. This increased demand will be more than sufficient to employ all in the official labor force and the 3.5 million “missing workers.”¹⁷ As we will show, the number of workers required to supply the work-hours lost by reducing full-time work-hours, in addition to the stimulus impact of this and other New Enlightenment policies will eliminate unemployment and could result in a labor shortage requiring some businesses to employ some workers over 36 hours per week at the overtime rate.

Likely, though, most of the excess demand for workers will be met by more people entering the workforce than indicated by the 3.5 million “missing workers” estimate, considering our 62.8% labor-force participation rate. For unemployment reduction estimate calculations, see *Economic Stimulus Including Employment Impact of All Policies*, Note 2 of Part 4. After the year the subsidies are in effect, these New Enlightenment policies would save the federal government about \$50 billion per year in unemployment benefit costs if unemployment is eliminated.

However, some relatively short-term unemployment is unavoidable due to business failures, normal labor market churning, and possible skills mismatches. We will assume a conservative \$40 billion annual unemployment compensation expenditure saving in our federal budget calculations. The saving in state budgets will be similarly large, reducing or eliminating deficits, allowing infrastructure and additional education and other expenditures that would not have been possible otherwise.

Since productivity continues to increase and median wages continue to stagnate, the long-term trend in the number of people wanting to work but not able to find suitable employment is not likely to be down without major public policy changes such as this one. The 62.8% labor-force participation rate in 2015 is a 36-year low and it is expected to trend lower. The unemployment rate is not the best measure of the amount of involuntary unemployment since it excludes those who gave up looking for work due to lack of opportunities.

The corporate \$500/month subsidy will require the cooperation of the states since unemployment insurance is mainly a function of the states and the subsidy will be considered part of the unemployment insurance system. The federal government paid \$185 billion of the total \$434 billion paid in unemployment benefits from 2007 through 2011. This average 43/57 federal/state unemployment funding support partnership will be applied to the subsidy funding support. Any state that chose not to participate would lose federal unemployment funds and the stimulus impact of the corporate subsidies. The states would support 57% of the \$500 subsidy, or \$285 for the official number unemployed when this policy is implemented, to corporations for new hires over the course of the year the subsidy policy is in effect. The

federal government will pay the balance and pay 100% of the subsidy for any number of new hires above the official number unemployed when this policy is implemented. The many benefits of this policy will likely motivate state cooperation. Corporations in states that cooperate will have a competitive advantage over those in states that do not—another reason that likely all states will cooperate.

The possible benefit reduction per worker supplied by corporations due to the reduced work-hours per worker and increased number of workers will be compensated for by a national health system and a substantial increase in Social Security benefits. I will detail these policies, including their funding supports, later (the Social Security reform in this book and the health system reform in a subsequent document).

To solve the potential problem of requiring more facilities such as office space for the increase in number of workers, the standard 8-hour workday for five days per week per worker could be changed to a 9-hour workday for four days per week per worker, while maintaining the five workdays to accommodate the increase in the number of workers. This increases by 12.5% the number of people that can use existing facilities, more than sufficient for the approximately 10% increase resulting from the work-hour reduction. It also reduces commute costs per worker in time, money and effort, and commute environmental costs.

Supporting income below a defined level using government funds was also proposed by the Nobel Prize winning “conservative” economist Milton Friedman, and we now provide this for low-income workers through the Earned Income Tax Credit. In its original form the EITC was signed into law by President Ford in the 1970s. President Reagan, who deemed it “*the best anti-poverty, the best pro-family, the best job creation measure to come out of congress,*” substantially expanded it. The EITC has been supported and expanded by both Republican and Democratic administrations and congresses.

Studies have shown that the EITC has a positive labor supply effect. One recent study found that the EITC leads about one in ten parents who would not otherwise be working to enter the labor force. Another study, reported by the National Bureau of Economic Research, showed that lower tax rates and bigger tax credits helped low-income families more than other government programs did, and confirms that the Earned Income Tax Credit increases labor-force participation.¹⁸ As a result, its full effects on poverty and hardship may be even greater than its direct effects.¹⁹

Although this expanded EITC program is expensive, and is the most expensive New Enlightenment program, it will almost eliminate poverty directly through the subsidies, and by solving the problem of the decline in labor-force participation. The Congressional Budget Office (CBO) projects the labor-force participation rate will fall to 60.8% over the next decade. Several factors are causing this decline, among them are federal policies that discourage work. The best anti-poverty programs encourage work. This policy will eliminate the need for many other less beneficial anti-poverty programs.

