

Most of us agree that a society which has a dramatic fault line between the rich and the poor is not a good one. How can we attack the problem with useful policies? Stop discussing the middle class. In simplest terms, the issues impacting the growing chasm are 1) Disproportionately high income in the top one percent and 2) Failure to prepare the poor for jobs in the new information economy.

Beating up on either the rich or the poor is not productive. Ask why the rich are so rich today? And why are the poor so poor? Then address those issues. Take the dialogue out of a left-right debate. Try instead to solve a problem. Below are proposals worth considering.

These proposals do not involve the safety net (social security, food stamps and child support) because the proposals here contemplate a net positive effect on job creation. These proposals take into account the importance of jobs in providing dignity and self-esteem as well as income.

From the top we should consider:

- (a) taxation redistribution; including lower rates on lower income persons and higher effective rates on higher income types. This can be done without increasing the top tax rates by eliminating deductions and favored treatment of certain kinds of income.
- (b) rethink luxury taxes. Possibly institute a two tier sales tax. Eliminate tax expenditures.
- (c) legal limits on some types of income; such as on salaries in publicly traded corporations,
- (d) structural shift of power to decide incomes; such as more independent Boards of Directors.
- (e) possibly limit union power of high skilled and government workers. Needs careful consideration. Some of the protections of workers in place are like mercantile protection.

From the bottom we should consider:

- (a) academic education geared to the knowledge economy jobs.
- (b) social education to socialize those still stuck with attitudes developed in the old economy. Self based incentives need to replace supervision.
- (c) training of those whose jobs have been made less important. Trouble is to keep this from becoming cover for doing nothing.
- (d) infrastructure improvement; especially for the immediate future before education and training kick in.
- (e) extend unemployment insurance until the other actions kick in. Make the extension a function of age and continuity of employment. This tie in rewards work.
- (f) opening up job creation by eliminating and simplifying licensing requirements.
- (g) policies to support unions of low skilled workers. We will probably always need this.
- (h) increase minimum wage. As high as \$12/hr could be useful.
- (i) increase retirement age.

We need to avoid policies which seriously inhibit increased efficiency and/or inhibit economic growth. We need to minimize policies which provide income without the back up of work. Yet we have to recognize that there are times when the safety net is better than doing nothing.