

America should consider a guaranteed minimum income

Before you write off the concept of a guaranteed minimum income for Americans as coming from a bleeding-heart liberal academic, consider the



John Rossi

rationale for supporting the idea.

Also called minimum income or basic income, guaranteed minimum income is a "system of social welfare provision that guarantees that all citizens or families have an income sufficient to live on,

provided they meet certain conditions," according to Wikipedia.

I am a conservative and libertarian and support the consideration of the idea.

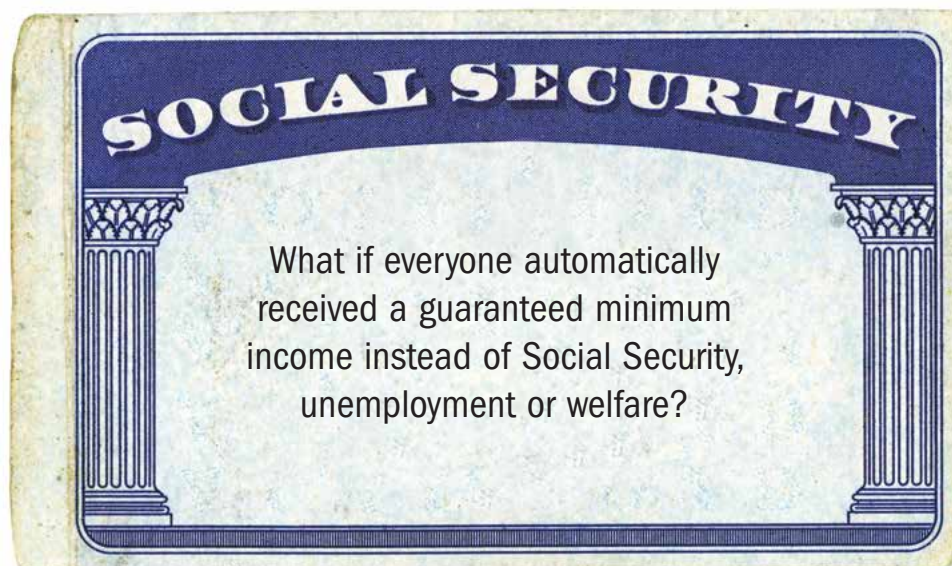
Initially, guaranteed minimum income sounds like the wrong direction and a liberal-progressive policy, but the more you think about it, the more it sounds like a good idea.

Traditionally, a measure of economic growth is the unemployment rate, the lower the better. But the goal of Silicon Valley is 100 percent unemployment.

As technology eliminates jobs and productivity increases, what will happen to the displaced workers who lack the skills for the economy of the future?

WHEN JOBS DISAPPEAR

Take, for example, the driverless vehicle.



PHOTO/GINOSPOTOS1

Today's college students could be the last generation to have a driver's license. In less than three years, most of our vehicles will drive themselves.

What happens to everyone who drives for a living, all those taxis, ambulances and truck drivers?

In the U.S. alone, roughly 3.5 million people drive for a living. Some jobs will be created by driverless technology, but what are all those drivers supposed to do when their livelihood is eliminated?

PRESERVING THE FREE MARKET

It might be cheaper to have a guaranteed minimum income rather than all of the existing federal programs to help those in need. This does not include state

programs, anti-poverty programs with a guaranteed minimum income.

In addition, we pay more for goods and services when government attempts to save jobs that should be lost to technology or productivity or no longer serve a purpose.

For example, most states prohibit manufacturers from selling directly to consumers in order to keep middlemen in business.

Why do we need middlemen anymore, unless you are a middleman?

LET MACHINES DO THE WORK

Essentially, technology combined with productivity increases will displace people from work. Rather than deal with social

unrest – the lost jobs are never coming back – instead pay people not to work and pay for it with economic efficiency.

In other words, give people free money, and let machines do the work.

Government already is a safety net, and with a guaranteed minimum income, you avoid social unrest or government standing in the way when jobs disappear because of obsolescence or technological efficiency.

POLITICAL SUPPORT

Guaranteed minimum income has supporters at the ends of the political spectrum. It's attractive to libertarians and conservatives.

In 1962, libertarian economist Milton Friedman advocated a minimum guaranteed income via a negative income tax. Plus, a guaranteed minimum income could eliminate much of the enormous governmental administrative cost, as well as programs that require recipients to navigate multiple agencies.

Liberals and progressives see it as redistribution of wealth and believe that there is a greater need for resources for other purposes, such as health and education.

And Silicon Valley hopes a guaranteed minimum income would cushion the blow as technology replaces jobs.

INTERNATIONAL INTEREST

The idea of guaranteed minimum

please see **INCOME**, page 10

TAKING STOCK: Fed up – or why 'trickle up' hasn't created jobs

Dear Mr. Berko: A group of us read your column after work while enjoying a few beers before heading home. Seeing as I'm the one with a college degree, which was a waste of time because I'm only making \$12.15 an hour, I've been tasked with writing this letter.



Malcolm Berko

We continue to hear about the labor force participation rate, which is supposed to be an important economic indicator and

supposedly the reason for our slow economic recovery. Could you explain this to us in simple English?

