

## Tell the truth, we can take it.

**Colin Read: Everybody's Business**

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— In this era of special interests, we have come to realize that truisms are not always true.

I have formulated a list of political rhetoric that is advanced to protect one or another special interest, but ultimately makes us cynical of politics of all sorts. They are drawn from both sides of the political-economic spectrum. Here they are.

Disingenuous argument number 1: What is good for Wall Street is good for Main Street.

At one time, we used to say "What is good for G.M. is good for America." We don't hear that anymore.

Stocks on Wall Street are now higher precisely because more Americans are out of work. Revenue growth has been slow, but cost cutting has been rampant. This cost cutting is at the expense of Main Street.

Wall Street fears inflation. Inflation can occur from rising commodity prices. There is little we can or should do about this cost-push type of inflation. We just have to let it pass through the system.

Inflation can also be related to unemployment that is too low, causing too many workers to buy, buy, buy. We are far away from this type of inflation right now. Similarly, a cost-push inflation driven by a very tight labor market is only a dream. Economists, Ben Bernanke included, are more worried about deflation right now than any inflation in the near term.

Wall Street is doing well right now precisely because unemployment is so high. While there are times when what is good for Wall Street is good for Main Street, now is no such time.

Disingenuous argument number 2: When times are good, cut taxes. When times are bad, cut taxes.

Others advocate raising taxes in good times and bad. Neither strategy could make sense all the time.

In economics, a Laffer Curve is used to illustrate the best tax rate. Obviously, a zero tax rate would generate no tax revenue. On the other hand, if we are taxed 100 percent of our income, nobody would bother to work. The optimal tax rate must lie somewhere between a 0 percent and a 100 percent tax rate, at least if our goal is to raise tax revenue.

Of course, implicit in this calculation is the notion that we believe we are getting good value from our taxes. That is a story for another day.

The problem is that some argue we should always lower taxes, even if they are below that "sweet spot," while other more foolhardy individuals might say we should always raise taxes, even if we are taxed above the sweet spot. Neither of these arguments can be correct all the time. The optimal level of taxes is instead

nuanced, and should depend on the capacity to pay, the overall health of the economy, and the sense we are getting good value for our tax dollars.

Disingenuous argument number 3: Invoke fear to manipulate voters.

The classic examples of fear as a political tool were the daisy commercials put out by Democrats against Barry Goldwater, and the Willie Horton ads put out by Republicans against Michael Dukakis. Both implied that our very survival was threatened if we support the other side. And both draw out the worst of human nature.

More recently, a New York State corrections association produced an ad that implied dangerous and threatening criminals would be released from prison if corrections officers were forced to share in the budget cutbacks. Few would advocate for the release of our most dangerous criminals under any budget scenario. Such ads seem more hyperbolic than helpful.

Disingenuous argument number 4: The budget picture will improve if we force drivers to pay for new license plates.

This scare tactic so violates our sense of tax efficiency that it must be a cynical attempt to focus our attention on the deplorable budget debates in Albany. Unfortunately, such brinkmanship may ultimately fail, with us picking up the tab.

Disingenuous argument number 5: Unions and corporations are too big.

Actually, it could be the problem that corporations and unions are thinking too small. We need bigger picture thinking from our institutions.

Unions and management both serve an important role in our economy. Management can help create value and innovation. Unions can advocate for better working conditions and can help bring out the best of labor. In a perfect world, both can get together and simultaneously improve the lot of workers and shareholders alike.

The worst of worlds results when both view the other with suspicion, and ultimately each acts to reinforce these mutual suspicions. Management tries to foster short-term economic value to shareholders, sometimes at very high long-term costs. Meanwhile, unions advocate policies to protect membership or coddle the less productive, sometimes at the expense of other unions, the overall membership, the industry, taxpayers, or global competitiveness. This too is short sighted.

Instead, if union and management both focused on enhancing the overall strength of their shared organization, everyone would be better served. There is a bigger picture. Both labor and management need to think bigger, not smaller.

Disingenuous argument number 6: You can't do more unless you spend more money. The corollary is you can't win if you don't pay.

This statement is so wrong, on so many levels. We can pay, and still lose, and we can devote good money after bad and still not make an enterprise viable. New York tries to knock over every hurdle by throwing money at problems, rather than motivating the best in all of us to overcome our challenges. We should be investing our own time and elbow grease into making our situation better. Sometimes more money just makes matters worse by giving special interests more to protect. The folly of Albany demonstrates that too much money is sometimes the problem, not the cure.

We can often do more with less. If a crisis forces us to reinvent ourselves, we may find we can be more effective, more productive and even enjoy our work more if we rise to the crisis to truly reinvent what we do. This means change, though. We need to foster a spirit of adaptability and dynamism and view change for inventiveness' sake as a good rather than a bad. Those who manage to rise to the occasion and improve when things are hardest are those who change crises into opportunities.

So let's cut the truisms and get on with getting on.

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