

Stimulation or Emulation?

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The Letters Editor

United States's SBS News commentators Shields and Brooks are in a quandary as to the trillion dollar "stimulation" package.

Shields: We are spending billions on getting out of this but nothing is happening.

Brooks: Confidence is the child of optimism.

Shields: Americans rebuilt devastated Germany after WW2. Americans rebuilt devastated Japan after WW2. We can surely rebuild America.

Shields is quite wrong on both of those points. It was the wise economic decisions of Finance Minister Ludwig Erhard that rebuilt West Germany. He eschewed money printing, reduced taxation and the recovery was so dramatic, that unemployment went from 50% to zero in 10 years.

And five million new workers had to be imported from Greece, Turkey, Italy, Spain and France.

In Japan's case, it was Japan's Minister of Trade and Industry, Tanzan Ishibashi who dictated Japan's economic policies. He abolished the tax on the interest of savings. He cut tax on dividends from 11% to 7% and cut personal rates by 10%. Corporate tax rates were dropped from 42% to 40%.

Curiously tax revenues rose by 15% and voluntary savings rose by an astonishing 31.5%.

Taiwan, Hong Kong, Singapore and South Korea also copied West Germany's recipes and made astonishing gains in ten years.

Our illustrious leaders and Opposition ought to study these policies and apply the nation building recipes here.

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