

# **“Seminal Insights”**

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“Seminal Insights” identifies five factors that are all required for individuals to be able to spontaneously create economic value.

Included for each factor are expositions on sociological, economic, and political issues that can support or eliminate each factor.

Poverty has been continually perpetuated by confusing it with the conditions of deprivation that it can cause.

Deprivation is a condition caused by the absence of sustaining essentials. Some of the worst deprivations are homelessness, hunger, and untreated poor health. Unfortunately, politically motivated efforts to reduce deprivation do not reduce poverty and usually constrain individuals into politically designed dependency. To actually reduce poverty it is necessary to fully understand that poverty is not a condition!

Poverty is an inability  
to create or have enough legitimate economic value to be self-sufficient  
and prevent deprivation.

Legitimate economic value does no harm and breaks no laws.

Poverty can only be reduced by enabling individuals to spontaneously create economic value according to their own self-interest.

Self-interest is the primary driver for value creation!

Describing poverty as a condition tends to remove all responsibility from the affected individuals and unfairly shift all responsibility onto others.

After studying both micro and macroeconomics at undergraduate and graduate levels, it became apparent that the real economic magic occurs at the micro-micro transaction level with the actions of millions of individuals creating economic value in a reciprocal environment. After understanding this, there had to be factors that empowered individuals to be able create value. Life experience as an engineer, business manager, and entrepreneur has revealed at least five factors. Any of these factors can become especially obvious from the negative effects caused by their absence.

I will begin by listing the five factors. Then I will provide an exposition for each factor in an effort to plant the seeds for necessary discussions, policies, and actions aimed at growing spontaneous individual value creation and improving the human condition.

Listed here are five factors that are all necessary to empower and enable individuals to spontaneously create value:

1. A Strong Sense Of Positive Persistence.

2. Knowledge Of Ways To Create Legitimate Value.

3. Enterprises That Provide The Tools With Which To Create Value.

4. Health.

5. Security Of Rewards And Security Of Person.

## 1. A Strong Sense Of Positive Persistence.

We can refer to Calvin Coolidge's famous quotation:

"Nothing in the world can take the place of Persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan 'Press On' has solved and always will solve the problems of the human race."

The ability to persist is one of the internalized values of "Cultural Capital". There are many definitions of "Cultural Capital" and all of them refer to internalized personal values that develop in all of us over time and direct our actions. They are the result of life's experiences with family, with friends, with work, with education, and with difficulties. Desired results in life can be delayed or prevented by many obstacles. Life can be full of "snags." If and how we overcome these obstacles depends upon our cultural capital.

Differences in cultural capital are evident between people in how they interact, how they behave, what they do, and how they live. This leads to the question as to how can cultural capital be best described or measured? Cultural Capital can be described and measured as positive or negative in at least five internalized values:

1. Empathy and respect for others. The "Golden Rule" and don't hurt others.
2. Ethics Don't lie, don't cheat, and don't steal.
3. Education and striving to learn as much as possible about the world around us. The greatest losses in life occur because we do not know what we do not know.
4. Expectations within the individual to achieve as much as possible with persistence in spite of obstacles and constantly improve and affect others positively.
5. Enterprising actions to create as much legitimate value as possible for self-sufficiency and to benefit as many others as possible.

To develop the most positive cultural capital it is best to start young. And both parents can be very important in developing empathy for others, ethics, education, expectations, and enterprise.

Our young should be conditioned to persistently strive to accomplish goals because their emotional reward will be the internalized feeling of adequacy and self worth. They will earn the ability to shrug off disrespect as they develop earned self-respect. They will learn that all great things have been accomplished in spite of difficulties. They will also learn that unearned cheap accolades will always prevent genuine self-respect.

Our young should learn about Maslow's need hierarchy and the power of delayed gratification and intermittent rewards. The Entrepreneurial Leadership Institute, E-City, Y.O.U., and Junior Achievement organizations help our youth to venture into value creating activities while most still have the security of family support. These organizations and others should be used as resources to the greatest extent in building character and demonstrating the essential importance of positive persistence in value creation. Our young should also be taught negotiating skills so that they can fairly benefit from the value they create.

