THE DEGRADED STATE OF THE UNION
By Edward J. Dodson / February, 2020

President's have always played fast and loose with reality when it comes to how they describe the state of the U.S. economy. The current administration is only the latest group whose decisions have weakened not strengthened the stability of our economy and, by extension, our society. ideological bias (or blindness) is a major part of the problem. Whether there is a Republican or a Democrat in the White House this problem exists. Each party relies on experts trained in economics that adhere to macroeconomic theories and policies that have proven ineffective at preventing either recessions or inflation. Neither demand management nor supply-side economic policies nor money, interest and credit supply policies have worked. The nation has experienced a dozen recessionary downturns -- some more serious than others -- just since the end of the Second World War. We are, I believe, headed for another downturn that will look far more like 1932 than even 2008.

Back in 2014 I gave a talk at the Henry George birthplace in Philadelphia describing the long series of bad policy decisions and changes in law that doomed our nation to ever-deeper cycles of boom and bust. The causes of these cyclical crises have always been there because powerful vested interests have made sure that a redistribution of income and wealth from producers to non-producing monopolistic and rent-seeking interests have been protected. Most of our elected representatives have participated in this game. Economic cycles are a particular outcome of a tax system that rewards speculation and passive investment over income earned producing goods and providing services. A reasonably progressive individual income tax and a high tax on inheritance and estates served to mitigate the worst effects.

The delicate balance began to unravel beginning in the 1970s as the nation tried to respond to the rapid increase in the price of fossil fuels. Wage and price controls did not work. Financial deregulation began with changes in law permitting the first money market mutual funds, funds that eventually pulled billions of dollars from the nation's thrifts and causing the S&L Crisis of the late 1980s. Reagan era policies accelerated the problems by combining tax reductions with increased military spending. The era of perpetual deficit spending and climbing national debt was underway. The Clinton administration opened the gate to the "too big to fail" problem of banking with repeal of Glass-Steagal. One bad piece of legislation after another followed in administration after administration. The current administration has sealed our fate. No one is even asking where the funds will come from to service $30 trillion public debt