

A Real Fiscal Plan

Having ceded monetary policy to independent central banks, many erstwhile solvent and sensible governments have lately been frustrated by their inability to create real demand directly or to compel banks to simultaneously accumulate capital and expand lending rapidly.

In the United States, with the Federal Reserve largely out of ammunition and Congress fussing over deficits and debt, economic policymaking appears to have reached a dead end. What has been overlooked amidst the political rancor in Washington is the existence of a simple but effective *real* stimulus plan that would cost the government nothing.

The plan has deep roots in law and practice. Section I, Article 8 of the Constitution of the United States of America reads: "The Congress shall have Power To...coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures..." And although Congress has delegated the power to regulate the value of money to the Federal Reserve, in its wisdom it has retained the right to fix the Standard of Weights and Measures. Despite the United States having signed the 1875 Metric Convention Treaty in Paris and having received prototype meters and kilos shortly thereafter, Congress has steadfastly refused to adopt the metric system in America. Consequently it retains the ability to change real quantities directly and thereby jumpstart economic activity.

Simply stated, the Real Fiscal Plan would lessen the weight of the pound, shorten the foot, and, for good measure, add hours to the day. A 25 percent change would likely be adequate to attain full employment but Congress would retain the right to alter the percentages if necessary.

What would this simple legislative act accomplish?

1. Real production in all of the nation's farms, factories, and mines would rise by 25 percent overnight if measured by weight or 95 percent if measured by volume (1.25 cubed is 1.953125).
2. The square footage of all commercial and residential real estate in the country would rise, thereby raising prices and rents

- commensurately. Simply the anticipation of such a change would lead immediately to an increase in the underlying dollar values of real estate. A contract calling for a monthly payment of \$10 per square foot for a space previously measured at 10,000 square feet would rise in value from \$100,000 a month to \$156,250 a month¹.
3. Real interest rates would tumble as expected inflation jumps *pari passu* with changes in the value of real variables. Note that the anti-inflationary credibility of the Federal Reserve would be unblemished by this purely Congressional initiative.
 4. Adding 6 hours to the day would instantly increase hours worked in the economy by 25 percent and have a correspondingly beneficial effect on wages for persons working on a per hour basis. A business open all day would need 3 workers to work 10 hours a day in contrast to 8 hours. Admittedly this would not have an immediate impact on workers whose wages are expressed in dollars per day or year but this would have the side benefit of leading to a reduction in income inequality as those whose salaries are expressed in dollars per annum are generally higher income earners than those paid at an hourly rate. If this is deemed unfair, changes to the length of days and years might be considered. The latter would necessitate only a marginal change in the current practice of changing the number of days every “leap” year and altering the number of hours in a day when moving back and forth from standard to daylight savings time.
 5. The moribund printing industry would be revitalized by the need to issue new editions of all cookbooks and scientific or technical user manuals. All American baseball outfield walls would need to be repainted with corrected distances while many rulebooks and records would need to be restated. Analogue clock dials would need to be revised and digital clocks reprogrammed. Certainly Y2K type tasks would arise and associated employment increase. Further opportunity might be seized to break the Babylonian shackles on time measurement by decimalizing timekeeping, for example, 100 hours in a day, 100 minutes in an hour and 100 seconds in a minute.

¹ 1.25 squared is 1.5625. Although certain legal challenges might arise in connection with the Plan, recall that in 1935 the United States Supreme Court upheld legislation signed by President Roosevelt on June 5, 1933 abrogating the so called “gold clause” in all contracts. This decision allowed debtors to ignore contractual requirements to repay debts in gold rather than in generic legal tender dollars.

6. America's obesity problem would be addressed by an immediate 25 percent physical diminution and corresponding caloric reduction in such staples as a McDonald's "quarter pounder with cheese".
7. Finally, in addition to the untold benefits likely to accrue to the private sector, a new government agency employing thousands of well paid technocrats could be established to guide Congressional policymakers to correctly and actively use their new *real* policy tools.

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