

Of guns and butter the path of arrogance

Politics



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A-R # 263397 Of Guns and Butter - The Path of Arrogance Originally, the macroeconomic reference was "Guns or Butter" meaning that society often has to choose between those two opposites: guns representing military-type goods,

while butter represents civilian goods. It was clear throughout most of the decades of

the mid-Twentieth Century that no country could have as much as it might desire of both

guns and butter, as that would violate the concept of production possibilities based on

limited economic resources. Therefore, every society has to pick and choose its products.

Sometimes, the contrast is made between capital goods versus consumer goods, with the

same conclusion: we cannot continually expand the production of both types of products

and services without running grave economic risks. One of the most serious of those

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risks is that the monetary, fiscal, and liquidity policies needed to make us produce the

maximum of both "guns and butter" will inevitably lead to hyperinflation, as this vast

array of government demands is added to existing and growing non-governmental

demands for consumer and capital goods. As the Federal government, in particular,

uses trillion-dollar deficit spending to finance its own purchases, running the monetary

printing presses to cover those costs, the value of our money will inevitably decline.

That decline is the essence of inflation, and it is likely to escalate as the overspending

by all sectors of the economy continues and grows. As prices rise alarmingly, money

will begin to become worthless, as happened in numerous countries which
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followed

such policies in the past. The end result may be the breakdown of the entire monetary

system, its replacement with the inefficiency of barter and similar trading systems, then

a lack of confidence in our entire economic system and the demise of capitalism.

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Nor do government jobs programs automatically move a nation forward in its ability

to have more of both " guns and butter." Many of the job-creation activities of the New

Deal of Franklin Delano Roosevelt during the Great Depression of the 1930s were make-

work projects which had little if any productivity for society; we cannot afford similar

programs today, as there is much useful work which needs to be done, rather than just

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wasting human effort. For example, the infrastructure of many nations is old and even

crumbling, so roads, bridges, public buildings, and other facilities need to be replaced.

Then, the entire range of "green jobs" needs to be implemented to help reduce the bad

effects of global climate change. There is no shortage of useful work needing to be done.

The most effective and primary role of governments today, in this era of terrorism and

threats to our peace and security, is the preservation of the nation from outside forces.

That role for government implies that "butter" or consumer goods in general must take

a back seat to government spending which protects us and preserves our way of life.

Still, both goals are achievable if we follow wise government and private policies.

For example, we should concentrate public funding on job creation, training programs

oriented to meeting future needs, and the support of healthy and solvent companies.

Those businesses with strong and clean balance sheets deserve such support; the weak

firms should be allowed to go out of business, reorganize, or restructure promptly.

To summarize, we are at a crisis point in the world economic order. Firm and sensible

decisions which reward competence and competition are needed now, before it is too late.