## Lifeline for poorest could rescue US economy

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内容：The problem of the US economy lies much deeper than the fiscal cliff. Wise people – Robert Borosage, Paul Krugman, Joseph Stiglitz – see neither the fiscal deficit nor the US debt as the key problems, but the lack of growth. They point to the Bill Clinton years and how, through growth, the Debt/Gross Domestic (GDP) ratio went from a half to a third. Important, but then there is a fourth consideration-some Americans are suffering, out there. The bottom “16 per cent” of people and families below the poverty line do not know for sure where their next meal will come from and have no medical insurance. Macroeconomics is blind to basic human needs, yet there are solutions. After Clinton, increasing expenditure with enormously costly wars making conflicts even worse, and, in addition, lowering the revenue by reducing taxes on the superrich. That a fiscal deficit would rear its ugly head, fed by such policies year after year, was a foregone conclusion. US voters, you asked for it, you got it. Congress voted a compromise on ten fiscal cliff factors. The market reacted “positively”, if that is the right word when the finance economy makes a Dow Jones Index leap upwards while the real economy is stagnant, thus increasing the gap feeding future crashes. It was a lazy compromise, little new beyond the juggling of old factors. Major problems like Medicare payment – the US health services, at 17 per cent of the GDP, produce less health than the typical European services at eight per cent of GDP – and unemployment insurance were postponed, not solved. Like the debt ceiling. The new Congress inherits ever more intractable and pressing problems. One reason is obvious-the fiscal cliff discourse is much too narrow. There is nothing pointing in new directions. How about a Municipal Uplift Authority (MUA) as a major federal programme- Hovering over the US municipal map, identifying the municipalities with the highest levels of misery – people below the poverty line, with hunger threatening and no health coverage – is easy. Lift them up! Cutting some expenditure and increasing taxes on the rich is indispensable, but limited and limiting. A huge imaginative programme for the 16 per cent to lift themselves up by their own bootstraps, with credits for small companies co operatives designed to produce food, clothing and housing, health and education all at affordable prices might do miracles. Carefully monitored, MUA should be selfsustaining, and after the credits have been repaid, generate domestic demand for considerable economic growth. Sixteen per cent is a major proportion. A more realistic approach to getting the economic wheels turning than hoping to become the major world hydrocarbon exporter by 2030 – by then hydrocarbons may be phased out. Better turn inward, facing the fact-US and Western world trade dominance is gone. Outcompeted. But there are also other approaches, and they in no way exclude each other, nor do they exclude the fiscal cliff avoidance compromise. The US debt is increasing. States and corporations buy US bonds at low interest – parking dollar for some limited time to avoid the costs of buying other currencies – trusting to be serviced by freshly printed dollars. But that cannot last forever, given the many schemes for regional and world currencies based on a mix, not on any single currency. With a (flexible) US debt ceiling of US$16.3 trillion the major creditor, China, has problems. Could the two agree on something in return for some debt forgiveness- Like the reduction of a major US federal expenditure, the $1 trillion on military expenses- A creditor is entitled to look at the debtor’s budgets to identity cuts; the debtor is entitled to say “that one has to do with you (and Russia) ”, and the creditor to reply, “if so, let us talk; our economy is still smaller than yours, to match you militarily is more of a burden on us; how about bilateralbalancedcontrolled disarmament, and we could throw some debt relief into the bargain-” China might demand no encircling of China militarily, nor any Trans Pacific Partnership bloc excluding China economically. Who will benefit- Obviously both; relieved of military waste, of a sizeable tip of the debt iceberg, cooperating rather than competing in the global arena. We sense three possible losers-European Union, Russia and Japan, with Australia, hoping to be favoured by one or the other. But USChina together matter more; they might even engage in imaginative joint projects for poverty alleviation elsewhere. Lift up the bottom, create customers. The two policies, lifting up municipalities and tying debt relief to disarmament, are both rational. But in the way of rationality stands the arithmetic of Congressional voting, as adjusted to the arithmetic of the deficit reduction as a hand to a glove; even if the hand becomes paralysed. They fit too well, blocking out other views. Some other input is needed if the legislative power has no other game to offer. The onus is on the executive power. Could there be a latent New Deal, hiding in Obama’s second term- If not, poor US – four more years of the same downhill. In the swamp of problems there are bubbles waiting to burst-finance versus real economy, printed money versus real value, debt service versus people service. There is a way out.