African Americans in the inner cities are at a great disadvantage to develop positive cultural capital for two reasons. First African Americans suffer from a 74% illegitimacy rate where about three out of every four children grow up without the love, discipline, and example of a father. To some extent, over the years, this was because of the welfare system. And second, most of these kids grow up in drug infested urban areas historically governed by corrupt politicians. More than half of all firearm homicides are within the African American community that represents just 14% of the total population. Today, if anything, we need to incentivize fatherhood that provides love, guidance, and discipline to children of all races to increase their positive cultural capital. Among other possible actions we also need to provide much better educational systems within the inner cities. This will be covered next.

Recently there has been a lot of manufactured racist guilt implied by certain politicians and their media towards individuals avoiding people associated with low cultural capital. It is both telling and funny that they claim that those people avoiding low cultural capital are endemically racist even if they are African Americans. And recently claims of endemic racism have been expanded to Oriental Americans. I cannot help but believe that Red China is behind all of this.

## 2. Knowledge Of Ways To Create Legitimate Value.

Knowledge is the sum of education, training, associations, and experience.

Education is the starting point and yet we allow under education from over-consolidated public school districts where graduation rates are less than 50% and where the primary beneficiaries are the administrators and the unions.

Over the last sixty years, public school educational attainment levels have declined as school districts consolidated and teachers' advocacy organizations morphed into teachers' unions. Today's controversial "common core" simply acknowledges this decline.

There is no economy of scale in 50% graduation rates. We should deconsolidate all large urban school systems into smaller neighborhood systems with no more than 10,000 students each. Smaller school systems have fewer levels of bureaucracy and are more responsive and approachable for parents. State wide public vouchers should be available so that the districts can compete head to head for enrollment and drive the continuous improvement of educational attainment. By providing choice in school districts, we would not be insanely prosecuting parents for trying to sneak their children into better school districts. This would also reduce the need for competition from charter schools. The States would have to subsidize differences in per-student funding between districts. Most failing school districts are already heavily State subsidized and spend more per student than more successful districts. Subsidizing vouchers would be less expensive than the long-term costs of welfare and incarceration. Rules for transfers between districts could include maximum annual enrollment changes, criteria for moving schools into adjacent districts, transportation costs, allowed residences, and student return policies.

In our school counseling, we should focus adequate importance on essential higher value creating careers in skilled trades that match market demands such as designers, machinists, tool and die makers, electricians, welders, carpenters, automotive repair, and other skills where many are presently in short supply. Every high school should again have its own industrial arts department that includes wood working, metal working, welding, electrical repair, automotive repair, and computer aided designing to give all students some ability to actually make things with their own hands. They will carry a positive "I did it then and I can do it again!" feeling throughout their lives.

And we really need to stop telling the lie that a four year degree is essential for self-sufficiency and a successful rewarding life.

Ever since the Supreme Court ruled against using test scores as hiring criteria and the Federal student loan program was instituted the costs for tuition, room, and board have dramatically escalated. This is because hiring criteria are now based on having college credentials that have greatly increased demand for college enrollments. Then the Federal student loan program allows colleges to push their undisciplined inflated costs onto student debt. One of the results of this is a shortage of General Practitioners because M.D. and O.D. graduates have to go into higher paying specialties to pay down their tremendous student debt. Some States have an organization to oversee the State assisted universities. In my State this organization has proven itself to be incompetent in anything to do with present or historical University budgets and cost drivers.

The most politically difficult policy would be to provide special and entirely separate resources for the students who disrupt, threaten, and violate the rights of those who want to learn. We need to consider establishing court appointed academies with full transparency and accountability for children at risk who live on the street in a feral environment. These academies would house, feed, educate, and mentor youth who are disadvantaged and at risk because of a lack of parental support and discipline. And we will have to come to the realization that some individuals are emotionally wired to do bad things.

