

Getting Back to Basic Principles . . .

Can this turn our economy around ?

Under President Obama, regulations and related costs have expanded drastically. On top of this, President Obama and the Democrats are trying to significantly raise taxes on business and the investing class of Americans. All of this will obviously put a further “damper” on any hope for an economic recovery. You can’t take more money “out” of the consumer economy and expect it to grow, it just won’t happen.

It seems only common sense that if we get rid of all of President Obama’s disastrous anti-growth regulations and spending, that our economy will be on the path to recovery. We will be getting back to the basic principles of capitalism and the free market.

Its not Obama’s Fault

Before we put all the blame for our economic troubles on Obama, we need to look back over the last 30 years and look at what has been happening to America’s manufacturing base. Looking back even further to 40 years ago, America’s manufacturers were the powerhouse of the world. Most everything sold in America was made in America, and, on top of this, we had a fair sized trade surplus.

This healthy manufacturing base was providing the economic “fuel” to run our economy. Manufacturers were bringing the money “in” to their local economic communities from their customers around the world, while retailers were sending money “out” to manufacturers *in America* to buy more products to sell.

The government was a passive participant as it took income tax money from workers and their employers. We basically had an economy in “perpetual motion”, with no need for any government stimulus money.

“Government-Funded” Economy

Today, however, with our massive trade deficits and lost manufacturing jobs, we now need continual infusions of government “budget-deficit” money, called “stimulus” money, just to keep our economy limping along. We now have a “**government-funded**” economy. People are cashing government-funded checks instead of manufacturing payroll checks.

Budget-Cutting will Depress the Economy

With today’s “government-funded” economy, any cuts in government spending, other than cuts in foreign aid, will cause a further depressing of our economy. This would cause a further reduction in tax revenues, which could possibly cause an increase in the budget deficit. The anti-growth budget-cutting policy, being promoted by the GOP, will have a seriously negative impact on the U.S. economy . . . something the GOP needs to consider before they get too far along with their budget-cutting.

The Culprit

About 40 years ago our government decided that free trade should become *the* guiding principle for all of our nation’s trade relationships. This effort to remove or reduce any barriers to trade such as tariffs and/or quotas brought a deluge of low-cost imports to the store shelves of America.

Of course the U.S. consumers were very quick to “join in” on this great new buying opportunity. This, of course, set up a situation where the stores were competing to see who could find more sources of these new low-cost products. As more and more of the store’s purchase orders were being sent to Asian manufacturers, fewer and fewer “orders” were going to the manufacturers of America. Result . . . lost jobs.

Free Trade “Riding on the Back” of Capitalism

As you can see from the preceding, the basic culprit in this troublesome situation was our government’s placing of **free trade “on the back” of capitalism**. As long as wages in China are drastically lower than U.S. manufacturing wages, most U.S. made products can not be competitively priced. As a result, as long as we continue to allow free trade to “ride on the back” of capitalism, retail’s restocking orders will continue being sent to China, and our “jobs” situation and economy will not be turned around.

One, often suggested, way to get the “orders” to come back to the manufacturers in the U.S. is to add tariffs to all imports. Of course the only way to make this work is to have tariffs high enough that the prices for foreign products to the stores in the U.S. would be just as high as the U.S. made products. U.S. consumers would never stand for this, and we would likely have worldwide tariff wars.

Capitalism in America can not survive as long as we allow free trade to “ride on its back”. As much as the GOP does not want to admit this, it is still an economic fact that our “free-trade-burdened” system of capitalism will not survive. If you disagree with this, what are you suggesting we do to get the “orders” to come back to the manufacturers in America ? Without this, our economy and our system of capitalism is on the way down.

A Free-Market, Pro-Growth Solution

Capitalism has been the cause of the “economic opportunity” that built America. It opened the door to the creative power of America’s entrepreneurial genius. It also provided the largest middle-class that the world had ever seen. It did this as our country developed, and it could do this again if we only removed the unworkable burden of free trade from its “back”.

The big question is how can we continue growing world trade and helping third world countries develop if we get rid of today’s version of free trade ? Is there another trade policy that could reduce today’s trade barriers, grow international trade, and yet allow a “set-free” capitalism to survive and to revive our economy ? Yes there is.

The New Hope for America Foundation has developed a new trade policy concept. It would permit the U.S. to unilaterally eliminate all tariffs, provide a level-playing-field for all U.S. manufacturers, increase jobs in the U.S., increase U.S. exports, and increase tax revenues at all levels of government, all without the need for any government stimulus money. All other nations could also apply this same concept without any serious detrimental effect to world trade.

This new trade policy concept would truly be a pro-growth solution to revive the U.S. economy. Also by eliminating all tariffs, we would be moving our economy, in a significant way, towards a free-market economy.

You can find out more about these exciting new ideas by viewing our foundation’s three videos accessible using the two links shown below, or going to our website, www.newhopeforamerica.org.

[3 minute video](#) showing why we now have a government-funded economy:

<http://www.youtube.com/watch?v=UBNcB7c6hOs>

[Two 13 minute videos](#): Part 1 “The Problem”, Part 2 “The Solution” to revive our economy: enter “**A Real Jobs Solution**” in the “Search Box” on YouTube