The current EITC has not only lifted millions of people out of poverty, it has also increased the incomes of families most likely to spend that additional money. In the 2013 tax year, over 27 million working families and individuals received the EITC.

In summary, increasing the EITC and extending it upward, while reducing work-hours and unemployment is justified because:

- Productivity has soared while lower and middle-class wages have declined or stagnated.
- Many remain in poverty, including many millions of “working poor.”
- The average number of work-hours of the employed, and the number unemployed have increased.

The following EITC will eliminate the problem of the “working poor” and nearly eradicate poverty by creating many millions of new jobs. Full-time workers earning between \$10,000 and \$20,000 will receive an income supplement of \$15,000. This supplement will incrementally decline to \$10,000 for full-time workers earning \$30,000; to \$5,000 for full-time workers earning \$40,000; and then to zero for full-time

workers earning \$50,000. All tax rates and income supplement amounts we will determine using the sum of all forms of income from labor and capital. Capital gains or “carried interest” will not get preferential treatment, as it now does. The tax rate for full-time workers with incomes between \$50,000 and \$90,000 will be cut to 10% of income. The taxes for people with incomes of between \$90,000 and \$160,000 will be cut to 20%. All marginal tax rates and income supplement amounts are detailed in the table in Policy 2.

We will require that only filers reporting income over \$10,000 per year will qualify for the increased EITC. This requires at least half-time (18 hours/week annual average) work at the minimum wage (\$11.10 under New Enlightenment policy, initially) and proportionately less work time for higher wage workers. Since New Enlightenment policy will create a full employment labor market, many opportunities for work will exist. (For those unable to work, New Enlightenment policy will substantially increase Social Security disability payments, as detailed later, and for anyone earning less than \$10,000 the current EITC will apply.)

Current law stipulates that only the filing statuses in the categories single, head of household, married filing jointly, or qualifying widow or widower can be eligible for the EITC. Taxpayers who file as “married filing separately” cannot get the credit. Although the qualification and credit amounts when filing jointly somewhat reduce the marriage penalty, some remains and is unjust.

We will eliminate any marriage penalty for the expanded EITC by allowing the “married filing separately” status. If disallowing it is maintained under this proposal, an unjust marriage penalty will exist far greater than currently exists, that would motivate many people not to marry who otherwise would. It would also greatly disadvantage children of married couples. Under New Enlightenment policy each partner in a married couple would get the same credit as if they were single, using the filing status “married filing separately.” Also, we will eliminate the child tax credit, which costs about \$57 billion per year.²⁰ The benefit to married couples with children from the expanded EITC will be far greater than that existing from the child tax credit.

The lowest income two-parent households with both working full-time will have \$70,000 tax-free income per year: \$40,000 from the workplace and \$30,000 in EITC, from two \$15,000 credits. The lowest income two-parent households working half-time will have \$50,000 tax-free income per year, \$20,000 from the workplace and \$30,000 in EITC. These are worst-case situations; rarely will both parents in a household be working at minimum wage. In addition to the full-time work-hour reduction freeing up time for leisure and raising children, this greatly expanded EITC will do so for many millions of people by allowing them to work less than full-time for a livable income. Currently, two parent households working half-time at minimum wage have a workplace income of \$14,500 and an EITC of \$3,373 for a total income of \$17,873, so the New Enlightenment EITC and \$11.10 minimum wage will almost triple their income (increase it by a factor of 2.8).

In 1968, the minimum wage in 2015 dollars was \$10.65 per hour.²¹ However, it could and should be far higher today—we are a far wealthier country, with a far higher GDP per capita than in 1968, due to productivity increases. According to Bureau of Labor Statistics, productivity grew by a factor of 2.35 since 1968.²² If we all shared in the benefits resulting from these gains, the 1968 minimum wage would be \$25 per hour today.