Also, one of us wants to know your opinion of Dycom. He owns 160 shares, and a "buy" or "sell" answer would be sufficient. – TG, Jonesboro, Ark.

Dear TG: Egad! My answer may be dull as dishwater.

The Census Bureau estimates that the population of the United States is 325.2 million. That number does not include the 11 million or so people who are here illegally, whose numbers totaled just 550,000 in 1970. That's a twentyfold increase.

The nation's civilian noninstitutional

population (citizens of working age who are not enlisted in the military) is about 255 million. Of that number, about 160 million Americans are "participating in the labor force," either by holding a job or by seeking one.

This means that there are about 95 million Americans who can work but, for various reasons, won't work, and they are not counted as participating in the labor force. That's a ginormous number.

The labor force participation rate is only 62.7 percent. That's scary.

Just before the Great Recession, the LFPR was 66 percent. It had been fairly stable since 1990, when it was 66.4 percent.

That drop from the November 2007 level to the May 2017 level generated about 12 million additional nonparticipating workers, a number similar to the number of immigrants living in the U.S. illegally.

DEAD WRONG

The Federal Reserve tried to fix the problem by flooding the banking system with trillions of newly created dollars.

The folks at the Fed figured that low interest rates and easy money would "trickle down" to the middle class.

The marplots at the Fed reckoned that the trickle down would encourage more borrowing, which would generate more business activity and increase the LFPR.



PHOTO/DAN SMITH

Federal Reserve headquarters in Washington, D.C.

They were dead wrong, because those trillions trickled up. The rich became richer, and the poor were given more government baksheesh.

DREAD THE FED

Now we have had the worst economic recovery since the Great Depression, and many believe the problem is the Fed, which remains a clubby bastion of privilege for the privileged and by the privileged.

Ten of its 17 governors and bank presidents have Ph.D.s in economics and had careers in spooey academia. Others were meditating at think tanks while sharing their gospel on the highly remunerative lecture circuit.

None of these Fed folks has ever driven a forklift, worked on an assembly line, written a bad check, pounded roofing nails or missed a paycheck.

They're an incestuous group of economists whose inbred academic conclusions

stink of groupthink.

MIDDLE CLASS SHOULD BE CATALYST

What the Fed fails to understand that to goose the economy, it's necessary to put those trillions in the hands of the middle class, who will spend the money at Macy's, Sears, J.C. Penney, Staples, Dick's Sporting Goods, Barnes & Noble and Sbarro.

That is the process that can spread the wealth where it needs spreading, increase consumer demand and improve the labor force participation rate.

Instead, those dollars were transferred to the wealthy, who invested trillions in the stock market, splurged on high-priced art, purchased homes in Vail and bought yachts from others of equal or greater wealth.

Unfortunately, the Fed's transfer of trillions resulted in "trickle-up" economics.

THUMBS-UP

Probably 98 percent of us wouldn't know Dycom Industries (DY-\$90.19) from Adam's off ox. But this is a dynamite infrastructure issue.

Tell your fellow beer drinker that DY is a buy.

Florida-based Malcolm Berko regularly dispenses financial advice. You may address questions to him at P.O. Box 8303, Largo, FL 33775 or by email at mjberko@yahoo.com. Creators Syndicate Inc.

KILLERS

continued from page 8

will have a significant impact on the deal structure and how much cash the seller obtains at closing.

(9) NONRESPONSIVE SELLER

Once someone has decided to buy, any delay or hesitation on part of the owner is perceived as unwillingness to sell. This is extremely dangerous for the seller, given that the buyer most likely has experienced similar situations in the past.

(10) BEING UNTRUTHFUL

All presentations and documents for the sale should paint a truthful picture. The sale – regardless of all due diligence, agreements and warranties – is ultimately based on trust between two parties.

No party wants to enter into an agreement to find out subsequently that infor-

mation was grossly misrepresented. Once trust is lost, it's virtually impossible to bring a deal back on track.

(11) EXITING WHEN THINGS ARE BAD

It's the bad times that often trigger the desire to sell. However, these are times when buyers have little motivation and will severely discount offers.

Similarly, this also applies to seasonal businesses. Sellers want to keep the businesses until the season is concluded (and all cash has been harvested), whereas buyers only want to buy at the beginning of the season.

(12) OUT OF CONTROL BUYER

Granting a buyer the right to perform due diligence before he or she submits a written offer surely will result in a failed deal. A buyer requesting 10 years of past tax returns is not only missing the point of due diligence but also needs a significant amount of managing by an adviser to fol-

low the process all the way to closing.

(13) OUT OF CONTROL SELLER

Sellers who let their attorneys or accountants call all the shots will never close. By its nature, any deal includes a certain degree of risk for either party.

Neither an attorney nor accountant can completely mitigate such risk, but both will never fail to point out such risks. If the seller cannot overrule advice when necessary, it's unlikely the seller ever will close.

(14) NONTRANSFERABLE OR SHORT-TERM LEASE

In the best-case scenario, the seller also is the landlord. Or, at the minimum if not the case, the seller has a transferable lease. If not, a fourth party enters the process: buyer, seller, bank and landlord.

