

GOOD MONEY AND JOB GROWTH PROMISE TO PROVE A VOTE MAGNET



The 2012 presidential election has thrown open a very interesting debate, between opportunity and equality. The question that is being asked is that the US economy has been stagnant for the last ten years, yet the income for working men has been dormant for the last 40 years. Why? It's been 40 years that America abandoned its high-growth gold standard monetary policy, opting for an implausible improvement of easy money, presumably to promote job growth. But the 40 years, since the adoption of the new policy, has shown that the policy has failed, given that the wages remain dormant. Now the GOP, which at the time of the abandonment of the gold standard policy, was part of the decision making body, is now singing a different tune. Both in Congress and in the presidential race, monetary policy is becoming an important and crucial political battleground. Since, results of a wrong policy have proven otherwise, both Obama and Romney realize that a good monetary policy is a crucial element of growth, thus job creation, a fight over good money could decide elections. Class warfare is something that does not echo well with the American people. People don't really want to take money from the rich, they'd rather become rich themselves. What they want is federal policies that will be catalyst to their prosperity and not impediments that will pull them down. People's restlessness, stemming from inability to grow, cannot be used as a tool against the rich and garner people's sympathy. The battle here is not one of equality it is one of equity. People want to know, whether the rewards they are getting are proportionate to their efforts and labor. Easy money is a guaranteed recipe for economic disaster. Good money is based on good money policy – the earlier method of defining the dollar as a fixed weight of gold, is a proven and time-tested one. Keynes, wrote in *The Economic Consequences of the Peace* (1919): that, “Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate arbitrarily; and, while the process impoverishes many, it actually enriches some.” Compared to the dollar's worth in 1971, today it is worth 15 cents. 1971 was when Richard Nixon severed all gold connections with the dollar. Nixon defended his action on national television saying, “Let me lay to rest the bugaboo of what is called devaluation.” He assured the doubting American people that “your dollar will be worth just as much tomorrow as it is today. The effect of this action, in other words, will be to stabilize the dollar.” The Republican Party, was witness and complicit in the monetary degradation that began under Johnson and Nixon. However, the GOP now is trying to reverse the mistake and showing real strength of mind to bring back good monetary policy and the jobs that come with that. Practical data and past experience reveal that good money, such as a dollar defined as a fixed weight of and convertible into gold, is the real full employment authorization. What is relieving to note is that the issue of good money vs. easy money, which was confined to the cupboards for four decades and more, is emerging from its shadows and making its presence felt and its voice heard in the fierce din of Presidential battle – it is a welcome sign that augurs well for the future of the country's economy and growth.