

## Statement on the Economy

Biography: Since 1964, (1) education and experience in (a) history, including U.S. history related to the Constitution anti-monarchy, anti-nobility clauses, in slavery context; (b) human resources, including pay practices; and (c) tax preparation, including analyzing monarchic tendency inequities in the system; (2) observing effects of disproportionate pay practices, unemployment, under-employment, losing one's home, in both long-term historical and short-term tax consequences, context.

Narrative: The U.S. Constitution is anti-monarchy, anti-nobility, it guarantees a republican form of government. The monarchy system was a two class system – the wealthy elite and the serfs or peasants. The U.S. is not to be so, but to have a Middle Class. It came about in large part via labor unions and activism to require an equitable distribution of the wealth that the workers produce.

As the Middle Class is being undermined and reduced, the danger is that America can deteriorate back to the monarchy system, the nobility system, historically the “default” mode of societies. It takes continuing activism to prevent returning to that default mode.

Historically, during slavery, the pay ratio was 21:1 in favor of the master over the slave – clearly grossly inequitable. About the end of the 19th century, with industrialization, the general pay ratio was about 8:1 in favor of the master (employer) over employee. Some considered this inequitable. One manufacturer, Samuel Milton Jones, became famous at end of the 19<sup>th</sup> century by agreeing to only a 7:1 ratio in favor of himself; he was therefore elected Mayor of Toledo, Ohio.

Deterioration continued, by the time of Pres. Franklin D. Roosevelt (FDR), the pay ratio was about 12:1. He considered this inequitable. We all know that every time Congress proposes to require paying employees an extra dollar, the hue and cry is raised, “that will bankrupt the economy!” But when executives take an extra million, that doesn't arouse the same hue and cry! Example: Area factory workers at \$18 per/hour, executive at \$11 million, closed the factory as they were “paid too much,” so moved the factory to an area paying under one-third their rate.

FDR's solution was to propose a “MAXIMUM WAGE.” That would set a maximum pay ratio. A benefit is it forces emphasis off the so-called “minimum wage,” thus short circuits the hue and cry rants. Other nations, for example, Japan, follow that principle. America should too. Even the 8:1 ratio of the latter 19<sup>th</sup> century could be considered too disproportionate.

Excessive net worth and inheritances underlie the monarchy/nobility system. This generates disproportionate political power enabling corrupting the system. The U.S. lacks a net worth tax. The estate tax is clearly far too low. Both should be set at anti-monarchy level, along “maximum wage” approach, e.g., ban inheritance / net worth in excess of, e.g., NTE seven times national average.

Unemployment is a major disaster for people and their families. In the 1930's, the government arranged employment, the CCC system, for example. Around the late 1940's then Senator Hubert Humphrey proposed a Full Employment Law, a far better approach than mere short-term unemployment “benefits,” at a mere fraction of one's prior pay, and taxed at that! thereby continuing and worsening the financial loss and suffering.

Recommendation: That to move the U.S. back toward its Constitutional republican government, anti-monarchy vision, to restore the Middle Class, and to reverse the extant monarchic pattern of recent years, Congress should (a) establish Full Employment, (b) set a Maximum Wage, (c) ban disproportionate inheritances, and (d) tax at 100% current disproportionate net worth. — Leroy Pletten, <http://medicolegal.tripod.com/testiecon.htm>