Full-time workers under New Enlightenment policy would have an effective minimum wage of \$19.40 per hour, but since the subsidy amount is the same for half-time workers their effective minimum wage would be higher, \$27.80 per hour. Based on our nation’s experience in 1968, and productivity increases since then, our economy can support an effective minimum wage between \$19.40 and \$27.80 per hour. In fact, the economy would boom based on the increased purchasing power of many tens of millions of Americans.

The yearly cost to the federal government of the income supplements will be \$904 billion.²³ This cost will be supplied by higher taxes on approximately the top 8% of incomes and lower taxes on the 49th through 92nd income percentile if the revenue increase resulting from the economic stimulus effect of this policy is included. Middle and lower income people will spend money received as a result of this “reverse income tax” policy that they currently do not have. This will cause further increases in employment to satisfy rising demand and higher incomes to some of those currently employed, which will result in higher tax revenues. The payroll tax elimination on workers will reduce government revenues by about \$420 billion per year and will be replaced by eliminating the cap on the Social Security tax the employer pays and progressive taxes I describe later.

Mark M. Zandi, Ph.D., a frequent advisor to policymakers and the chief economist of Moody’s Analytics, where he directs economic research, found that for every dollar the federal government spends on increased food stamps, work share programs, or unemployment benefits, U.S. economic output increases by \$1.71, \$1.64, and \$1.55 respectively. (The process that results in more than \$1 in output increase from \$1 in spending I describe in Part 4, Note 2). The stimulus effect of this policy will yield about \$275 billion in additional federal tax revenue, assuming the 1.55/1 ratio. However, this does not take into account the relatively small decrease in spending from the high-income groups that will pay taxes on their income at a higher rate. I take into account the various economic impacts of this policy in the comprehensive budget analysis in Part 4, Note 2. This policy will also increase revenue on the state and local levels.

Some will say that both the wage subsidy and reduced work-hours are reforms that are too “radical” and not “practical,” or politically not achievable because too many people, especially the prominent “pundits” and those currently in government will view them as too radical. Good reasons exist to have an entirely contrary view regarding how radical²⁴ the proposals are.

Between 1870 and 1970, work-hours fell by half, due to advancements in productivity. Since 1970, productivity has more than doubled, so work-hours could again have fallen by half for anyone who wanted to maintain the same material well-being as existed in 1970. It could have if we had an economic and political system that served the interests of the great majority of the people. This proposal, and the following one detailing income tax rates, some may reasonably consider to be too timid, moderate or conservative. Neither proposal will change the fact that some people will continue to have an after-tax income for a few minutes of work, or even no work, exceeding that of tens of millions of other people working full-time for a year. So you decide if the proposals are an appropriate step toward a more just and equitable society.

The \$904 billion expanded EITC cost is less than 10% of the total adjusted gross income reported in 2013, and slightly over 5% of GDP. Considering the enormous income inequalities existing, it is a moderate measure for this proportion of national income to be used to create a more just income distribution, mainly by benefiting workers in the bottom half of the distribution.

If instituted, these policies will greatly enhance the well-being of the large majority of people, and really everyone if you measure well-being using a more appropriate measure than dollars exclusively. If we had a functioning democracy, it would be considered “impractical” to stop the implementation of these policies because functioning democracies are designed for instituting policies that serve the majority well. The New Enlightenment political system reforms, in concert with our economic system reforms, will create a functioning democracy. We then can decide together on how best to reduce work-hours and enhance egalitarianism further. Egalitarianism is more vigorously promoted in *A System to Facilitate Widespread Establishment of Worker-Owned Enterprises* (Policy 3), and to some degree in all other New Enlightenment policies.

*The New Enlightenment: Ideals of Democracy,
Human Rights, Reason, and Progress * Policy 1*

Increase Marginal Tax Rates on the Wealthy

In a nation with a widening chasm between the wealthy and everyone else, it is reasonable for those at the top to pay more in taxes. We need public funds for programs that create greater equality of opportunity, for supporting the provision of public goods, and to lift tens of millions of people out of poverty and greatly reduce economic hardship for tens of millions more. These higher taxes on the wealthy are fully justified on the moral, economic and other grounds detailed in Part 4, Note 1. However, it is important to dispel here one successfully established myth created by advocates of lower taxes for the rich and corporations, that the wealthy are the job producers, so anything that reduces their income will reduce their ability and incentive to create jobs.