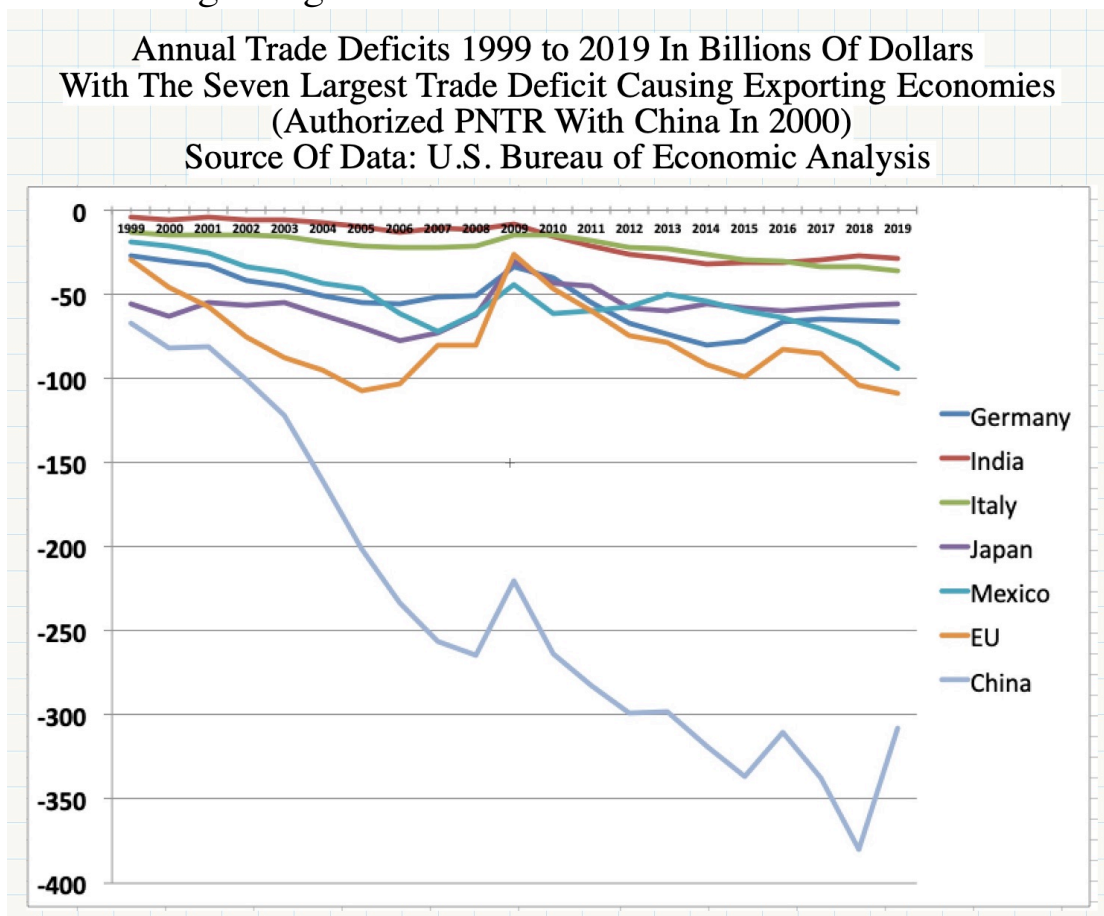
Experience is the most brutal teacher. In many cases this is because we do not know what we do not know and are blindsided. We are oblivious regarding too many things that can and will affect us. Therefore, education should be more broadly designed to expose individuals to less common areas of history, technology, economics, sociology, law, and geo politics to minimize areas of knowledge that would otherwise remain oblivious. If an individual is at least aware that an area of knowledge exists, they can explore and learn on their own.

### 3. Enterprises That Provide The Tools With Which To Create Value.

Individuals can use tools provided by someone else's enterprise to create value or they can create their own enterprise to provide the tools. The primary cause of a shortage of value creating enterprises today is "Undisciplined Globalism" that has relocated enterprises out of our economy and reduced the demand for as many as 77 million jobs.

This is the hidden economic reality that has become a major cause of poverty.

