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Tough times call for optimism, not gloom

By Rep. Gene Ward

When trying to understand what happened to our economy in October when our banking system took a tailspin and led to national panic, I think of FDR's famous quote about fear and what it meant then and means now.

In his first inaugural address on March 4, 1933, Franklin D. Roosevelt said, "This great nation will endure as it has endured, will revive and will prosper. So, first of all, let me assert my firm belief that the only thing we have to fear is fear itself."

After being bombarded by the doom and gloom of the media with terms like "meltdown" or "free fall of the economy," some people are coming to the conclusion that America's best days are over and we're proceeding down a path to hell in a handbasket. Without Roosevelt-like attitudinal adjustments in the next few months, this could be a self-fulfilling prophecy.

Hawai'i needs more Roosevelt-like antidotes to a building wave of fear in our islands. And I don't mean just cheerleading or pretending things are rosy just because we say they are, but that we have a positive recovery mindset that looks for opportunities in these hard times, learns to make lemonade out of lemons, and gains strength through the testing of our mettle.

Common sense tells us that now is the time to take advantage of the many bargains that are available — in stores, housing and even the stock market for those who are fortunate enough to be able to invest. It is also an ideal time to walk more and drive less as we diversify our economy with renewable energy made in America rather than the fossil fuels we import every year, worth over \$7 billion, from foreign countries often unfriendly to us.

It is also a time to count our blessings that we in Hawai'i live the longest in the nation and that our unemployment rate is still just around 5 percent.

In 1933 the national unemployment rate was nearly 25 percent. By 1940, the unemployment rate was still at about 15 percent when the economy began to recover with the start of World War II. Though our country is now again at war, our economy and our citizenry are not on a war footing, nor have we had a terrorist attack since 9/11. We are a freer, richer and more healthy nation than ever before. So what are we afraid of?

FDR said the problem was in the part of the economy that is in our heads and not in the marketplace. The market economy is composed of 65 percent consumer spending (derived from everyday stuff such as buying food and clothing, or visiting the doctor), and 15 percent from private investment (such as companies purchasing new machinery or building new offices). The rest comes from government spending (building roads, bridges, schools, and national defense).

That's what our economy is made of — but the whole is greater than the sum of its parts, and that's where FDR was trying to get our attention about fear and how our attitude influences how we — as consumers, investors and government — behave. A truly healthy economy is one which has the confidence of its consumers and its investors.

As Americans, we each need to do our part to get us out of the economic doldrums:

- As consumers, we need to be prudent in our purchases, but not fearful to maintain as much of our normal lifestyle and consumption patterns as possible. We do not — indeed, should not — spend extravagantly, but have a clear idea of our needs and priorities, avoiding buying things that have more to do with vanity than value.
- For those who are fortunate enough to be investors, we should realize that the future of so many jobs are at stake in where we put our money. If individuals and financial institutions (such as banks) just sit on their money and do not invest, this will only lead to more layoffs, and our recovery will take longer. Let's invest wisely and create wealth and jobs. Sitting on our money only retards its value.
- As for government, we in the Legislature and the executive branch need to be frugal with the public treasury while revenues are down, while at the same time protecting the weakest among us and promoting the general health and welfare of the state. We must also make the best use of our asset base and not overburden families with higher taxes or fees and overburden businesses with more regulations while also asking them to hold on to their employees.

The bottom line is that no one has anything to gain by frightening people and discouraging them from prudent spending.

Every day trillions of dollars change hands in today's modern and global economy. The problem is not a shortage of money, but a lack of confidence — and sometimes of wisdom — in spending the money we have.

So let's not panic or let fear blur our vision. Let's work hard, and help one another, and we'll get through this like we've always done as Americans. FDR's statement is as apt today as it was in 1933: We have nothing to fear but fear itself.

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