

H A R L A N   R I C H A R D S

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Fiscal Cliff? I Don't Think So.

Now that the elections are over the news media is harping on the "fiscal cliff" and predicting doom for our economy. This reminds me of the Y2K scare where doomsayers predicted the collapse of our entire banking system because software had originally been written using only 2 digits to represent the year in dates. The concern was that computers would interpret post-2000 dates as early 1900 dates which would cause the computers running our country to crash. Well, 2000 came and went and there was no crash.

The same situation is facing us now. Pundits are predicting that the tax hikes and budget cuts will throw us into a recession and gut our military. I think they are wrong on both counts.

Deficit spending by our government creates artificial demand in our economy and has been the primary driver since George Bush started 2 wars he didn't pay for while cutting taxes for the rich. Had Bush actually paid for the wars as he fought them we would not be in the fiscal mess we're in now.

Note also that the mandatory tax hikes and spending cuts will not erase the deficit, only reduce it. We need a balanced budget amendment. There are plenty of other ways to stimulate the economy.

The reason deficit spending is so crucial to our economy is because we allowed our manufacturing base to be dismantled and moved to third world countries. There are no jobs for many of our citizens because only about 25% of adults have a college education. For the rest of our citizens, there is no way they can find a good-paying job because entry-level manufacturing jobs no longer exist. What we need are policies that create a level playing field. Our labor and environmental laws should apply to all products imported into the U.S. Tariffs should be applied to compensate for the costs U.S.-based manufacturing incurs by paying minimum wage and complying with environmental laws. That would create incentives to return manufacturing jobs to the U.S. There would no longer be financial incentives to close U.S. factories and ship jobs to China and elsewhere.

One interesting fact nobody in the U.S. wants to acknowledge is that Germany's manufacturing-based economy is booming even though they have tougher labor and environmental laws than we do. Obviously, it is not our protections which are causing the problems but other policies which encourage imports over domestic products. For those of you who go to Wal-Mart, remember that the bulk of their products are imports. Every time you shop there, you put another American out of work.

For the last 30 years our tax policies have increasingly redistributed our country's wealth to a small percentage of citizens - the wealthiest 1%. Until we give our country's wealth back to the citizens whose labor created it we will continue to have a struggling economy. With all that money freed up to circulate in our economy, we will experience extraordinary growth, end deficit spending and pay down our deficit.

Let's enact a balanced budget amendment and create a 20-year plan to totally eliminate the deficit.