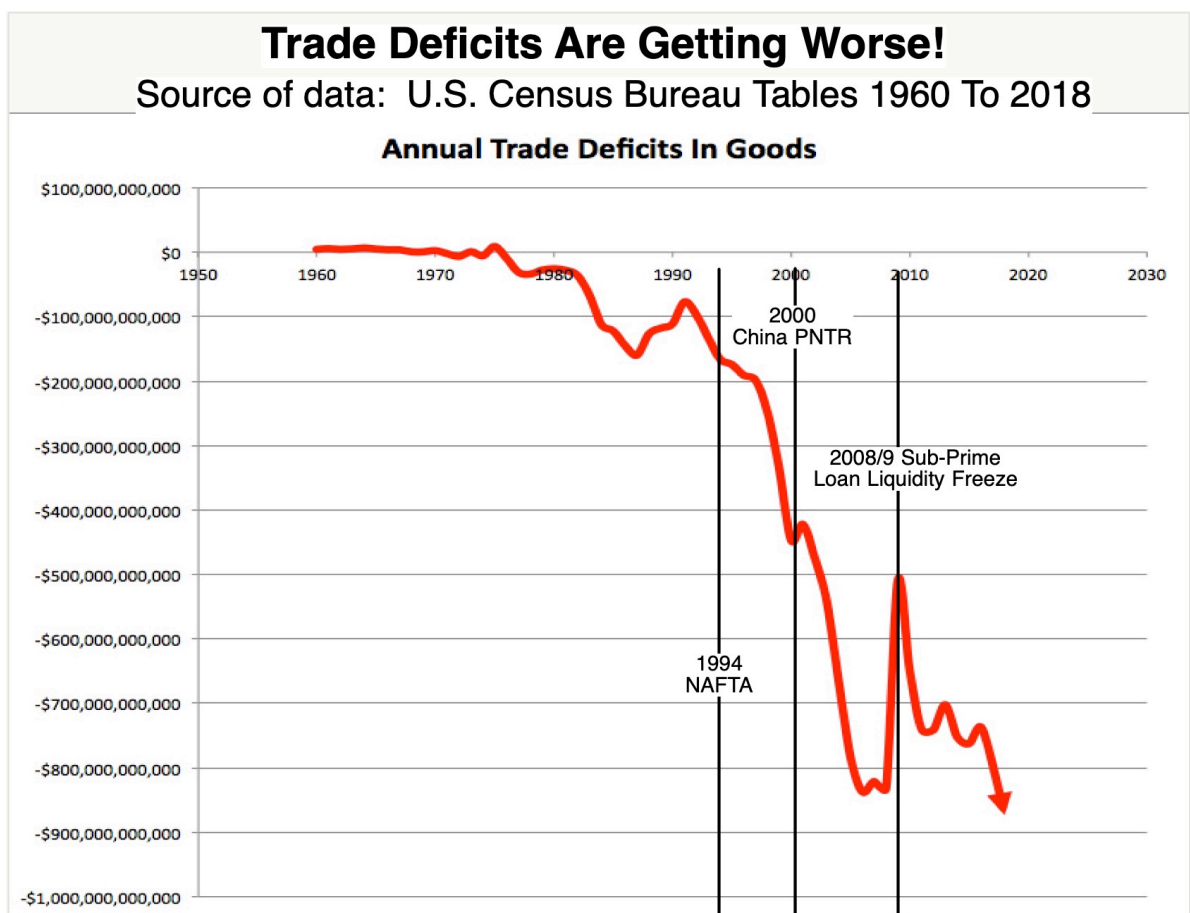
Here is the twenty-year history of trade deficits from the seven economies that we have the largest trade deficits with. Trade deficits with Red China have become very dangerous politically, economically, and militarily for the U.S. and Hong Kong and Taiwan.



Having spent time in Red China between Nanjing and Shanghai I found that the air is acrid and burns your eyes because of the pollution from all of the coal heated homes. The rivers are fetid brown because of untreated waste from 46 million people in an area 40% the size of Ohio. Red China and their globalist supporters are pushing for the "Green New Deal" for us to damage our economy but not for them!



