

Designing a fair and prosperous economy for all mankind and designing a safe and secure world for all mankind

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Abstract: Science spawns technology. Science, being just pure knowledge, sometimes simple and sometimes complex truth about nature, does not come with a moral prescription on how it should be used. Then technology, the application of science, can be used for good or for evil, the classical double-edged sword. This is particularly true today in the rapidly evolving fields of biotechnology, electrical engineering, and information technology.

The world is in economic crisis. There is a simple solution, but not too simple. The arrow of time in economics is an evolutionary process aimed at what I call eMaam, an acronym that stands for “efficient Market and asset manager”. eMaam is a computer program that can reduce the average work week for the common man from 40 hours to 30 hours. The key principle in implementing eMaam is fairness.

The world is in security crisis. There is a simple solution, but not too simple. The arrow of time in governance is an evolutionary process aimed at what I call Universal Peace, Justice, Freedom and Liberty (UPJF&L) that I can define succinctly as no armies, no weapons, no trade restrictions net of physical safety, including adult pornography, adult recreational drugs, adult gambling, and adult prostitution, no travel restrictions net of having a communicable disease, no borders, every last one of us live where we want to and can afford to and no involuntary transfers of wealth by governments from any individual or group of individuals to any other individual or group of individuals, no subsidies of any kind for businesses, no welfare of any kind net of for those truly in need, everyone able carries their own weight. UPJF&L can further reduce the work week for the common man to 24 hours a week.

Of all social institutions government is clearly the most important. Government’s most important responsibility is the security of its citizens. UPJF&L is the total solution for security for all of mankind and should be adopted by all governments ASAP. Government’s second most important responsibility deals with economics. eMaam can implement fairness given the proper governmental policies, will generate the most wealth for the most people and properly designed can outperform any other conceivable economic engine.

eMaam is an umbrella software application implemented on the Internet that contains ALL economic information and on which ALL economic transactions are made. Everything that has to do with money is implemented on eMaam—all wages, all personal, business and governmental accounting, all inventory, all profit and loss calculations, all federal, state and local taxation, all stock, bond, future and derivative security markets, all marriage and divorce financial details, all contract financial details, all real estate assessments, titles, listings and transactions, all retail and wholesale prices and sales, all banking, all credit cards, all loans, all billing, all payments—everything economic.

eMaam will, to use a biological analogy, exterminate a huge infestation of modern day parasites on the economy—much of the banking, accounting, real estate and brokerage industries, the credit rating agencies, the security market makers, the SEC, FDIC, SIPC, Moody’s, Standard and Poor’s, Fitch Ratings, NYSE, CBOE, Nasdaq, all tax lawyers, the IRS, the governmental agencies that collect and disburse funds such as the Fed, the Department of the Treasury, Freddie, Fannie, SBA, social security, welfare, food stamps, Medicaid, Medicare, GAO, OMB—many of the jobs in all these sectors can be eliminated while at the same

time the important functions these entities are designed to do would be enabled at minimum cost. I estimate eliminating those jobs will reduce the size of government by a large factor, will lower the cost of doing business substantially, but here's the real kicker—all those put out of work will have to find new work, so everyone else who does real work can have their workweek reduced, then those whose jobs are eliminated can get hired to maintain the labor required for the flow of real goods and real services, the majority of which are jobs where you have to work with your hands, a 40 hour work week transitions to a 30 hour work week, while the standard of living increases. The eMaam complete data base will allow competent people to analyze, diagnose and manage all of economics, good “information” can be massaged out of the data base, and the utilization of good information will be simpler and better.

The most important economic transaction is when a buyer and seller agree on a price and execute a sale. I will call these transactions events. Every economic transaction that can possibly occur can be included in this definition. Events occur at instants in time. The most important data in economics is the temporal sequence of these events. Although events are discrete we can use a continuous approximation for events using calculus. Then at any instant the rate of flow of events is the derivative of the number of events with respect to time, dN/dt , where N is the number of events and t is time. If you are unfamiliar with calculus just think of this as the number of transactions per second, like gallons per second for flow in a pipeline. The total number of events is the definite integral of dN/dt with respect to time over some time interval from time 1 to time 2, $N = \int_{t_1}^{t_2} \frac{dN}{dt} dt$, and again if you are unfamiliar with calculus just think of this as the total number of events over some time interval, like the total number of gallons that flowed through a pipeline for a given day. Events are at a certain price that I will denote with $\$$. Multiplying the event flow rate with the dollar amount of each event defines $d\$/dt$, the dollar amount flow rate. The total monetary value of events over an interval of time is $\$ = \int_{t_1}^{t_2} \frac{d\$}{dt} dt$. That is all I am going to mention here about calculus, I just wanted to point out calculus applies to economics at a fundamental level. Many more complicated and useful relationships can be defined.

