

# Presidential hopeful visits BC for lecture

BY ANDREW SKARAS  
*For The Heights*

Students, faculty, and guests filled Higgins 225 on Monday at 4 p.m. to hear Boston University professor Laurence Kotlikoff, a guest speaker of the International Economic Policy and Political Economy seminar, prescribe policies that would remedy the current economic malaise. Designed and organized by Fabio Ghironi, a professor in the economics department, and funded through the Institute for the Liberal Arts, this seminar is a one-credit course designed to engage students with top scholars in economics, political science, and history on matters of present-day policy making. Already in its fourth semester, this seminar has drawn top speakers to BC, including a Nobel Prize winner and the former Chair of the Council of Economic Advisors.

A hopeful in the presidential primaries of Americans Elect, a nonpartisan third party, Kotlikoff came to the lecture with several plans, termed "Purple Plans," that sought to combine ideals that both the Democratic and Republican parties could back into a set of policies that would put America back on track to economic prosperity.

He saw the recession and ensuing economic stagnancy as a result of coordination failure. "Everyone expected that the economy was going to do poorly, then we took steps to make that happen," Kotlikoff said. "If I were the president, the first thing I would do is to get the top 1,000 CEOs together to have a coordinated hiring. I will not force you to do this, but I'm going to appeal to your

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See Kotlikoff, A4



ALEXANDRA GAYNOR / HEIGHTS STAFF

**BU Professor Laurence Kotlikoff (above) gave a lecture on economics on Monday afternoon.**

# Kotlikoff proposes solutions to nation's woes

Kotlikoff, from A1

collective self-interest and patriotism to increase employment by 5 percent."

The unison of hiring, he said, would increase demand for goods and services, further propelling recovery while simultaneously encouraging other countries to follow suit, helping to pull the rest of the world up with the United States.

His next biggest concern was Social Security, which he described as "a six-decade endeavor of older people taking from the younger people."

"Rick Perry had it right," Kotlikoff said. "It is a Ponzi scheme. We've run up an enormous set of IOU's off the books—it makes Enron and Madoff look honest."

To solve this accounting problem, he suggested accounting for

both assets and liabilities through time, discounted to present value, so that one could get a look at the fiscal gap, or difference between the two, through the mid-term future. Kotlikoff worked under

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**-Laurence Kotlikoff**  
Boston University Professor  
and 2012 Presidential  
Candidate

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several successive administrations, starting with George H.W. Bush, to analyze this fiscal gap and publish it in the appendix of the president's budget, until it was censored during Bill Clinton's

term and then through George W. Bush's term as well.

His suggestion to fix Social Security, "the Purple Social Security Plan," would freeze the current system for all that was already paid into it, and set up accounts for every individual. These accounts would be funded through an 8 percent payroll tax with the government matching contributions for low earners, and would be invested by the government through a computer in a global indexed fund of securities, bonds, and real estate. To protect investors there would be a downside protection of zero percent real return.

To fix the tax system, Kotlikoff proposed an abolition of the corporate tax and the personal income tax in his "Purple Tax Plan." To replace them, he suggested a 17.5 percent sales tax. In order to make it progressive, he suggested

a voucher sent to households based on their composition in poverty to cover their tax burden. In place of the current estate tax system of a 35 percent tax on estates larger than \$5 million, he proposed a 15 percent tax on estates larger than \$1 million.

While Kotlikoff spent the majority of the seminar explaining these plans and giving briefer outlines of his plan for healthcare, which he claimed could be done using only 10 percent of the GDP, he did spend time taking questions from the engaged audience.

These questions spanned his specific policy proposals to his broad beliefs that would guide his decision-making, if elected president. And, like any presidential hopeful, he ended his presentation pointing his audience to his website, [kotlikoff2012.org](http://kotlikoff2012.org), to gain their support in his bid. ■