Presidents Clinton, Bush, and Obama were globalist stooges or economic morons to let our economy bleed trillions of dollars and millions of jobs and impoverish much of the working middle class. Many trade agreements like NAFTA in 1994 and PNTR for China in 2000 were negotiated to allow unlimited imports that were lower in cost than domestic production. This had the greatest support from larger businesses because they had more resources to deal with foreign producers. Since then foreign economies have blocked our exports while taking advantage of our lack of barriers and have artificially subsidized and underpriced their exports to us. Added to this were the high corporate tax rates that pushed our domestic enterprises abroad. Our Federal Government has been totally incompetent and treasonous in letting this all happen to the working middle class! All this occurred because of a failure to appreciate the dangerous financial, sociological, and political consequences of “Undisciplined Globalism” where value consumption far exceeds value creation and creates large “Economic Holes” in our national economy.

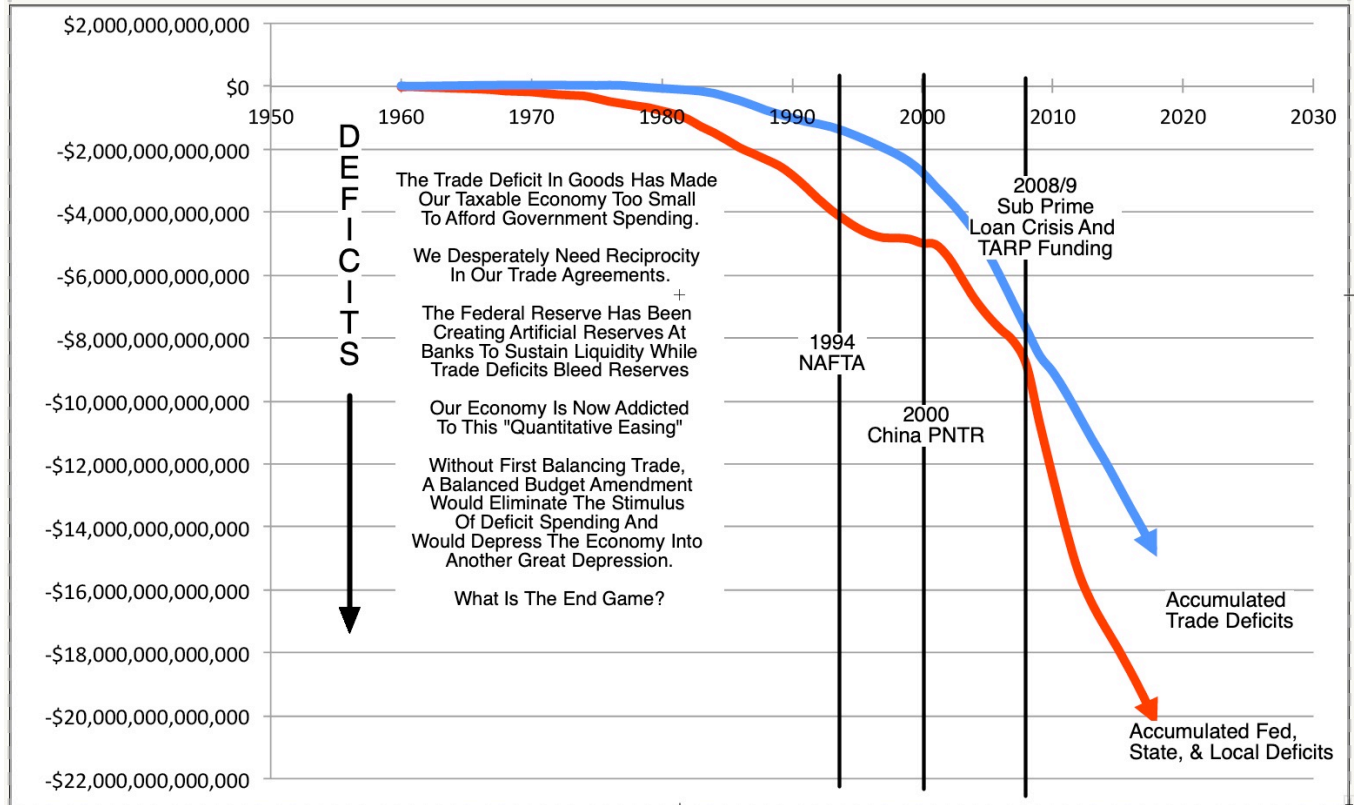


Since the PNTR trade agreement with Red China in 2000, the accumulated trade deficit and the accumulated Federal deficit have tracked parallel to each other as capital bleeds out of our nation and our taxable economy has become too small to support government spending.

