Other Comments

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05.20.09, 6:00 PM ET

Dollars and Sense

Making money should not be anyone's sole purpose in life. Remember that ancient wisdom, "The love of money is the root of all evil"? It isn't money that is evil, though. It's what you do with it that can be good or bad. There is nothing wrong with making money. If there were, who would pay the taxes to big-spending government? I want [today's graduates] to know they will find more satisfaction by being good stewards of what they have while helping others rather than just accumulating stuff.

--Cal Thomas, *USA Today*

The Road to Bankruptcy

The unreported, unspoken reason that GM is careening toward bankruptcy is the crushing labor mandates it's had to fund each year. In addition to the billions spent on the Jobs Bank, GM has spent $103 billion during the past 15 years funding its pension and retiree health care obligations, according to industry analysts. That's nearly $7 billion a year--more than GM's capital spending budget for new models this year.

Meanwhile, Honda and other nonunion companies didn't have to bear such costs. Japanese automakers even built cars inside America with relatively young nonunion labor that, unlike their UAW counterparts, quickly learned to adapt and thrive in the leaner assembly systems that Japanese companies operated.

You won't hear President Obama or House Speaker Nancy Pelosi or Senate Majority Leader Harry Reid mention this in their analysis of the auto industry's woes from their driver's seats in Washington.

If GM and Chrysler don't survive this recession, blame the unions, not SUVs.

--*Investor's Business Daily*

Competitive Move

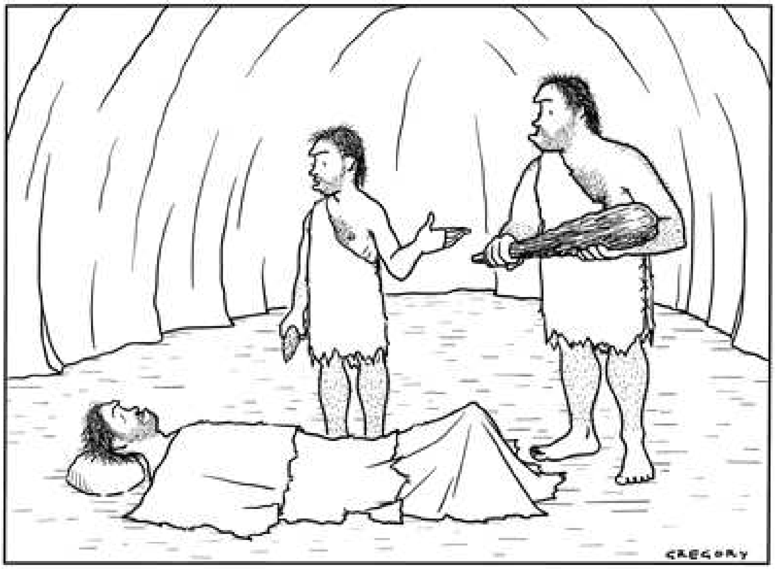
How can we make U.S. companies more competitive and increase their ability to offer good jobs? Two things: accelerate the expensing of capital investment; and reduce the corporate income tax rate.

Experts such as Ernie Christian and Gary Robbins have said that, over time, every dollar of tax cuts for expensing adds about nine dollars of gross domestic product growth. Even without counting the benefits to the economy of new jobs, it is a relatively cheap option for the U.S. Treasury, since the only cost to the government is the time value of money.

The U.S. also needs to lower its corporate income tax rate. At 39%, it is the second highest in the OECD, behind Japan. The rates of some of our trading partners are much lower--Germany, 30%; China, 25%; the U.K., 28%; and the Netherlands, 26%. The U.S. is seriously out of touch with the rest of the world in corporate income tax policy. Until we [reduce the rate], we will continue to fall behind simply because we are standing still.

While the political debate has centered on Wall Street and Main Street or government infrastructure initiatives, I believe expensing capital and lowering corporate tax rates would quickly stimulate additional economic activity.

--Frederick Smith, chairman, president and chief executive, FedEx, *Financial Times*



"I'll be performing the operation, and this is the anesthesiologist."

Tax Truths

Tax rates are one of the reasons why zero-income-tax states such as Texas, Nevada, Tennessee and New Hampshire generally grow faster than states with harshly progressive tax systems such as California, New Jersey and New York. Likewise, low tax rates help explain why jurisdictions such as Hong Kong grow faster than the United States--and differences in tax burdens also help explain why both Hong Kong and the United States grow faster than high-tax nations such as France.

This does not mean that taxes are the only important variable. Indeed, sound money, rule of law and property rights are probably even more important. And trade policy, regulatory policy and spending policy also can have a big impact on economic performance. But when researchers isolate the effect of taxes, they find that high tax rates and onerous tax burdens are associated with slower growth. But it does not require a Ph.D. to understand this relationship. As Winston Churchill famously said, "[F]or a nation to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle."

--Daniel J. Mitchell, Cato Institute, *Townhall Magazine*

Fact and Comment

- **Argentina North?**
- **Cash Cow: Not**
- **Over The Limit**

- **Other Comments**
- Forbes Magazine June 8, 2009

Credit-Card Dog-and-Pony Show

Credit card issuers are the companies that consumers love to hate, which makes them an easy populist target. But despite our conflicted relationship with the card companies, Americans enjoy some of the best and easiest access to consumer credit anywhere in the world. Or did enjoy.

But then this credit-card dog-and-pony show isn't about helping consumers. It's about once again blaming the bankers for what ails the economy, even if the political class is partly responsible. Our politicians spend half of their time berating banks for offering too much credit on too easy terms, and the other half berating banks for handing out too little credit at too high a price. The bankers should tell the President that they'll start doing more lending when Washington stops changing the rules.

--*Wall Street Journal*

Missed the Mark

[It's tough luck for] tourists, after the National Geodetic Survey [recently] found that the Four Corners marker--where tens of thousands of visitors have had their picture taken standing simultaneously in Arizona, Colorado, New Mexico, and Utah--is in the wrong place. The real Four Corners, officials said, is about two and a half miles west of the marker.

--*The Week*