

Where Are We Headed ?

Where are the Democrats and Republicans taking us ?

Increasing Tax Rates (The Democrats)

The administrations of former Presidents Kennedy, Reagan, and Bush showed us that lower tax rates yield higher tax revenues. This occurs because as more money is left in the private sector we have more people working and thus more people paying taxes. The larger number of people working overwhelms the impact of the lower tax rate.

It follows that as tax rates are raised, less money is left in the private sector causing a depressing of the economy and thus a lowering of tax revenues. This happens because of more people being out of work. Again, the impact of fewer people working overwhelms the higher tax rates yielding lower tax revenues.

Net Result of Democrat's Efforts

Net result of the Democrat's efforts will be a further depressing of the economy and a reduction in tax revenues. We can not afford to go down this road.

Large Reductions in Spending (The Republicans)

Deficit spending by our Federal Government is a serious problem. It causes a devaluation of the U.S. dollar, causes inflation, and erodes the international trust in the U.S. dollar. This last point is a very serious problem that is causing our economy to essentially be "at the edge of the cliff" of economic collapse. We are at the mercy of our international trading partners waiting for the moment where they have lost all trust in the U.S. dollar, and the dollar precipitously falls in value internationally. The cost of all imports, including oil, will skyrocket.

Today, U.S. retailers are sending most of their restocking orders and related payments to China. In the old days, when most everything sold in America was made in America, the retailers were sending their purchasing payments to their U.S. suppliers. This helped to keep the U.S. economy going without the need for any government stimulus money.

Our government was basically a passive participant as they took income tax money from the millions of manufacturing workers and from the profit that their employers were earning. There was no need for any government money to be added to the economy to try to keep it going. It was a "self-perpetuating" economy, fueled by the payroll money from the manufacturing jobs.

Today, having lost approximately 10 million manufacturing jobs since President Reagan's time in office, we have lost the "economic-fuel" that was provided by this payroll. This lost "economic-fuel" has been replaced, to a significant extent, by the counterfeit "economic-fuel" of government deficit spending. In other words, we now have a "government-funded" economy.

With our economy now dependent on deficit spending, we find ourselves in a real predicament. If we don't cut spending, it is very likely that the U.S. Dollar and our economy will crash. On the other hand if we do make the needed big cuts in spending, these large reductions in spending will essentially be large cuts in the economic-fuel that our economy needs.

Net Result of the Republican "Spending Cut" Efforts.

The net result of the Republican proposed spending cuts will likely further depress our economy, and reduce tax revenues. Is this really what we want to happen ? Instead we need to bring the "orders" back to the manufacturers of America and thus bring millions of good manufacturing jobs and the related payroll back home to America. This would create a booming economy and a tremendous increase in tax revenues all without the need for any government stimulus money.

See the videos on our website, "newhopeforamerica.org" for an effective way to accomplish this.