



Golden Goose: Kill It or Nurture It?

The US unemployment rate remained at 10% this month and, even worse, the rate rose to 17.3% for those who have stopped even looking for a job or are in a part-time job because they cannot find a full-time job. Obviously, the current plan is not working.

Now is the time to reevaluate our government's strategies about growing the number of jobs.

Our elected officials' current focus on health care and climate change are not the central issues Americans are focused on. The economy in general and jobs in particular are the central issues now. Don't we all know someone who is working short hours or was recently laid off? Isn't it clear that we need our economy growing to get these good people back in the system, making money and paying taxes?

How do we make that happen? Job creation happens because business managers and entrepreneurs are bullish about the future. When they are bullish, they believe that client demand will increase and therefore they need to hire people to grow their businesses. So we have to create a positive climate for the US Job Creation machine – which I call the Golden Goose.

Our government must fixate on activities to nurture our Golden Goose. And the flip side is that any activity that impedes the Golden Goose hurts us all. As President Thomas Jefferson said in his first inaugural speech in 1801, "a wise and frugal Government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned." What that means is the government should get out of our way and let us keep more of what we earn.

Is that happening? No. The biggest example is the current health initiatives by the President that will lead to major new taxes for job creators. This violates Jefferson's advice. In fact, these initiatives overlook wise advice he should be getting from his own economic experts. President Obama's Chairman of the Council of Economic Advisers, Dr. Christina Romer, studied the impact of tax cuts in a March 2007 paper before she became part of this administration, "[The Macroeconomic Effects of Tax Changes: Estimates Based on a New Measure of Fiscal Shocks.](#)"

Her conclusion, heavily documented with footnotes and academic rigor, is full of common sense - "tax increases are highly contractionary." She also concluded that tax cuts are highly expansionary. Dr. Romer provided a concrete, quantifiable correlation - a tax cut of 1% of GDP will raise GDP by about 3%. The Golden Goose needs a tax cut now to nurture it and let it thrive. With the tax cut, the GDP goes up, more demand floods the business world, they hire more workers to satisfy the demand, more people are working, and they pay more taxes, so the tax cut pays for itself.

I am not the only who agrees with Dr. Romer. Her advice is working around the globe. We should take cues from our competitors, who are thriving by applying this American idea. China is growing at 8% per year now. Their capital gains tax is 0%. Hong Kong has a 12.5% income tax. These countries are thriving.

Maryland Congressman Kratovil gets the concept. He wants to make it easier for small businesses to buy new equipment (through faster deduction of the cost) with legislation he introduced that deserves to be passed by this Congress. But the US needs much more than this. We need even bolder action to spur our economy and get the Golden Goose creating more jobs. Here are my ideas.

- Suspension of the FICA and Medicare payroll tax for employees for a limited period, like one year – this means that 7.65% of each worker's salary will not be taken by the federal government, but instead will be available to take home, to help them make it through these challenging times. This cut will put cash in the hands of the people, who will spend it (which will increase demand for homes, cars and all kinds of delayed purchases, and therefore spur hiring. Of course, some of the available funds will be saved, or pay down credit card loans or mortgages. All good uses of the money.
- Suspension of the FICA and Medicare payroll tax for job creators for the same period – Whenever our government taxes good things, it gets less of them. (Of course!) With this cut, employers will have more cash. Maybe this way they won't go bankrupt. Maybe they will instead take a risk, like hiring an unemployed person from the savings of this tax.
- Abolish capital gains (Communist China does this!). We are already taxed when we earn money. Why does the government get another bite of the apple when our already-taxed earnings are put into a stock or house that is sold for more than it costs?
- Cut income taxes to 12.5% - being the second-highest taxing country (out of the biggest 20 countries) isn't working for the USA. If the government takes less, the people have more, and they will spend it or save it.

Nurturing the Golden Goose will create jobs and put our country on the right track. Our unemployed deserve bold action to get the USA moving again. Our employed deserve to keep more of what they earn. Let the government figure out how to get along with less; the working people have been doing this long enough.

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