

Extend the tax cuts

These are the dog days of summer, and one can say the same of the U.S. economy. Growth in the second quarter was an anemic 2.4 % and reported unemployment was somewhere between the official 9.5 % and a more realistic 15%. The federal deficit will be about \$1.4 trillion for the second year in a row, while state and local governments continue to struggle with lower revenues and higher costs, many due to federal spending mandates.

And yet the White House and a Democratic majority in Congress continue to press for more



spending, largely favoring their voting blocs in organized labor, organized minorities and organized so-called green groups.

The private sector, on the

other hand, is nearly paralyzed with uncertainty (verging on fear) about the future. The looming specter of huge tax increases in 2011 is keeping many embryonic businesses from forming and established businesses from expanding.

Adding to this confusion are the simultaneous messages from the Obama administration that the economy is so weak as to require more spending "stimulus," but strong enough to withstand huge tax increases. No wonder that many Americans are curtailing spending to only essentials and saving every possible spare dime.

It is obvious that the answer to kick-starting this economy is to immediately extend the tax cuts enacted in 2003 for a finite number of years, and to return to the Treasury all the unspent stimulus funds. Deep recessions in 1920 and 1980 were overcome by these types of measures. On the other hand, a recession in 1930 was turned into the Great Depression by higher income, excise and import tariff taxes, coupled with quantum increases in federal regulation. Now is the time for making these pivotal and crucial choices.

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