

## [Same old, same old](#) [1]

Written by [Jan Boucek](#) [2] | Tuesday 4 October 2011



A few weeks in the wide expanse of Arizona and Utah quickly cleared the brain of despondency about the state of the world. The horizons were limitless, the empty roads a joy to cruise and the sense of time and space humbling but satisfying. But returning to the fag end of the Lib Dem conference and the start of the more depressing Labour affair soon brought back that old despair. The Tories have been little better.

None of this is to say that America itself offers much hope. For like the ruling classes here and in the eurozone, they still don't come clean on the fundamental reality that most western countries have been living far beyond their means for too long. To be sure, the Tea Party phenomenon cottoned onto it early but its very success attracted a ragtag collection of agendas that have little to do with fiscal sobriety but instead threaten derailing its original mission.

The *crise du jour* is now the fate of the euro and politicians are nervously dancing around the only realistic solution to save the currency ? a formalized fiscal union that will see the richer nations funding the poorer ones. That's what happens in a federal state and it's what the US has been doing for decades through national programs like Social Security, Medicare and Unemployment Insurance. Canada has a more formalized mechanism of negotiated formulae that directly transfer funds from wealthier provinces to poorer ones. It's done in the UK, too ? money flows from England to Wales, Northern Ireland and Scotland.

The problem for the eurozone, of course, is that such formalized fiscal transfers are political dynamite. The rich don't want to support the feckless and the poor don't want to be bullied. The matter is compounded by the fact that time is fast running out. America and Canada built up their federal fiscal regimes from the bottom up over many decades, bit by bit. The eurozone has probably only a few weeks to do the same and the scheme will have to be imposed from the top down to make it happen.

But if the euro is to be saved that's what must be done. Is that what the people want?

So much for the big picture where the problems conveniently drowned out further developments on the ground that will do little to spur economic growth. On Oct. 1, the minimum wage went up for young and old and agency workers were granted equal rights as full time staff. Neither measure will foster employment. While our leaders fret about grand numbers in the billions and trillions, they continue to nickel and dime the real economy into submission.

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