

# How can society best foster prosperity?

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Content from Philip Bitar, *Why? In Pursuit of the Ultimate Answer: Abridged* (2008)

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- ◆ **What motivates people to maximize their performance?**
  - ◇ Competition
  - ◇ Examples: athletics, competitive events in all venues of activity
- ◆ **What motivates sellers to maximize product utility?**
  - ◇ Product utility is benefit minus cost.
  - ◇ Sellers are motivated by competition to acquire wealth through satisfying customers.
  - ◇ To maximize prosperity, acquisition of wealth must be open-ended.
  - ◇ Information enhances competition, as in customer ratings and professional ratings.
  - ◇ Examples: computers, cars, clothes, electronics
- ◆ **What motivates charities to maximize product utility?**
  - ◇ Same as other businesses: the customers are the donors.
- ◆ **Why does income tax degrade prosperity?**
  - ◇ Life is goal directed. Skill is means for achieving goals.
  - ◇ Income tax degrades causal relation between effort and result in acquisition of wealth. Income tax degrades causal relation between skill and result in acquisition of wealth. Hence, income tax degrades motivation to be productive.
  - ◇ The time period for income tax is arbitrarily one year.
  - ◇ Like rape, income tax invades a person's privacy in a degrading way.
- ◆ **Why does property tax degrade idea of ownership?**
  - ◇ Property ownership doesn't generate money.
- ◆ **Transaction tax / sale tax**
  - ◇ Transaction tax / sale tax avoids these problems and is self-enforcing via competition of sellers.