

# Forbes

## Other Comments

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### **Cut to Grow**

U.S. Treasury Secretary Andrew Mellon engineered major tax cuts in 1921, 1924 and 1926, slashing rates on the highest incomes from 73% in 1921 to 25% by 1929. It didn't "cost" the government a penny of revenue; in fact, the wealthiest Americans' share of total taxes rose from about a third to two-thirds over that time.

As for the impact of those tax cuts on the economy, Veronique de Rugy of the Cato Institute notes that from 1922 to 1929, real GNP grew at an annual average rate of 4.7%, while unemployment fell from 6.7% to 3.2%. And this record was accomplished while cutting federal spending nearly in half over the decade.

Mellon himself explained it best in 1924: "(H)igh rates inevitably put pressure upon the taxpayer to withdraw his capital from productive business."

History's verdict on taxes is quite clear: Cut to grow. If only our nation's top elected official knew more economic history and a lot less progressive ideology, we might be growing right now.

--*Investor's Business Daily*

### **White House Hubris**

[In August] Laura Meckler of this newspaper dared to ask White House Press Secretary Jay Carney how increasing unemployment insurance "creates jobs." She received this slap down: "I would expect a reporter from the *Wall Street Journal* would know this as part of the entrance exam just to get on the paper."

Mr. Carney explained that unemployment insurance "is one of the most direct ways to infuse money into the economy because people who are unemployed and obviously aren't earning a paycheck are going to spend the money that they get ... and that creates growth and income for businesses that then lead them to making decisions about jobs -- more hiring."

That's a perfect Keynesian answer, and also perfectly nonsensical. What the White House is telling us is that the more unemployed people we can pay for not working, the more people will work. Only someone with a Ph.D. in economics from an elite university would believe this.

I have two teenage sons. One worked all summer and the other sat on his duff. To stimulate the economy, the White House wants to take more money from the son who works and give it to the one who doesn't work. I can say with 100% certainty as a parent that in the Moore household this will lead to less work.

--Stephen Moore, *Wall Street Journal*

### **Profligate Spending**

It's not just the details of the President's [job creation] proposal that are wrongheaded, it's the basic concept. The real drags on our economy have nothing to do with the failure of government to spend enough. The federal government is now spending roughly 24% of GDP. State and local governments are spending another 10% to 15%, meaning government at all levels is spending roughly 40 cents out of every dollar produced in this country. If government spending brought about prosperity, we should be experiencing a golden age.

--Michael D. Tanner, Cato Institute, *New York Post*

### **Auspicious Digs**

The Housing Opportunities Commission of Montgomery County, Md., has set a new record in wasteful government spending by putting up twelve homeless people in a brand-new apartment building -- at a cost of \$4 million for one year. The Washington Examiner reports that the "permanent supportive housing" facility, located in Bethesda, Md., will offer six studio and six one-bedroom apartments, as well as a gym, a computer room, and an "outdoor enclosed courtyard." You might ask who would pay for such a thing, but you already knew the answer to that: you. Yes, the project received \$1 million in stimulus money, as well as over \$900,000 from the county's housing department and \$2.1 million in state tax credits. That amounts to an average cost of about \$333,000 per person -- which is more than the nationwide median price of a new single-family home (\$221,800). At the risk of sounding heartless, we might propose that it would be cheaper for the commission to buy each person a new house.

--*National Review*

### **Lost in Translation**

As the life of Steve Jobs shows, the free market has provided more wealth and spurred more innovation than any other system in history. Much as they try to vilify private enterprise, the [Occupy Wall Street] protesters cannot deny this fact, especially as they use their iPhones to connect to AT&T or Verizon wireless networks in order to spread their messages on Facebook and Twitter. All of those innovations were bred and put into their hands because of the free market. Capitalism, by which is meant nothing more or less than respect for private ownership and the freedom to transact with other human beings, has provided more opportunity, increases in living standards, and overall well-being for the greatest number than any other system ever devised. It depends on freedom and in turn generates more freedom.

The protesters are right to decry out-of-control bailouts and corporate subsidies. [Yet] while the protesters are decrying Wall Street bailouts, many are advocating for more bailouts for themselves, such as student loan forgiveness and mortgage bailouts. This is just as contrary to the capitalist system as is bailing out failed industries.

Ultimately, the protesters are expressing dissatisfaction with the direction America is heading. That dissatisfaction is shared by many Americans on the right, left and center. America is headed in the wrong direction. But the answer is not to accelerate the present course of more government and less freedom. Instead we need to free ourselves from over intrusive government and trust the 99% to make their own decisions in a free marketplace.

--Mike Brownfield, editor, *The Foundry*, Heritage Foundation

### **Inviolable Vows?**

The Mexico City legislature [has] proposed allowing couples to set terms on their marriages, with

contracts as short as two years. "You wouldn't have to go through the tortuous process of divorce," said legislator Leonel Luna.

--*The Week*