# OUR DANGEROUS FAILING ECONOMY

After Authorization Of China PNTR In 2000  
The Trade Deficit In Goods Has Primarily Driven Federal, State, And Local Government Deficits

Source of data: U.S. Census Bureau Tables 1960 To 2018



With countless economics departments in universities all over our nation, with the news media always anxious to report bad news, and with thousands of employees in the department of commerce, how have the details shown in these graphs been so well hidden? Why haven't they been developed and reported elsewhere and made common knowledge? The answer is that globalist influence is endemic in the media and in government at all levels. Globalists simply do not want the public to understand what has been happening to our economy because they want to protect their access to the markets in Red China and they are profiting from higher margins on imported goods.

We must never attribute the poverty caused by dangerous undisciplined globalism with capitalism. Globalism and capitalism are totally separate economic mechanisms.

The hard lesson here is that free trade is only free when it is balanced and reciprocal. As a national economy when more value is consumed than is created capital has to be surrendered to pay for the trade deficit. The annual U.S. trade deficits in goods between 2005 and 2008 were more than 700 billion dollars. Trade deficits starting from about 2000 drained our bank reserves and set the stage for the sub prime loan crises of 2008 and 2009. This crisis that froze bank liquidity was triggered by the bursting of a housing bubble financed with securities backed by adjustable rate mortgages that evaporated when they became delinquent. The securities evaporated when homeowners abandoned their homes when they became less valuable than the mortgages. As a result many banks then experienced negative reserves and froze financial liquidity. This is when the Fed under the Troubled Asset Relief Program started to artificially raise bank reserves which is called “Quantitative Easing.” Quantitative Easing does not create commensurate value, does not print currency, and does not create debt. Today, our national economy is addicted to “Quantitative Easing” where the Federal Reserve, in effect, continually allows banks to legally lend out of more reserves than they actually have to maintain liquidity.

If 700 billion dollars were spent on additional products manufactured in our economy, it would have required about \$500 billion in production costs that would have included at least about \$125 billion in wages. \$125 billion in wages would directly employ about 2.9 million wage earners at the 2011 average of \$43,460 each. Based upon the 2011 propensity to save and invest of 3.6%, the economic multiplier was twenty-seven. These additional 2.9 million wage earners would spend more than 96% of their wages on goods and services that would pass through the economy about twenty-seven times and ultimately drive the demand for about 77 million jobs.

The absence of taxable wages for 77 million wage earners causes national “reverse tariffs” of more than \$530 billion in reduced individual Federal income taxes, \$350 billion in reduced Social Security taxes, and \$50 billion in reduced Medicare taxes for a total impact of \$930 billion in reduced Federal revenue. Including \$219 billion in reduced corporate income taxes, this all adds up to a \$1.1 trillion in a reversed tariff of reduced Federal revenue from a trade deficit of \$700 billion. Added to this is the \$226 billion reduction in State personal income taxes with additional losses of State corporate income taxes. This is why the States are hurting.

It seems that every dollar of trade deficit reduces combined Federal and State revenue by about two dollars.

Obviously, any legitimate jobs policy has to start with balancing our trade accounts. As a cautionary note, we cannot let the economically ignorant “financial conservatives” balance Federal budgets without first balancing trade. They would drive us into another great depression! During the great depression the Federal Government progressively reduced spending and progressively de-stimulated the economy in a losing effort to achieve balanced budgets. This all stopped only when the Second World War entirely changed Federal economic policies.