Implementing eMaam is doable with the current technology; in fact, virtually all the individual elements are currently in use with much redundancy. IBM, Google, Microsoft and/or ATT would be able to execute eMaam. The real problem is with the government. Do we implement a socialism type eMaam? Or do we implement a free enterprise based capitalistic system? That is the double-edged sword of the modern information technology that enables building eMaam. I will outline my prescription for the free enterprise, free market-based scenario. For the socialistic system, we only have to look at the current American massively Rube Goldberg type reality that is a total failure and violates UPJF&L.

Free enterprise and free markets REQUIRE that governments do not subsidize businesses, do not bail out businesses and do not pick winners. If government does those things the invisible hand of the market cannot function, and individuals are in fact being persecuted by being denied a fair playing field. I included “no involuntary transfers of wealth by governments from any individual or group of individuals to any other individual or group of individuals, no subsidies of any kind for businesses” in the definition of UPJF&L for that important reason. Since wars have been most often fought over religion and economics it should be clear just how serious a matter this is. There has been a role for government in supporting basic research and generating useful information, such as NIH, NIMH, NSF, NASA, NOAA, NIST, DOE, and other government laboratories and institutions but when work with economic value is done on the taxpayer's dime that economic value should be maximized in the taxpayer's interest. NIH, NIMH, and DOE should over time be able to become self-supporting through prudent economic stewardship.

All securities markets worldwide can be implemented on eMaam and should be open 24/7/365, transactions costs would be reduced to zero, the bid/ask spread on stocks shrunk to one penny and on bonds to one basis point. All the exchange personal could be eliminated, from high priced executives, specialists and traders to window washers and janitors. Publicly traded firms would be required to have their eMaam books open

to the public, eliminating much of the potential for white collar crime and most insider trading and allowing investors to make highly informed decisions. With eMaam there will be no more Bernie Madoff's.

Nothing is certain but death and taxes. Even Jesus addressed taxation, "Render unto Caesar the things which are Caesar's". There should be four and ONLY four taxes—income, wealth, real estate, and a transportation fuel tax. ALL other taxes including sales taxes, corporate taxes, capital gains taxes, estate taxes and the myriad, multifarious taxes on just about everything under the sun should be eliminated. With eMaam the income, wealth and real estate of all individuals are known and readily available. With eMaam's accounting ability this enables eMaam to implement taxation with no preparation by or cost for the individual taxpayer and no collection cost for the government.

Sales taxes are the most regressive tax, impacting the poor in the worst way, and are on demand, impacting the economy in the worst way, so sales taxes should not be allowed.

The income tax should be a flat tax with some minimum income before any tax is levied. There should be no deductions or credits of any kind. Flat is fair.

Corporate taxes are double taxation since corporations are owned by the shareholders and those shareholders have to pay income taxes on dividends. First, we need to define profit for corporations. In my version of eMaam corporate profit would be defined simply by cash flow, no funny complicated accounting gyrations. The profit of corporations is assigned to the shareholders and those individuals pay income tax on their share of profits. By defining profit for corporations on cash flow new companies that must make large investments in R&D and plant and equipment in the process of bringing important new technologies to the marketplace will be able to grow fast and mature companies reflecting mature technologies with the minimum cost of doing business because plant and equipment are paid for will have their profit maximized but their profit margin will have to be minimized to maintain market share, very favorable for the consumer.

Taxing wealth is the fair thing to do. Wealth uses a country's infrastructure in an almost direct proportion to the magnitude of wealth but currently here in America wealth is not taxed. Eliminating the capital gains tax removes the serious impediment of the capital gains tax in investing wisely and allowing the invisible hand of the marketplace to work. Wealth will be defined to include all of an individual's real, tangible assets—real estate, stocks, bonds, plant and equipment if an owner operated business, valuable collections of coins, art, etc. The wealth tax like the income tax should be a flat tax with some minimum wealth before any tax is levied. Flat is fair. There should be no deductions or credits on wealth exactly like there are none on income.

There should be no taxes on estates, gifts, gambling winnings, and any other transfers of wealth. Since income and wealth are taxed throughout an individual's life estates should not be taxed. The same goes for gifts and any other transfers of wealth. Gambling winnings should not be taxed because that would take the fun and sport out of gambling, is decidedly unfair, and would make the odds of winning heavily negative. Gambling is a zero-sum game between the winners, the losers, and the house, and government has no role there other than to make sure there is no cheating.

