

## *The Economy in Perspective*

*My dinner with André...* The time: a gloomy summer evening. The place: Aux Shuque's, an oyster bar cum bistro.

"André, I asked you to meet me because I need your advice. You must have heard about the slow pace of economic activity here and the debates about stimulating growth. I just don't know what to think any more. I remember that you faced a similar situation in Nedlaw when you were the Minister of Finance—what did you do?"

Before speaking, he ordered a plate of oysters Rockefeller and a platter of oysters remoulade for us to share.

"It's simple," he said. "You need a comprehensive plan and you must close your eyes to politics. You have to think beyond today and implement policies that will make sense well into the future."

"André, with all this talk about budget deficits, government spending, exchange rates, and deflation, I wouldn't know where to start. Did you use fiscal policy to stimulate Nedlaw's economy? Some of our economists say we shouldn't worry about larger deficits, but others say our government debt is already too big and we face huge future obligations to support our older citizens. What's your opinion?"

My friend became animated. "Look, deficits create jobs and tax cuts create the best jobs because they put money in people's pockets. Naturally, Nedlaw has its sticks-in-the-mud who prattle about deficits as well, but no one pays any attention. We take the benefits of deficits to their logical conclusion: Because deficits create jobs and lowering taxes creates the best jobs, we abolished taxes altogether. Today, the only jobs you can find in Nedlaw are good jobs! Now be a dear fellow and order us some oyster bouillabaisse."

After dispatching the waiter, I asked a question that left no doubt about my naivete. "But without taxes, how can you finance any government operations?"

"Exactly. I was immensely clever in that regard, if I say so myself. You see, around the time that Nedlaw's economic slump began, some people started to worry about the dangers of deflation. So we cranked up the money-printing presses at the same time as we eliminated taxes. When you can print all the money you need for running the government, you don't need taxes, and inflation is just what the doctor

ordered for reversing that deflation psychology. Even today, people are still saying that I was too clever by half!"

I reflected on his wisdom as we finished our bouillabaisse. By the time we had tucked into our oysters en brochette, I was overcome with awe.

"André, you're a genius. No taxes, no deflation, and the good jobs are the only jobs! If you don't deserve the Nobel Prize in Economics, then I don't know who does. May I also ask what you did to improve your trade situation? As I recall, Nedlaw's economic growth had been hampered by a ballooning trade deficit for years. Yet, with worldwide demand faltering, you were somehow able to stimulate sales to other countries. How did you manage it?"

André beamed. "Ah, my crowning achievement! The international financial markets regarded Nedlaw's inflation as permanent, you see, and likely to escalate. Of course, this was a logical deduction, and I encouraged it. With all of those fiscal obligations bearing down on us, with no tax revenue, and with the printing presses rolling at top speed, what other conclusion would be logical? I tossed out our currency peg and let our currency, the bupkis, float; naturally, it depreciated like water swirling down a drain. Our products became cheap on world markets. We hadn't lowered our prices one bit, but you'd have thought we were giving the stuff away! Even today, people have to work long into the night to fill all of the orders. No one has time to do anything but work. As I said, if you can find a job in Nedlaw, it's a good job."

"André, now I realize why you've never returned to your country. Your fans would mob you everywhere you went. And to think that there are still some ingrates who claim you have debased your currency, bankrupted your treasury, and impoverished your citizens."

The corners of André's mouth turned up and he chuckled as he replied, "You learn to take the bitter with the sweet. The vast majority of my countrymen recognize my contributions. I try to be humble about it. I say, 'It was nothing.' And do you know what? Not a day goes by that I don't hear from someone back home. And do you know what they say? 'Thanks for nothing!'"