

The Uncommon Sense Journal

Journal For The Uncommon, Common Man

Pin Drop

There was a conference in France where a number of international engineers were taking part, including French and American. During a break, one of the French engineers came back into the room saying 'Have you heard the latest dumb stunt the Americans have pulled? They sent an aircraft carrier to Indonesia to help the tsunami victims. What do they intended to do, bomb them?'

A Boeing engineer stood up and replied quietly: 'Our carriers have three hospitals on board that can treat several hundred people; they are nuclear powered and can supply emergency electrical power to shore facilities; they have three cafeterias with the capacity to feed 3,000 people three meals a day, they can produce several thousand gallons of fresh water from sea water each day, and they carry half a dozen helicopters for use in transporting victims and injured to and from their flight deck. We have eleven such ships; how many does France have?'

You could have heard a pin drop.

Winston's Wisdom



The inherent vice of capitalism is the unequal sharing of blessings; the inherent virtue of socialism is the equal sharing of miseries.

Winston Churchill

Uncommon Economic Sense

Question: If the income tax rate were raised to 100% how much money would the government get?

If the government got 100%, how much would you get? Would you work for nothing?

Answer: The government would get nothing because nobody would work.

Supply side economics simply recognizes that it is possible to raise tax rates high enough that tax revenue actually goes down. Cutting taxes stimulates the economy and usually increases tax revenue.

Nobody Learns From History Department

THE NEW Deal has probably been the greatest political force in America during the last 100 years, and Franklin D. Roosevelt has probably been the most influential president during this time. In our current economic crisis—which some have compared with the Great Depression—many critics are calling for more

federal programs and a "New New Deal." There are three reasons we do not need a New New Deal from President Obama in 2009.

First, the federal programs in FDR's New Deal did not lower unemployment. Sure, the Works Progress Administration built roads, the Tennessee Valley Authority built dams, and the Civilian Conservation Corps planted trees. But every dollar that went to creating a federal job had to come from taxpayers, who, by sending their cash to Washington, lost the chance to buy hamburgers, movie tickets, or clothes and create new jobs for restaurants, theaters, and tailors.

What's worse, some New Deal programs had terrible unintended consequences. The Agricultural Adjustment Administration, for example, overhauled agriculture by paying farmers not to produce on part of their land. After farmers took the federal dollars, the U.S. developed shortages of the very crops taxpayers were paying farmers not to produce. By 1935, for example, the U.S. was importing almost 35 million bushels of corn, 13 million bushels of wheat, and 36 million pounds of cotton. Simultaneously, we had an army of bureaucrats in the Department of Agriculture to inspect farms (and even to do aerial photography) to ensure farmers were not growing the crops we were importing into the country.

Second, the taxes to pay for the New Deal became astronomical. In 1935, Roosevelt decided to raise the marginal tax rate on top incomes to 79 percent. Later he raised it to 90 percent. These confiscatory rates discouraged entrepreneurs from investing, which prolonged the Great Depression.

Henry Morgenthau, FDR's loyal Secretary of the Treasury, was frustrated at the persistence of double-digit unemployment throughout the 1930s. In May 1939, with unemployment at 20 percent, he exploded at the failed New Deal programs. "We have tried spending money," Morgenthau noted. "We are spending more than we have ever spent before and it does not work... We have never made good on our promises... I say after eight years of this Administration we have just as much unemployment as when we started... And an enormous debt to boot!"

Adapted from a speech delivered on January 9, 2009, in Washington, D.C., at a seminar sponsored by Hillsdale's Allan P. Kirby, Jr. Center for Constitutional Studies and Citizenship.

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Uncommon Sense

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Rights or Wrongs

What is the single most important factor in determining if a nation, and her people, are rich or poor? This author was asked that question by a friend.

My Guesses:

Education: Cuba has the most highly educated populace in the world. They have medical doctors waiting tables. They used to be prosperous, but not since they lost this magical ingredient.

Natural Resources: The former Soviet Union had the greatest storehouse of natural resources known to man. They have so much titanium that they have made shovels out of it. They used to be prosperous until they lost the one essential ingredient.

Form of Government: Yes, this can contribute greatly; yet, there are democracies with abject poverty (because they do not have the "ingredient"). There are examples from history where dictatorships had a happy and prosperous people.

What, then, is the *essential ingredient*? My friend explained it this way: "I was in Honduras and saw families living in squalor and asked them why they don't fix up their homes? The answer was always the same: *It isn't mine.*" These people had no incentive to fix up the place where they were going to live their entire lives because they had no chance of ever owning anything. In Honduras 300 families own over 90% of the land and they will not sell. It's even worse in Columbia. The people living in these lands have no hope of ever owning anything; and therefore, no incentive to improve.

The Essential Ingredient: Private property rights, the real possibility of owning something of our own and stable, enforceable contract law are the real engines of wealth creation. Business cannot be conducted if the rules can be changed at will.

Governments at all levels are destroying private property rights. The Critical Areas Ordinance (CAO) passed a few years ago by King County, Washington (Seattle area) was (until it was overturned in the courts) destroying property rights in rural areas. These people were forbidden from even walking on half of their own property. One woman faced stiff government fines for removing 24 tires and a washing machine from a creek that runs through her property. She was cited for violating an environmental law by cleaning up the environment.

When government significantly damages the value of private property, they should compensate the owner. The policy of "Do unto others" even applies to government.

The Washington constitution states that the purpose of government is to protect individual rights. Government is now the single biggest violator of our property rights. When one of us is injured, we are all injured, for the erosion of property rights destroys the engines of wealth creation. Without property rights, we will all live in poverty.

Act of War!

During the American Revolution the British counterfeited colonial script in huge quantities, in the attempt to destabilize the American economy and cause runaway inflation.

Our own congress just did the same thing and called it a *Stimulus Bill*.

How To Win The War On Poverty

Many called for yet another war on poverty. There are two sides in any war. A war on poverty would divide the nation between those in poverty and those who are not in poverty.

If your goal is to eliminate poverty, you must first identify the causes of poverty and eliminate each cause at the source.

Dr. William Gallston, professor of Public Policy at Maryland University said:

"About 10 years ago, I stumbled across a piece of research that blew me away. The idea was very simple: the researcher compared children in two different kinds of families. In the first kind of family the parents stayed in school until they finished high school, number two they got married, number three they had waited until they were in their early 20's to have children.

And in families that graduated high school, then got married, then had children, only eight percent were living in poverty. Those who did not follow those steps, who don't graduate high school, don't get married, have a child in their teens, have a 79 percent chance of living in poverty."

Seems simple: If you want to solve the problem of poverty, you get people to:

- Finish high school.
- Get married after age 20.
- Wait to have children until after they are married.

Add one more requirement; Stay out of jail, and the odds of never living in poverty increase to 95%.