Lack of funds is not holding back job creation. America’s corporations are sitting on over \$4.75 trillion in cash.²⁵ And it is not our dysfunctional financial sector’s inability to find profitable ways to invest the cash. What is holding back job creation is the lack of demand for products and services. If more demand existed, firms would respond with investment and hiring. Many decades of experience exist where unemployment rates were far lower and business investment rates were far higher when tax rates were very much higher than they are now (as they were for decades until 1980). It is demand that creates jobs, so it is our high level of inequality that is destroying jobs because it is characterized by many tens of millions of people with too little money to purchase the goods and services they would if they could afford to.

The table summarizes the New Enlightenment income supplements and tax rates. The income supplements and tax rates apply to all income, from whatever source: wages, capital gains, or “carried interest.”

It is well justified to treat income from capital gains no differently from income derived from wages and salaries. The inequality in capital gains is greater than that in any other form of income. Giving a tax break to capital gains is mainly giving a tax break to the very rich. The bottom 90% of the population gets less than 10% of all capital gains. The 400 highest-income taxpayers in 2007, each with an average income of over \$300 million, paid only 17% of their total incomes in taxes that year because most of their incomes were treated as capital gains when the capital gains rate was 15% and the labor tax rate was 35%.

Income	Marginal tax rate
\$410,000+	55%
\$260,000 - \$410,000	50%
\$160,000 - \$260,000	40%
\$90,000 - \$160,000	20%
\$50,000 - \$90,000	10%
\$40,000 - \$50,000	0% Tax 0-\$5,000 Income supplement
\$30,000 - \$40,000	0% Tax \$5-\$10,000 Income supplement
\$20,000 - \$30,000	0% Tax \$10-\$15,000 Income supplement
\$10,000 - \$20,000	0% Tax \$15,000 Income supplement

Also, capital gains tax cuts motivate corporations to pay out dividends leaving fewer funds inside the corporation for investment.

For more information justifying equalizing the capital gains and labor tax rate, and on eliminating a capital gains tax avoidance technique the wealthy sometimes use, see Part 4, Note 1, page 448 of The New Enlightenment.

Nobel Prize-winning economist Peter Diamond and the American Economics Association's John Bates Clark Medal winner, Emmanuel Saez, did an analysis to determine the tax rates that would maximize federal revenues and provide other social benefits. They found that the optimum federal tax rate on incomes over \$400,000 is between 48% and 76%. The higher rate applies if tax avoidance and evasion opportunities are minimized. They base their calculations on their maximum estimate of how responsive high-income taxpayers are to the top tax rate, so an optimum range is likely higher. They also determined optimal rates higher than our proposed rates for incomes over \$100,000.

The analysis by Diamond and Saez does not take into account the variable effectiveness of the use of the resulting tax revenues in economic stimulus. Economic stimulus impacts proportionately increase incomes. If our policies are unusually economically stimulative compared to the previous use of tax revenues, which there are good reasons to believe they will be, the optimal rates determined by Diamond and Saez would be higher. When revenues resulting from higher taxes on high incomes are mainly directed to people with low incomes, this is the most direct and immediate way to increase demand and the resulting incomes.

Also, their calculations do not reflect the benefit of productivity enhancements from increasing the perception of fairness. The sense that our economic system is unfair undermines trust and motivation, which is essential for the functioning of our economy (and our democracy).

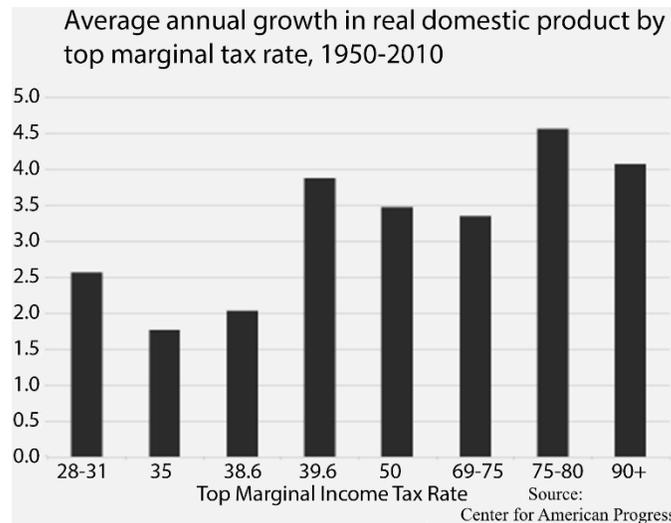
New Enlightenment rates are at the low end or lower than the optimal income tax rates determined by Diamond's and Saez's analysis because they provide a sufficient amount of funds to accomplish our goals in combination with other New Enlightenment tax and expenditure reduction policies (and to minimize controversy over the increased rates).

