



7 Ways to Fix the Economy

Anyone with half a brain can see that the U.S. economy is in a malaise. It's just muddling along. Unemployment is still high. Economic growth is low. Prices are rising for goods and services (just think gas prices and food prices). Job creation is low (people you know that have been unemployed are still unemployed). Small businesses are still struggling to survive given decreased demand and tight credit. The real estate market is in the tank; house prices are still falling and foreclosures are likely to spike this year. The banks are still in trouble, despite what the Fed says and does. Federal budget deficits continue to be the norm, requiring additional increased in the national debt. There's still a risk to the U.S. economy from the economic crises in Greece, Portugal, Spain, Italy and so on. All of these factors paint a pretty bleak picture for the health of the economy.

I wholeheartedly believe that the U.S. economy is on the brink of a double dip recession. I would even argue that the current environment is still recessionary even if it doesn't meet the technical definition of a recession. I suspect if you're one of the millions of Americans struggling right now you'd probably agree with that. If you're doing well, you probably haven't been impacted too much or noticed what everyone else is going through. Sadly, it's a situation of those that have a job prosper while those who don't have a job suffer, which on a side note is a sad reflection on President Obama's class warfare strategy that is attempting to divide this country. While we may not be able to stop the economy from slipping back into a recession in the short term, we can take some actions to fix the economy for the mid and long term horizons. I think there are seven actions that need to be taken to get the economy back on track:

- **Lower taxes**—This is a no-brainer. If you cut taxes on individuals and businesses, the money saved in taxes and not misappropriated to Washington will either be saved or spent by the taxpayer. It's just that



simple. If you're a worker and get a tax cut that saves you \$1,000 for the year, you're probably going to spend that which helps stimulate activity in the economy. Further, you're probably going to spend that at a local business—a gas station, restaurant, grocery store, retailer. That helps more people like you. High taxes are a disincentive to work harder to earn more if each successive dollar is going to be taxed more.

There is currently an estimated \$1.4 trillion, yes, trillion, in corporate profits that are overseas. The companies aren't going to bring those profits back to the U.S. because of the tax rate that is one of the highest in the world. Let's cut the corporate tax rate or give these businesses an incentive to bring the money back. How about something like this: We will allow you to bring back as much profit from overseas as you want so long as at least 25% is used to create new jobs, at least 25% is invested in growth projects or capital equipment, and at least 25% is returned to shareholders. Of course, we'll have to prohibit payouts to executives like the payouts to the executives of companies bailed out by the federal government. This would put a tremendous amount of money back into our own economy instead of some foreign economy.

Look, I favor getting rid of the current income tax system altogether and replacing it with some sort of consumption tax or a flat tax. Either system would be vastly simpler than what we have now. It's a sad state when more people are afraid of being audited by the IRS than they are of being mugged. Would we be better off with another tax system? Absolutely! But this is a fundamental difference in philosophies between political parties in America. There are those who feel the government is more capable of spending your money, thus they want higher taxes so that the politicians can redistribute your tax money in a way they think better fit. I fall on the side of those



who feel that the individual taxpayer is more capable of deciding how to spend their hard earned money than a politician in Washington. Here's what we know, as the government expands, individual liberties contract. I say the less Washington has to do with the economy and taxpayers' lives all the better.

- **Cut federal spending**—The federal government has been a spending binge. These politicians don't seem to care how much they spend or what they spend it on. And let's not forget the bureaucrats in Washington, the career government workers, who seem to have this sense of entitlement to spend the taxpayers' money. Just last week, the scandal at the General Services Administration came to light where the agency spent something like \$800,000 on a trip to Las Vegas. It's disgusting! This is our tax money and they're spending it like it's water. We need massive cuts in federal spending, no question about it. It is ridiculous that any politician says it will take a decade to balance the federal budget or cut the budget deficit. We know what spending was like back in 2000. Let's revert to those levels immediately. Yes, a lot of departments will suffer, but that's just the way it is. Every department in the federal government has gotten bloated over the last decade. Trim the fat from the budgets. Stop pork barrel projects. Some departments and programmes may even need to be eliminated in order to get the budget back to a level comparable to 2000 and to accommodate for the increase in spending for Homeland Security, but as I've discussed before this isn't a bad thing. We need fundamental restructuring and downsizing of the federal government.

Federal spending to stimulate the economy only artificially props up the economy in the short term. If it's deficit spending, we're only hurting ourselves



by increasing government borrowing and passing on the debt to future generations and ensuring future tax increases. There always comes the day when you have to pay the piper. We can't escape it. Ultimately, what's going to happen with runaway spending at the federal level is higher interest rates to attract lenders to buy the Treasuries and higher taxes to pay for the debt. Has anyone heard what's going on in Europe right now, particularly Greece, Spain, Portugal, Italy and so on? Their government's embarked on massive spending programmes in the past and now they're at the tipping point. It can happen here. We have to stop the runaway spending sooner rather than later. It's disingenuous for any politician to say we can't balance the budget in less than a decade. All that's lacking is the willpower to make the difficult decisions necessary to bring the budget back to more manageable levels.