The transportation fuel tax should pay for the transportation infrastructure that is primarily roads and bridges and their maintenance. Then the cost of using the transportation infrastructure is proportional to the use of that infrastructure.

For seaports and airports there should be user fees. Then the cost of using those infrastructures is proportional to the use of those infrastructures and paid by the users of those infrastructures.

Bankruptcy should not be allowed.

Setting the rate of income tax and the rate of the wealth tax is an important piece of eMaam. All levels of government—federal, state, and local—must have a balanced budget. End runs around this by amortizing variable costs of operation should not be allowed, bonds should only be issuable for long life fixed assets. Then the magnitudes of the rates of taxation are simply set by the level of government's expenditures: Government expenditures = Taxes collected. When you require a balanced budget and the government is spending too much the feedback from the taxpayers will be heard fast, loud, and clear. Local, state, and federal governments will be in competition setting tax rates since it is reasonable to assume people will choose to reside where they find the tax rates the lowest. Since people spend time in many places all taxes should be prorated relative to where the individual spends time.

In a country with little wealth like in the Third World the government revenue will primarily derive from income tax. In a wealthy country like America, I would imagine about ½ of government revenue would derive from income tax and about ½ of government revenue would derive from wealth tax. Over time as wealth increases the wealth tax will yield ever more revenue to the governments and the income tax rate can then be lowered, further enabling individuals to increase their wealth.

Implementing eMaam will require retiring physical currency and going to electronic currency. This will eliminate much of the possibility for theft and fraud—with eMaam there will be no more liquor store and bank robberies. The money supply can be increased through games played by the Department of the Treasury and the Federal Reserve. These monetary shenanigans by central banks, the so called “printing money” must be stopped. If all these kind of money manipulations are banned inflation could be eliminated. With balanced budgets and no inflation, the world could adopt a single common electronic currency, I propose the American greenback, without one country jeopardizing the financial stability of other countries and each country could adopt its own social compact. The reserve requirement for banks should be prudently set so banks can increase the money supply without setting off inflation. This might sound rather revolutionary but with UPJF&L and eMaam this will be possible. The money supply does need to increase as populations grow and as wealth accumulates.

eMaam will track all food from the farm to the consumer so will be invaluable to public health officials in fighting food borne disease.

eMaam will track all purchases of guns, ammunition and potential bomb making components and combined with UPJF&L will be the best way to eliminate terrorism, either organized or Lone Wolf.

All workers should be members of a union. Companies can provide a meeting place for the union members, for example in the cafeteria, who will meet after work on their own time. There should be no union dues—no corruptible, overpaid, political machinating union bosses. The union management should be line workers elected by the union members, should keep their line jobs, should not be paid, and so should serve on their own time. There should be an international union of unskilled and low skilled workers that can establish a fair living wage, about \$15-\$20/hour, and no workers should cross that picket line. This will prevent companies from jumping borders to exploit cheap labor and will keep people from jumping borders to find work. It is a bitter irony, but quite real, that the people who do the hardest work are also the least paid. Intelligence is 100% genetic net of physical perturbations like meningitis, lead poisoning or head trauma, despite the protestations of the many deniers of simple biology. The worn-out phrase that you get ahead by “hard work” is certainly not the whole story, “brains” are the most important part of financial success. If you don't have sufficient brains life can be very difficult because you will have to do unskilled, hard labor at a wage too low to live on. My union plan and eMaam can turn that around.

Unemployment is and always has been a very major and serious problem in all economic systems. I propose a policy I call “symmetric shrink”. A large fraction of jobs in the economy are unskilled and low skilled positions. Let us say there is a 10% unemployment rate and 65% of jobs require little to no training of

workers and the workers in those positions are working 40-hour workweeks. Reduce the workweek for those unskilled and low skilled jobs by 7.14%, 2.86 hours a week, and replace those hours with the unemployed and you will instantly be down to a 5% unemployment rate, that is the definition of full employment. There should be no unemployment benefits. Instead, the government should provide a line of credit at the short-term risk-free interest rate to the unemployed that can be used for day to day living expenses, training and/or relocation and must be paid back. It is all about individual responsibility and empowering the individual.

Recessions and depressions are and always have been a very major and serious problem in all economic systems. eMaam can make recessions and depressions obsolete and therefore can also make obsolete the need for monetary policy by central banks and even the need for central banks. With balanced budgets fiscal policy by legislatures will also be made obsolete.