Economist Thomas Piketty, a renowned expert on the character of economic inequality within and among nations worldwide, estimates an optimal top tax rate in the developed countries of above 80%. He wrote: "*The evidence suggests that a rate on the order of 80% on incomes over \$500,000 or \$1 million a year not only would not reduce the growth of the U.S. economy but would in fact distribute the fruits of growth more widely while imposing reasonable limits on economically useless (or even harmful) behavior...The idea that all U.S. executives would immediately flee to Canada and Mexico [if his recommended tax rates were instituted] and no one with the competence or motivation to run the economy would remain is not only contradicted by historical experience ... it is also devoid of common sense.*"²⁶

Highly progressive taxation maintains free competition and private property while individual incentives are modified according to democratically determined rules. They allow an ideal compromise between social justice and individual freedom. The United States, which has always highly valued individual liberty, earlier in our history adopted tax systems more progressive than those in any other country.

From 1936 to 1980, the top marginal tax rate was 70% or more, and the average was 82%. Since 1987, the official top rate has remained below 40%, and the effective rate, after all deductions and credits, between 18% and 25%. When the U.S. occupied Japan and Germany after World War II and set up new democratic governments, it set a top marginal tax rate of 85 and 90% respectively, as part of the civilizing and democratizing process. U.S. top rates were 91% at the time.

Analysis of historical data reveals a positive correlation between economic growth and top tax rates. Contrary to the claims of “supply-side” economists, economic growth tends to be greater in years when top tax rates are higher. This graph makes the positive correlation clear.



From 1951 to 1980, when the top rate was between 70% and 92%, average annual growth in the American economy was 3.7%. These tax rates that many of the most prominent “pundits” and politicians claim would cause economic disaster are associated with the opposite, economic boom. The growth rate over the decade 2006 through 2015 averaged 1.4%.²⁷ “Supply-siders” claim that Ronald Reagan's 1981 tax cuts caused the 1980s economic boom. In fact, that boom followed Reagan's 1982 tax increase. Similarly, most of the 1990s boom followed Bill Clinton's 1993 tax increase.

Many factors are involved in economic growth. Correlation does not prove causation; however, the positive historical correlation of growth and top tax rates proves that higher top tax rates are not incompatible with higher growth rates, as the most prominent “pundits” in the media would have you believe. If the resulting increase in funds from the increase in top tax rates is used to support research and development, infrastructure improvements, serve the ideal of equal opportunity for everyone, reduce inequality, and other economically stimulative policies, as they have in the past, there are good reasons to believe that causal factors are involved in the positive correlation (see Part 4, Note 1, for more details).

These taxes on incomes over \$50,000 will raise \$758 billion more than our current tax system per year assuming pre-tax incomes remain the same as in 2013. However, pre-tax income will increase from the stimulation of economic activity from the income supplements. The resulting tax revenues will be about the amount needed for the income supplements proposed. The economic stimulus impact of New Enlightenment policies I take into account in Part 4, Note 2.

The New Enlightenment wage supplements and tax reductions for the middle class will enable them to spend more. This increase in spending will increase employment, corporate profits, stock prices, and tax revenues. Although the rich will pay higher taxes and thereby receive a somewhat smaller share of the economy's overall gains, those overall gains will be larger than they would be otherwise. Wealthy Americans may come out ahead compared to where they were before.