- **Abolish minimum wage**—In case you haven't noticed, manufacturing in America is dying a slow death. Look at the textile industry in the South, for example. Why did the textile manufacturers close up? They couldn't compete with manufacturers in low wage countries like Mexico and China. We will never be able to compete with low wage countries as long as we have price controls in place when it comes to labor. If manufacturers want to compete, we need to abolish the minimum wage. Manufacturers can offer jobs at two dollars an hour as opposed to eight dollars an hour. That would help to start narrowing the competitive gap between low wage producers and those here in America. Hell, we allow waitresses to work for \$2.15 an hour plus tips. Why shouldn't employers be allowed to offer jobs to anyone at that rate?

Of course, I'm also against collective bargaining when it comes to wages as well. Unions have been some of the worst offenders when it comes to labor markets. Why are the U.S. auto companies so uncompetitive



against foreign manufacturers? Labor costs. So, I guess I'm not just picking on the minimum wage but I'm focusing on artificially created wages for labor. Now, I've heard this argument for a long time that an abolition of the minimum wage would hurt the worker. Look, there was a time in life when I had to work two jobs. If that's what it takes for people to survive, so be it. There's nothing wrong with hard work. And guess what, if you don't want to work for a low wage, you can simply say 'No.' Why do you think there aren't ushers in the movie theaters anymore? Minimum wage. Why don't we have full service gas stations? Minimum wage. Doormen? Minimum wage. Why are call centers in India? Minimum wage.

Here's the reality. The minimum wage costs the economy thousands of jobs; any good economist will tell you that. The minimum wage prevents businesses from being competitive. The minimum wage gives companies a reason to outsource jobs. The minimum wage causes businesses to find ways to automate, mechanize, or otherwise eliminate positions. It's not very palatable, but the benefits far outweigh the negatives of this. Abolish the minimum wage, the economy will create jobs in untold numbers, and ultimately, the market will set wages.

- **Confidence in leadership and administration**—America has a real crisis in confidence in our elected leaders in the Congress and the President. I think it's pretty clear that President Obama and the Democrats in the Congress don't really know anything about the economy. The Senate can't even pass a budget on its own. Collectively, President Obama and the Democrats have embarked on economically destructive policies since 2008. Their anti-coal, anti-oil, and anti-drilling energy policies have resulted in higher utility prices and higher gas prices throughout the nation. In essence, they've created another tax on consumers. They've wasted billions of dollars for



green projects that have gone bust and refuse to abandon those failed policies. They've continued to spend like drunken sailors, with the President presiding over the first downgrade of U.S. debt in history and the largest increase in the national debt in history. Obamacare was rammed down the throats of the American taxpayers with massive stealth tax increases on businesses. Quite simply, American business has lost confidence in the President and the Congress. If there were a vote of no confidence, these clowns would be out.

It's clear that businesses are reluctant to hire and expand if they're going to be forced to pay for healthcare for employees which will increase their costs in an already price competitive environment. In addition, what incentive do businesses have if they're going to be taxed to death for being more successful? With no financial or economic credibility, the Administration isn't able to effectively lead and instill confidence in businesses and taxpayers. This Administration doesn't do anything to inspire innovation and entrepreneurship. This Administration does nothing but create uncertainty regarding the future, which is a major disincentive for businesses to plan expansionary projects. America needs strong leadership in the President and the Congress, leadership that knows what it takes to foster a prosperous business environment where businesses can have certainty to expand and make investments and increase payrolls. America needs strong leadership that can get the financial house of the federal government in order and stop the self destructive economic policies that result in our becoming more indebted, less creditworthy, and less competitive.

How to we resolve this? Vote them out of office in 2012 to start, then put massive pressure on all elected leaders to address the issues that are holding back an economic recovery.



- **Massive infrastructure**—Infrastructure projects are great. We do need to have some massive infrastructure projects, and I don't think that should be limited to roads. We need to be looking at infrastructure in terms of rail, power grids, hydroelectric power generation, wind farms, bridges, nuclear facilities, ports, oil development, and research facilities.

The Chinese are making massive investments in infrastructure. They spent \$900 million on the Tianhuangping hydroelectric project. They're spending \$6.3 billion on the Xiangjiaba Hydropower project, \$5 billion on the Shanghai-Hangzhou maglev railway, \$7 billion on the Xiludou Dam, \$14 billion on the Harbin-Dalian Highspeed Railway, \$18 billion on the Jiuquan wind farm, \$33 billion on the Beijing Shanghai Highspeed Railway, and \$44 billion on building highways to connect China, India, Southeast Asia, and Europe. Look at what these projects mean and look at what we're doing here in America. We're falling way behind.

The I-73 project is a highway project that would go from Michigan to South Carolina. They've been talking about this for decades, and it still isn't done. When it comes to roads, we need to get on it. We need a lot of road projects to make the flow of goods and people a lot easier throughout the entire United States. Let's expand I-95, I-10, I-40, and all the major highways. If they're six lanes now, let's make them ten lanes. Let's go ahead and start getting ahead of the curve. Our population is going to continue to grow, creating more strains on the ability to move goods and people easily. Let's get the road projects going. Have crews working twenty-four hours a day seven days a week if we have to, but let's get them done. It wouldn't take the Chinese decades to build a road. And while we're on transportation, let's work on expanding our ports. We're going to have more and more goods coming into the United States, so let's get ready for it.