The largest component of wealth for most people is their home. There are many good reasons to own as opposed to renting; rents always go up, property tax, inflation and demand are built into the cost of renting, rental owners often neglect improvements and always try to minimize costs of repair, and the price of homes almost always increases over time so owning is a good investment. The most important financial preparation for old age for most people is to own their own home.

The first point I would like to address is that there should be no price controls by government on rent and governments should not provide public housing. These distort the free market and penalize some people in the process of providing a subsidy to others. If you need a place to live, well, that is the responsibility of the individual.

With eMaam the transaction cost of buying and selling real estate will be brought to near zero. All real estate for sale can be listed free of charge on eMaam. The title company function can be replaced by a zero-cost remedy through eMaam. Realtors will only sell information and for many buyers can be avoided entirely.

What the government should do is provide a certain kind of mortgage that promotes ownership and enables the owner to maintain ownership. This can be done by providing a government loan that is structured so the government does not lose money and so the owner can maintain ownership. The following design will allow that:

1. Establish an interest rate on government loans that can be counted on and relied on. I suggest that should be set at 4.5%.
2. Require 20% down. Part of the responsibility of owning your own home is demonstrating sufficient stewardship of your personal finances and coming up with a 20% down payment is an excellent way to verify that. It also makes the loan safe from default and free of mortgage insurance.
3. Allow flexibility in making payments. For example, this could be done by only requiring 3 out of 4 payments on average, with a limit on the length of a sequence of no payments made, like 12 or so. So, if you have a 30-year mortgage it could be extended to 40 years, all without any penalty at the 4.5% rate. This is easy to do and will enable the owner to get through periods of unemployment or any other hardship without the risk of foreclosure.
4. This makes the 4.5% home loan interest rate a virtual risk-free rate, which it should be for the government. Allow investors to buy these mortgages. This will provide those seeking fixed income at a 4.5% rate, such as retired individuals, to have a nice default free investment.

Banks would be free to compete with these government mortgages. So, they could require a smaller down, or if interest rates are low enough, could undercut the 4.5% rate, and could have different missed payment policies. Freddie, Fannie, FHA, HUD, and other federal, state, and local programs should all be eliminated.

Legalizing recreational drugs solves many currently intractable and very costly problems:

1. Eliminates the violent black market for drugs and emerging narco-terrorism.
2. Eliminates the horrible exploitation of users by dealers who are virtual psychopaths.
3. Eliminates addicted users commission of crimes to obtain money for drugs.
4. Brings into the above ground economy the large expenditures made for recreational drugs generating substantial tax income.
5. Provides ethical pharmaceutical quality drugs for the users—no one should use drugs that are biologically deleterious due to unethical manufacture and distribution.
6. Cuts the prison population by half, cuts the load on the judicial system by half, and cuts the enforcement manpower by police and other agencies in half.
7. And most importantly allows the drug design capabilities of the pharmaceutical industry to design safe recreational drugs. I expect pharmaceutical recreational drugs would lead sales of drugs worldwide. It is a medical problem calling out for a scientific solution.

It is really a question of privacy and freedom, the right to make personal choices in life, even when they are bad, unpopular, or not politically correct choices. The entire recreational drug problem should be treated as a medical/pharmaceutical problem and drug rehabilitation should be available for everyone that needs it.

An additional and important part of eMaam is to have all medical records on eMaam. Medical records are data intensive with not only the doctor's notes but also all lab work, all MRI and CT scans, a lifetime of information, etc., and there is much effort going on now to put all that data in electronic records. There is the question: Where to put it? The answer: eMaam. This will provide the minimum cost and maximum utility solution to medical record keeping and significantly save costs while at the same time providing the best solution for the optimal patient experience and outcome and the optimal public health platform needs that are to monitor and contain infectious outbreaks and do important research, efficiently allocate resources, etc. eMaam solves all the economic, accounting and business functions—billing, payment, hospital administration, doing business algebra and calculus—at nominal cost. To pay for healthcare in a fair way use my eMaam taxation plan that pays for everything government spends money on in a fair way.

