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Welcome to the 'beat-down' era

By J Dwight, *Populist Economics*
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Why is the concept of "wealth redistribution" so controversial?

To some, it implies more freedom and opportunity: fairness.

To others, from whom the money comes, it means less freedom and opportunity: unfairness.

The process by which the will to redistribute is determined is legitimate to those who support it: fair.

However, those whose ideas, hard work and good luck have made them fortunate, and who are in the minority opinion, this redistribution is like enforcing slavery by popular vote: unfair.

A new term is circulating for this latter scenario: "beat-down economics."

For despite the fact that Americans are the most generous and pay some of the highest taxes in the world, it is still not enough. More must now be beaten from them.

How far can people be pushed before they cut back, stop, or leave is difficult to determine.

However, we can already see this condition at work in Maine.

An estimated $500 million to $1 billion structural deficit is being discussed in Augusta. The governor has asked for 10 percent cuts, across the board. This, after repeated warnings the over-tax, over-spend, over-regulate policies of the Democrats will be destructive to the economy and the creative spirit of the people.

Maine is maybe the most heavily taxed and redistributive state in the northeast. The tax, regulatory and labor policies have driven businesses and individuals from the state. These are policies put forth over the last forty years by one certain, dominant political party.

This is a familiar sequence in Maine: government regulation, big-spending, high-tax policies hobble businessmen and hurt workers. Spending growth outstrips revenues. Businesses cut back or move out of state. The young leave the state for better

opportunities elsewhere. Fiscal deficits become structural. Small, local governments become large, central government. The government is forced to sell assets, use debt financing, and accounting gimmicks to "ride-out" the "bad times." Then they return with more destructive force several years later.

There is no reason this cannot happen to the United States as a whole.

Economic forces and human nature neither stood still while Maine policymakers experimented with socialist ideas, neither will they in Washington. More than 27 percent of the population of Maine are dependent on some form of government payment, but they are not insulated from the vicissitudes of the business cycle.

They also do not ensure a continuous and rising stream of revenue for those people.

Some complain companies and individuals who object to this landscape are unpatriotic. The opposite is true: high taxes and heavy regulation are unpatriotic. They are the negative incentives that drive the innovators and the energetic away, the ones whose ideas and work create and build, and bring income and wealth.

We do not know how much of the current rhetoric will become practice in Washington. The wreckage of higher taxes and greater trade restrictions implemented in the Depression evidently did not inform much of the electorate.

There are many countries now focused on economic prosperity and progress, not on redistribution. The United States and Maine will not easily re-gain competitive advantages and attract individuals and ideas once lost.

New economic powerhouses China, India, and Brazil, and newly liberated countries like Poland and Lithuania, are allowing innovators and builders to bring income and prosperity to their peoples. Economists have estimated that some 400 million people have been lifted out of poverty in those countries over the last several years.

It is ironic that those countries that have experimented with socialism have turned so fast and strongly against the policies and practices of socialism, and are now the envy of American investors.

And citizens of Maine have already begun to question these destructive policies here.

More than 60 percent of voters rejected the latest attempt to increase taxes in Maine. And three new petitions have been submitted to repeal or reduce other taxes in Maine.

The redistributors are being fought by those who believe in the human spirit to do, to build. Yet, forces that benefit from the redistribution are arrayed to "beat down" those positive forces. The post-World War II baby generation is literally going "boom" to the economy with its destructive economic philosophy, politics and policies. Hopefully, the electorate will note that reward without work is a recipe for dissolution and decay.

I just hope we don't live through a repeat of the President Carter economy which ended in 1980 with 10 percent unemployment, 14 percent inflation and 18 percent interest rates.

There is only one bright note about this.

After Jimmy Carter came Ronald Reagan.

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