While we're expanding our road systems, let's go ahead and spend money on a high speed railway that connects east and west and north and south. Not only would we be able to more efficiently move goods and people but we would alleviate congestion on our roads and in our skies. It should be a pretty easy concept; have the high speed railway follow the major highways and branch off to other markets as well. Let's get the project built quickly. Let's not wait years. And I'm not talking about the rail to nowhere out in California that people in L.A. need to drive over 100 miles to get to before boarding to go to Las Vegas. That project isn't going to do a bit of good.

Let's work on some wind farms and hydroelectric power projects and on updating our power grid. Let's work on offshore drilling, open up ANWR in Alaska, and build the Keystone Pipeline.

But let me throw in another idea with all this. Let's privatize some of this. We can't privatize all of it, but we can certainly privatize a good deal of it. The projects that are worthwhile will get funding from the private capital markets; those that aren't won't fly. Infrastructure has long been an industry on which governments have monopolies. There are numerous examples throughout the world of private infrastructure projects from toll roads and bridges to ports to power plants to railroads. Privatized projects would get built in a fraction of the time as federal projects.

We need to get on these infrastructure projects now—not tomorrow, not the next day, not next year, not five years from now. We're getting farther and farther behind. There's a much larger public good to be served by doing all these projects. We need to have the courage to just move these projects forward and to hell with the lawsuits and the protests and the years of studies. Let's streamline the whole approval



process. It's embarrassing that the world's superpower has an antiquated infrastructure system.

- **War**—Nothing gets an economy going quite like a good old-fashioned war. Unfortunately, wars are expensive both in terms of financial and human resources. The wars in Afghanistan and Iraq really stimulated the economy earlier in the decade, but it required a good deal of spending and with little financial gain. If we're going to have a war that pays for itself, we need to get something out of the other side. In the case of Iraq, we should have taken their oil. Oh, wait a minute, the liberals thought that was the whole intention of going to war with Iraq and they demonized President Bush for it. Did we get any of the vast oil reserves in Iraq? No. Has it help us in any way financially? No.

If we want a war that stimulates our economy and pays for itself, let's take on Iran. We can go in and wipe them out pretty easily. We make Iran the territory of East Virginia, take total control of the area, and take the oil for ourselves. Let's see, Iran has something like 150 billion barrels of proven oil reserves. At \$100 per barrel that's something like \$15 trillion dollars. It wouldn't cost nearly that much to take out the regime of Iran and take over the oil fields. So, let's see, we become energy independent, gas prices fall, the war machine creates jobs, we can gradually pay off debt in America, and overall the economy gets going. How does that sound?

- **U.S. Offshore Oil**—Oil reserves off the United States' coastlines have been estimated anywhere from 80 billion barrels and up. Why haven't we been tapping into this? Liberals and environmentalists, and I would remind you that they're the ones who would scoff at my recommendation we go to war with Iran and also the same ones who said President Bush went to war with



Iraq to get their oil. But these are also the same people complaining about high gas prices when they go to fill up their gas guzzling vehicles and who wouldn't dare think of giving up driving in favor of public transportation. We need to tell these people to go to hell and open up drilling anywhere and everywhere for national security purposes. Not only will we free America from its dependence on foreign oil, but we will also spur massive investment in drilling activities that will require jobs and ancillary services and businesses. If the Keystone Pipeline project was going to create anywhere from 20,000 to 250,000 jobs, can you imagine how many jobs would be created by drilling of the eastern seaboard or the coast of California? Do you think that would get the economy going? Sure. And in addition, the federal government would stand to reap massive financial windfalls which could be earmarked to pay down the national debt. Sound like a win-win situation to me.

About Mr. Cartwright— Digger Cartwright is the author of several mystery stories, teleplays, and novels including *The Versailles Conspiracy*, a modern day political thriller, *Murder at the Ocean Forest*, a traditional mystery novel set in the 1940s, and *The House of Dark Shadows*, a psychological thriller.

Mr. Cartwright is also a noted industrialist and investor with interests ranging from shipping, oil exploration, sports entertainment, hospitality and tourism, and gaming. In the business realm, he has contributed to a number of articles on a wide range of financial, strategic planning, and policy topics and is a contributor to several finance/economic books. He frequently contributes articles, commentaries, and editorials focusing on current economic and political topics for the private think tank, Thinking Outside the Boxe.



Mr. Cartwright's philanthropic efforts include contributions to a wide range of causes, predominantly at the local level. Mr. Cartwright is an enthusiastic supporter of local [no-kill animal shelters](#) and [humane societies](#), the [Wounded Warrior Project](#), and local [Meals on Wheels programs](#).

He enjoys golf, participating in charity golf tournaments, falconry, and attending WWE events. He divides his time between Washington, D.C., South Carolina, and Florida.