Former President Obama put his total economic ignorance on full display when he asked how anyone could bring back the jobs that went overseas. He asked “what kind of magic wands are there?” Well the “magic wands” are called tariffs and reciprocal trade agreements that bring international costs in line with domestic costs to allow competitive value creation within an economy to match its value consumption. This is called “Disciplined Globalism” and is the goal behind “Make America Great Again!”

The greatest threat to our democracy are the large U.S. corporations that have global distribution and will not jeopardize their access to the huge market in Red China. They will fight any efforts to enact tariffs and reciprocal trade agreements that are contrary to the desires of the Chinese Communist Party in its quest to obtain economic and military dominance over the United States. These corporations willingly sacrifice the best interests of the United States and its citizens to appease their stockholders. These corporations have great financial influence on the U.S. media, on U.S. politics, and on U.S. elections. This is the reason that the economic reality has been hidden! I also believe that their actions helped to win the last Presidential election in order to eliminate growing efforts to eliminate our trade deficit with Red China.

#### 4. Health.

The individual must be healthy to be unencumbered to create value. The Affordable Health Care Act, although 52 times the length of our Constitution, deals directly with only the 15% of health care costs associated with insurance overhead. AHCA was given many tentacles that interfered with and overloaded procedural and class defined documentation requirements. This bill was fixated on the issue of coverage and neglected to deal with the 85% of health care costs drivers associated with the providers. We can make healthcare more affordable only by changing the present business model where our bodies are held hostage and there is no possibility of making choices based upon up-front knowledge of a la carte prices and medical competency.

1. We need legislation that requires all healthcare providers to list their offered services and fees for services on a single industry website and then track their history of outcomes versus prognosis. We need nurse-practitioners and doctors acting as ombudsmen to assist individuals in making healthcare decisions based upon diagnosis and the website published competitive costs and outcomes. Cost containment due to head to head competition through upfront transparency is the only way we will avoid rationing caused by a shortage of healthcare providers that are disincentivized by a socialistic single payer system as exists in Canada.

2. We should legally mandate that all health insurance companies be allowed to provide health insurance nationwide. This would help to eliminate State wide health insurance monopolies.

3. We also need to reform the laws governing jury award decisions that drive up medical practitioner insurance rates that then drive practitioners out of private practice and into large institutions.

4. Dementia is the single largest cost driver for Medicaid and is the single largest driver of increases in health care costs. Yet we never hear any legislator, governor, or president call for increased or better managed research to reduce the prevalence of geriatric dementia. We could spend 500 billion dollars on dementia research and if successful it would be the bargain of the century. The real problem here is leadership!

5. Individuals can also be encumbered by the responsibility of care giving to children, parents, and significant others. These individuals should be provided with sustaining resources during the time that they are caregivers. We need to provide loving care and support for those physically or mentally unable or too young or too old to create value. But their numbers will require a fraction of the financial load that our value creating taxpayers now support to reduce deprivation.

6. And it is way past time to decriminalize the addiction to dangerous hard drugs and provide mandated withdrawal treatment. Then concentrate on their elimination by legalizing and taxing marijuana and eliminating two thirds of the financial drivers for corruption, violence, and turf wars that have caused the business killings of thousands of people on both sides of our southern border. Unlike ending the prohibition of alcohol, we do not need a Constitutional amendment to accomplish this. About 500,000 people in the U.S. die every year from nicotine addiction. Yet due to the potential for a black market, as occurred during alcohol prohibition, we do not see any support for tobacco prohibition. Yet this same logic eludes those who want to prohibit marijuana. So the real question..... is the potential for some voluntary brain damage a lesser evil than the black market violence and massive incarceration rates caused by prohibition?

## 5. Security Of Rewards And Security Of Person.

The lack of security of rewards dooms socialism every time because it negates the most important driver of economic value creation and that is enlightened self-interest. Socialism / communism have always been one-way dead-end roads into a corrupt despotic economic hellhole! And too many people confuse beneficial social programs as being socialism. And for socialist politicians, more is always better and there is never enough of other peoples' money.