The owner should attempt to have a transferable lease in place that makes the business the lessee, not subject to landlord's approval in case of sale.

(15) STRESS

Every sale is vastly different than what an owner experiences daily in managing the business. A sale or transaction will impose considerable stress on an owner, more so if preparation was insufficient.

(15½) THINKING THE DEAL IS DONE

No deal is ever done until agreements are signed and monies have changed hands at the closing table. Period.

The merger and acquisition mantra is that a deal will die three times before it's a deal. Caution: Some deals die more often than that.

Achim Neumann is president of A Neumann & Associates LLC, a mergers and acquisitions adviser and business brokerage firm in eight states, including Pennsylvania, that is affiliated with national networks of qualified investors and sellers. He can be reached at a.neumann@neumannassociates.com.

CYBER

continued from page 7

vulnerable systems, shuts down nonrequired systems that cannot be patched and implements other measures outlined long ago in its security plan, just for such an event. Then it's time to relax for the weekend.

Business B is quite the opposite, having to pull away resources for emergency patching and trying to develop a list of vulnerable machines, all as the attack is underway.

Thus begins another long weekend for an already thin and stretched staff. Business B is crippled and has no recovery plan.

Once news of these issues gets out, customers stop trusting it and suppliers get nervous.

Without adequate backups in place, it probably won't be in business much

longer.

COSTLY CLEANUP

For Business B, forget about paying the ransom. Forget about getting back its files.

Its only option is spending an untold sum to clean up the mess, exponentially more than proactive measures would have cost.

To make matters worse, because of its perceived negligence, cyberliability insurance won't necessarily protect it.

Don't be Business B.

Michael Hawkins is principal and CEO of Netizen Corp. (www.netizencorp.com) in Upper Macungie Township, a provider of cybersecurity and compliance solutions for defense, commercial and government markets. Max Harris is principal and chief of business development at Netizen Corp., and Rich Stoneberg is chief information security officer at Netizen Corp.

INCOME

continued from page 6

income is not new. Nearly 50 years ago, it started as a revolution in social policy research.

Today, it's hotly debated in rich and poor, big and small countries.

Switzerland held a referendum on it, and Finland is planning experiments on guaranteed minimum income. India is testing versions, too.

Guaranteed minimum income is a topic that likely will gain more discussion and traction. For example, Facebook founder Mark Zuckerberg's recent graduation speech broached the topic.

WHAT IF?

So, when there's a massive loss of jobs, and if too many hard-working people are displaced by technology and they earn too little to live on, what hap-

pens next?

The U.S. government already spends nearly \$1 trillion across dozens of separate programs.

Could one solution to the problems be an idea that's been floating around in economics circle for decades?

Here's the idea: What if everyone automatically received from the government a guaranteed minimum income instead of Social Security, unemployment or welfare, to name a few?

John D. Rossi III is a business leader, lecturer, accountant and financial planner with more than 30 years of business and academic experience. An associate professor of accounting at Moravian College in Bethlehem, he is president of JR3 Virtuoso Solutions Inc., specializing in financial reporting, taxation, professional training and consulting services. He can be reached at jdrossi3@verizon.net.

STUNT

continued from page 7

the end.

A CAMPAIGN WITH POP

To accompany this marketing campaign, Sega unleashed a brilliant publicity stunt in 1991 that took the wind out of Nintendo's sails.

In malls across America's major cities, Sega had pop-up stands that featured two screens – one playing Sega's new hyper-paced "Sonic The

Hedgehog" game and the other playing the more meandering pace of Nintendo's yet-to-be-released Super Mario World.

In general, malls attracted an older video-game audience. The stand featured fast-paced music set perfectly to the Sonic game.

BIG RETURNS

The results, unsurprisingly, were overwhelmingly in Sega's favor.

These pop-up stands created huge crowds, and the older gamers preferred Sonic to Mario by a wide margin.

This gave public relations some ammo as well. Stories such as "80 percent of mall-goers prefer fast-paced play of Sega to Nintendo" started popping up across America.

In less than two years, Sega's U.S. market share of the video game industry went from 10 percent to 55 percent.

FUN, REWARDING

Developing publicity stunt ideas is fun.

Thinking of creative staged events to entertain customers and attract more media eyeballs on your client can be

rewarding from start to finish.

Just make sure your publicity stunt aligns with the company's overall brand identity and messaging. An experienced publicist can point you in the right direction.

David Saba is the owner of DS Public Relations, based in Bethlehem, and has more than 14 years of public relations experience with a variety of clients across many industries and sectors. He can be reached at davidsabapr@gmail.com.

Does Your Company Qualify for the Top 100 list?

Lehigh Valley Business is listing the 2017 Top 100 Privately Held Businesses in its Aug. 20 issue. **The deadline to be featured on this list is Aug. 4.** If your business is privately held and has at least 50 percent of its ownership in LVB's coverage area, it may qualify for this listing. Please email staff researcher Christopher Holland at cholland@lvb.com or call 610-807-9619, ext. 4110 with inquiries or to acquire the appropriate survey for this listing.