

LETTER TO THE EDITOR

WE NEED TO GET OUR FACTS STRAIGHT about SUPPLY SIDE ECONOMICS!



By Stephen L. Bakke  April 4, 2014

Here's what provoked me:

In April, an article took conservatives to task for having naïve beliefs like “supply side economics. The writer’s premise was that the only thing important in a commercial transaction is the “demand side.” He stated: “Sorry supply-siders. If you create supply, it does not generate demand.” How absolutely shallowly informed he obviously is. Just like the self designated economic expert “you-know-who.”

Here's my response:

We need to get our facts straight re: supply side economics!

I recently read an article ordering us to “work on producing jobs, not repealing ObamaCare.” The biggest point of this offering was that conservatives should back off from selfishly opposing ObamaCare and other liberal initiatives. The writer broadly and generally linked conservative opinions to “supply side economics” – and attempted to refute supply-siders by writing simply “supply ... does not create demand.”

Of course it doesn't! “Supply-siders” don't believe that. Suggesting that they do is a distortion! “Supply as the creator of demand” is NOT the general proclamation of supply side theories. Please consider this BRIEF introduction to the topic:

- Conservatives believe that markets are rational – government should get out of the way of legitimate business (suppliers) so true demand can be identified and met. Most conservatives aren't so arrogant to presume suppliers are the sole influence in the market.
- By supplying products, demand is met – and demand is further enhanced through wages paid by the suppliers and the resulting purchases of goods and services by the suppliers and their employees.
- The (somewhat maligned) “Laffer Curve” fits in here to explain why government should get out of the way of suppliers - i.e. moderated tax rates enhance suppliers' willingness to meet demand and further stimulate the economy.

There's sooo! much more to it! Those who protest the supply-side theories have every right to do so, and may be proven right in some aspects, but they should get their facts straight first!