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OTHER VIEWS THE WISDOM OF FREE TRADE

Feeney: Restrictions risk a new Great Depression

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Picture this scenario:

A market bubble is created by easy-money policy and speculative investment followed by a collapse in market values. Our economy teeters on recession. Politicians reward big labor with new powers at the workplace.

Large government programs are proposed to create taxpayer-funded jobs. Entitlement programs for seniors and the poor are initiated. Temporary "stimulus" packages are passed to placate seniors, farm workers, unions and the unemployed.

Presidential candidates and congressional leaders attack free trade, vow to instate an estate tax on the rich and increase taxes on corporations, individual taxpayers and stockholders. Foreign countries' economies grow at accelerated rates while American jobs disappear.

Regulations are imposed to crack down on Wall Street, while state and federal governments bring lawsuits against demonized corporations for various offenses. Private companies are more heavily regulated to "protect" the public.

Next, the Democratic governor of New York condemns the "increasing concentration of wealth and power." Outcries against excessive executive salaries on Wall Street become widespread.

Sound familiar? Although it sounds like America in 2008, this scenario describes 1929 through 1935.

In her brilliant description of the Great Depression, *The Forgotten Man*, Amity Shlaes explains how excessive taxes and regulations, along with an attack on free trade, turned a temporary stock-market correction -- which probably would have lasted a year or two -- into an 11-year Great Depression. In 1930, President Herbert Hoover signed huge tax increases on investment and income taxes, as well as the Smoot-Hawley bill that attacked free trade. President Franklin Delano Roosevelt's New Deal enlarged and transformed every aspect of the federal government into a Big Brother that stifled the private sector, job growth and freedom itself.



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Most of these programs and government intrusions were popular, and FDR was elected a record four times. But populism cannot reverse the laws of economics. Ireland, Singapore, Hong Kong and even China are growing faster and creating jobs faster than the United States today because their economies are becoming freer (all but China rank freer than us in the Heritage Foundation 2008 Index on Economic Freedom). Even the European Union has a significantly lower corporate tax rate than the United States.

As I write, Democrats in Congress are taking a page from Hoover's handbook. They have voted for the largest tax increase in history -- an average of \$3,040 for every hard-working taxpayer in Florida, according to the Heritage Foundation. Both parties have dramatically increased federal spending and entitlement programs. Sens. Barack Obama and Hillary Clinton compete to see who can more quickly destroy trade partnerships. And every day the Democratic majority in Congress proposes huge new government programs and expenditures. New oil and gas exploration and petroleum refineries are prohibited while taxes on energy companies are increased as gasoline prices soar. Proposals to allow unions to organize workers without an open democratic vote have passed the House. To add to an already out-of-control tort system, numerous punitive and excessive regulations on business have been proposed and many have passed. Sarbanes-Oxley alone has driven many companies private or overseas, at a cost to America of \$1.4 trillion a year according to one study.

As investors flee Democrats' proposed tax increases and regulatory assaults, job creation is declining. You cannot create jobs by destroying incentives for small business owners, investors and capitalists -- nor can you tax and regulate your way to prosperity. The Soviet Union tried and died. Ireland and China, however, have learned this lesson. Populist demagoguery may win this election, but it cannot revive economic growth and prosperity.

"Less government, less taxes, and more freedom" is not just an outdated slogan, but rather a universal and timeless recipe for economic growth.

U.S. Rep. Tom Feeney, an Ovideo Republican, represents District 24.

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