

Sometimes less is less

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You've heard the expression, "sometimes less is more." Well, for many people right now "sometimes less is actually less." In a screaming headline the Detroit Free Press summed it up: "Shocking poverty, shameful silence."

According to the Wall Street Journal: "The national poverty rate last year was 15.1 percent. That is up from 11.3 percent in 2000 and is the highest it has been since 1993. More than 46 million people lived below the poverty line in 2010. The cut-off for that line is households of four people who made under \$22,314. The other troubling news was that median income per household nationwide was an inflation-adjusted \$49,445. This is about the same as in 1989 and down 2.3 percent from 2009. Economists fear that Americans are not consumers. It is easy to tell why, when their real income has been frozen in place for more than two decades."

Meanwhile, we're being told by some "leaders" in Washington and Lansing that the key to economic resurgence is to hand tax breaks to businesses which will result in more jobs. This sounds good, but in reality the "job creators" are merely sitting on their money. As the Washington Post noted: "Corporate America is hoarding a massive pile of cash. It just doesn't want to spend it hiring anyone. Non-financial companies are sitting on

\$1.8 trillion in cash, roughly one-quarter more than at the beginning of the recession. Yet all the good news from big business hasn't translated into much promise for jobless Americans, leading many to wonder: If corporations are sitting on so much money, why aren't they hiring more workers?"

The corporations will tell you that they'll hire more workers when consumers start buying more. However, as more people sink into poverty their ability to buy things also declines. If companies want them to buy things they'll need a job. Sort of a catch 22, eh?

Not really. Job creation has nothing to do with whether or not businesses get tax breaks. Don't take my word for it. USA Today reported that the position of both the U.S. Chamber of Commerce and the National Federation of Independent Business is that "companies add workers because of increased sales not temporary windfalls."

Closer to home, responding to an article in the Kalamazoo Gazette about Michigan business tax cuts, one writer said: "As a business person with four employees I will save approximately \$1,000 a year. So I'm going to run right out



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and hire someone. Not. The savings doesn't justify hiring anyone, period. I will invest in a new hot tub. Small businesses won't save enough to hire anyone."

So, if the key to job creation is not tax breaks, then what is it. According to Michigan Gov. Rick Snyder, one critical key is affordable health insurance for all citizens. In a speech in Grand Rapids last week

he said: "Health is the foundation for Michigan's economic transformation. It allows our children to thrive and learn, it readies our graduates for meaningful careers, and it permits our workforce to adapt to a dynamic economy." This view dovetails nicely with Snyder's goal of reducing the obesity rates in Michigan.

If this is true for Michigan then logic would tell you that the same is true for the nation as a whole. (Gee, perhaps someone in Washington should come up with a plan for national health care. What a concept!)

Along with this new push for affordable health care insurance, Gov. Snyder should also look at the national statistics about right-to-work states. Some members of his party want to put Michigan

in this category. Figures from the Bureau of Labor Statistics will allow him to predict how a move to right-to-work will affect Michigan. Of the 10 states with the lowest median income, seven are r-t-w states. Of the 10 states with the highest median incomes, eight are non-r-t-w states. Of the 12 states with the highest unemployment rates, seven are r-t-w states. Of the 12 states with the lowest union membership rates, 11 of those are below the U.S. median income.

If you want a shining example of a r-t-w state go no further than Mississippi whose governor, Haley Barbour, has been seen by some as Republican presidential material. According to the Wall Street Journal: "The poverty rate is 21 percent in Mississippi. The state also has the lowest median income at \$36,850. Mississippi is among the states with the worst education systems, highest obesity levels, highest unemployment, and lowest rates of health insurance coverage. The state is an economic black hole."

Clearly, there is more to job creation than merely doling out tax breaks. The sooner our leaders recognize this, the sooner this country and state will be on the path to solving its economic problems. Trickle down has been an abysmal failure; maybe it's time to trickle up.

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