An insult to biology is the lack of a rational plan to fight sexually transmitted diseases. The war should be on STDs not drugs. The stigma of having herpes is one of the worst experiences of a normal person's life and incredibly one out of five adults in America has herpes. AIDS is beyond imagination. It is unthinkable to have such an infestation of STDs in the human population without declaring all-out war against it. The war on STDs is a war we must wage vigorously and can win with a rational medical system. eMaam will go a long way in solving the problem of effective health care by giving every health care professional instant access to the lifetime medical record of an individual including the medical records of family members. That is the essential information that is required for rational health care. Since the record will be ongoing throughout the life of an individual it will be a self-correcting mechanism, where previous errors in diagnosis and prognosis can be corrected. No one should have the privacy to pass on a STD. Transmitting a STD is a very violent crime and if someone who has herpes and knows it and has unprotected sex with another individual without informing him or her, then that someone is deserving of significant incarceration. So, in viewing this all from a public health solution viewpoint what I propose is that every cunt and dick of age and active sexually be screened monthly, or whatever the optimum frequency is, that all carriers of STDs be identified, and that an individual who is considering having sex with another individual is entitled to the pertinent medical record. If only the individual or health care professionals have access to medical records this will be easy to accomplish. The person considering having sex just asks the other individual to bring up his or her STD medical record over the Internet. If they are not willing to do that do not have sex. It will take a lot of gynecologists and urologists to implement such a large program, but nurse practitioners and nurses can do all the front-line duty. It will be part of a massive effort to stamp out STDs 100% in

mankind and ASAP. eMaam is the key part of a total solution to the multi-faceted medical and public health IT problem facing mankind.

All voting can be done on eMaam and it will be so easy to vote that the voting participation rate will approach 100% AND it will allow true democracy where the people vote directly on legislation as opposed to a representative republic where elected politicians vote on legislation. The implications of enabling such a direct democracy are far-reaching and profound.

We need a world government—one humanity, one world—the symmetry is inescapable. My proposal for the design of the world government: No taxation by the world government. The world government will have few employees, a few in eMaam and will be mostly voters only. Anyone over fifteen should have the right to vote. It will cost next to zero to implement world government through eMaam. Each individual has one vote, but it counts three ways. Those three ways are the country vote, the economic vote, and the individual vote. Each independent country has one vote. So, if there are 200 countries there are two hundred votes. Each country's vote is determined by the citizens of those countries by a simple majority. Every individual in eMaam will have a vote proportionate to his or her wealth, what I call the economic vote. Then the sum of all individual's economic votes just equals the total private world wealth that is voting. For the individual vote it is a simple worldwide vote. The final rule is you must win all three ways by 2/3 to pass any legislation. To win the country vote you need a 2/3 majority of how ever many countries there are. To win the economic vote you need a 2/3 majority of the world's voting private assets. To win the individual vote you need a 2/3 majority of the total number of people voting on the planet. Any individual can propose an issue for the world government to vote on. That issue is posted online, and people can vote on it to go before everyone and be put on the agenda for a world vote. There will be various issues suggested and when one gets to 1/3 in all three ways the votes are counted it goes to a world vote in 60 days. Anyone will be able to propose an alternative to be voted on alongside the first issue elevated to a world vote, again by getting to 1/3 in all three ways the votes are counted. In those 60 days anyone can say anything they want to about each proposal. The different sides can use all the vehicles available to persuade people to their opinion. At the end of 60 days there is a vote on the set of issues placed before the world. Then the world vote at the end of 60 days may be between two or more issues. The rule used to winnow the set of issues down if a 2/3 majority outcome in all three ways the votes are counted does not obtain is that the top 2/3 of issues voted on get set up for a new vote 7 days later, and this winnowing will be iterated until a 2/3 majority outcome in all three ways the votes are counted obtains or all issues are ruled out, defeated. The top 2/3 will be defined inclusively, with an issue that is partly included in the top 2/3 of the vote being included in the next vote. And not all legislation is possible, only legislation that observes universal peace, justice, freedom, and liberty. The most important topics, that would come up in the first few years is territory disputes. Each party would be allowed to present their case to the people of the planet through all means available. A date would be decided on when that dispute would be voted on. The first dispute on the agenda—Israel/Palestine.

When eMaam is fully implemented worldwide it will be possible with a press of a button to see who is going to bed hungry AND it will be possible to provide a solution to that problem with a press of a button.

There will need to be inviolable safeguards built into eMaam, protecting privacy for individuals and businesses while simultaneously enabling rational public health solutions and eliminating terrorism. Modern biometric identification techniques, modern encryption and modern software can implement these essential elements of design.

I am closing with two memes that have been around for a long time but are more relevant now than ever: the acronym TINSTAAFL, which stands for “there is no such thing as a free lunch”, and FREEDOM IS NOT FREE. The euphemistic use of the word freedom is the most insidious crime of all.

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