Democratic Socialism is where the self-reliant and the industrious are outnumbered by the lazy and the envious who "progressively" kill all incentives for value creation through the elimination of private enterprise, through income redistribution, through high taxes, and through stifling laws and regulations so that instead of sharing wealth the masses share scarcity at the point of a despotic gun from a corrupt socialist/communist regime that will never let go as in Cuba, Venezuela, Russia, and China. And in every case the socialist/communists have taken all guns from the masses and prevented any effective resistance to their sick socialist communist corruption. One recent example is Cuba!

Socialism always looks upon poverty as a condition rather than as an inability and the lucky value creators must share with those who are unlucky and cannot or will not create value. When it comes to working to create legitimate value for themselves and for others, socialist communists are lazy bastards and expect that somehow everything should be provided to them for free! There is nothing altruistic about socialism because it is evil in how it steals from and dis-incentivizes individuals who create the value.

It is a fact that the top 10% of wage earners in this country already pay more than 70% of all income taxes and that is simply not fair and it is not productive. We could increase the top tax rate from 35% up to 50% and it would only cover about 21% of the Federal deficit and it will definitely kill the goose. We had the highest corporate income tax rate in the world and because of it we had the lowest corporate tax revenue as a percentage of GDP in the world. Corporate income tax was only 9% of Federal revenue. This resulted from the offshoring of jobs and headquarters to countries with lower tax rates. The recently revised Federal tax rates were a good step in reversing the exodus of enterprises. We really need a simple and absolutely fair flat income tax for both individuals and corporations with no exceptions and no special economic incentives that tinker with markets. This would also eliminate about two-thirds of a massive, value consuming, and often abusive IRS bureaucracy.

And finally, the lack of security for ones self and the fear it creates and the precautions it mandates can override all other factors and limit or prevent value creation.

The United States has a population of about 320 million and less than 680,000 non-federal peace officers. With these officers on four crews covering three shifts seven days per week, with vacations and time off, there is about one first response officer on duty for every 2000 citizens. We have a very thin line of security that cannot be in all places and cannot protect everyone. And now there are those who want to create anarchy by reducing or eliminating law enforcement. The main benefactor behind all of this is obviously Red China.

The Supreme Court has already ruled that the primary duties of peace officers are to maintain order and enforce laws. They are under no legal obligation to protect individual life. Therefore the individual has been put in the position of having to assume responsibility for most of his or her own security against the psychopaths and miscreants of society that government seems powerless to identify and remove before the fact. Consequently we now have more than twenty million citizens with a sense of duty to help deter violent crime by qualifying to legally carry a concealed handgun. The number of concealed carry license holders outnumber on-duty police by about 100 to one. About one in every 11 adults is now able to protect themselves and those around them. All “un-policed gun free zones” filter out and incapacitate those with good intentions and have never stopped those with bad intentions. Un-policed “gun free zones” are illogical, irrational, and dangerous. This undeniable fact has been proven much too often and yet it seems there are those who want this to continue because it supports their agenda. The decrease in violent crime since 1994 has occurred at the same time that the number of States enacting shall issue concealed carry laws has increased from eight to forty-four. The writer has personal experience in deterring a violent assault in downtown Cleveland.

Violent crime rates by gender 1973-2003,  
per 1,000 people; (data: Bureau of Justice Statistics).





### In Continuance

There is an urgent and moral need for an effective holistic approach to reducing poverty by empowering as many individuals as possible to spontaneously create economic value. Hopefully each exposition presented for each of the five necessary factors in this paper will become a seed for a growing effort to increase spontaneous individual value creation. As such “Seminal Insights” provides an advanced starting point for an effective effort to improve the human condition.

Naturally there will be differing opinions regarding the content, approach, and priorities associated with each exposition. Books could be written about each. But hopefully all of this will stimulate a constructive dialogue focused on increasing spontaneous individual value creation and improving the quality of life for millions now relegated to embarrassing dependence. All of us have the obligation to work through levels of government, institutions, charitable organizations, and enterprises to help strengthen all of the five essential factors identified so far that are all required for individuals to spontaneously create value and reduce poverty.