¹ USA Today online

<http://www.usatoday.com/story/money/business/2013/12/09/household-wealth-thirdquarter/3932563/>,
“U.S. household wealth reaches record high”)

² Based on the Federal Reserve 2013 Survey of Consumer Finances data

³ Based on BLS data, 142,228,000 employed persons, Feb 2013 and Gross National Income of \$16.4 trillion, 2012 <http://databank.worldbank.org/data/download/GNI.pdf>

⁴ Striking it Richer: The Evolution of Top Incomes in the United States (Updated with 2011 estimates) Emmanuel Saez January 23, 2013.

⁵ Capital In The Twenty First Century, Thomas Piketty, pg. 327

⁶ The Working Poor: A Booming Demographic 2012, Political Economy Research Institute, Jeannette Wicks-Lim

⁷ The Overworked American Family: Trends and Nontrends in Working Hours, 1968-2011 Michael Hout and Caroline Hanley University of California, Berkeley

⁸ UTNE reader, Less Work, More Life, John de Graaf, 12/22/10

⁹ Eurofound, European Observatory of Working Life, Law on the 35-hour week is in force, Alexandre Bilous, 1/27/00 <http://www.eurofound.europa.eu/observatories/eurwork/articles/working-conditions/law-on-the-35-hour-week-is-in-force>

¹⁰ Our Revolution, Bernie Sanders, 2016 pg. 240

¹¹ New York Times, Skilled Work, Without The Worker, John Markoffaug, 8/18/12

¹² Inequality Kills, Stephen Bezruchka, MD from Divided: The Perils of Our Growing Inequality, 2014 ed. David Cay Johnston

¹³ The New Enlightenment wage subsidy, income tax and reemployment proposals are modified versions of proposals by Robert Reich, PhD., Chancellor’s Professor of Public Policy, Univ. of Ca. at Berkeley, Former U.S. Secretary Of Labor, from Aftershock pgs. 129-134

¹⁴ www.bls.gov/lpc/special_requests/nfbbardata.txt

¹⁵ The Obama administration has recently proposed a new overtime regulation where, starting on December 1, 2016, most salaried workers earning up to \$47,476 a year will receive time-and-a-half overtime pay when they work more than 40 hours during a week. However, Republicans and their corporate allies have already begun their effort to overturn the new rules. Speaker of the House, Paul Ryan, has said he is “committed” to passing legislation in Congress to stop implementation.

¹⁶ The Unemployment Insurance System, William Carrington April 1, 2013 <https://www.cbo.gov/publication/44041>

¹⁷ Economic Policy Institute website, “Missing workers” <http://www.epi.org/publication/missing-workers/>

¹⁸ Bruce D. Meyer and James X. Sullivan, “Winning the War: Poverty from the Great Society to the Great Recession,” National Bureau of Economic Research, NBER Working Paper Series, Jan. 2013

¹⁹ The President’s Proposal To Expand The Earned Income Tax Credit, Executive Office of the President and U.S. Treasury Department, 3/14

²⁰ Committee for a Responsible Federal Budget, The Tax Break-Down: Child Tax Credit, 2010

²¹ Bureau of Labor, <https://www.dol.gov/featured/minimum-wage/chart1>

²² Bureau of Labor, <http://data.bls.gov/pdq/SurveyOutputServlet>

²³ The \$904 billion estimate accounts for the number of 2013 married filing jointly filers that would have had the husband and wife employed increasing by about a 26%, and their reported incomes being reduced by half when filing separately. More will be motivated to work based on the new EITC. The estimate also accounts for the fact that many earning less than \$10,000 per year in 2013 would have increased their work-hours to meet the \$10,000 per year requirement for the expanded EITC. This and other New Enlightenment policies would result in sufficient work opportunities being available. We use the estimate that 50% will do so in determining the expanded EITC cost, and that their new incomes will be heavily skewed toward the lower end of the \$10,000 to \$50,000 income spectrum, and to be conservative none will be employed above

\$50,000. This estimate also accounts for the savings from eliminating the \$57 billion per year child tax credit.

²⁴ The word “radical” to many has a negative connotation of being too extreme, but its original root meaning is “of or relating to the origin” or “root” (of a problem in this case) and “very basic and important”

²⁵ NY Times editorial, Putting Corporate Cash to Work, March 9, 2013

²⁶ Capital In The Twenty First Century, Thomas Piketty, pg. 513, 358

²⁷ Multiyear average growth rates based on Bureau of Economic Analysis, Percent change from preceding period excel file data