It’s Not Just a Bad Dream: It’s a Real Nightmare

By Dr. Richard Kelley

As I write this column on the last day of February, I have a vision of a storm at sea. Am I dreaming? I see a sailing ship battered by wind and waves as it enters uncharted waters. The tidal currents are treacherous. There are hidden reefs that can tear huge holes in the hull. Although daylight is rapidly fading, I can still read the ship’s name on the hull – “United States of America.” The ship is headed toward swirling seas where it has never been before. Heavy flotsam churning in the waves and threatening to batter the ship is labeled with terms like “Sequestration, $16 Trillion Debt, Defense Cuts, Layoffs, Obamacare ....” Suddenly, I realize this is not a dream. It’s a living nightmare that portrays what is happening in our country today.

In Washington, D.C., the House of Representatives, the Senate and the Obama administration have not been able to agree on a budget and, as suggested by the administration, late in 2011 they enacted legislation that imposed $85 billion in across-the-board federal spending cuts if the president and Congress could not agree on a better budget solution. The president and Congress failed to do this, and as a result, “sequestration” officially took effect yesterday, March 1, 2013.

While $85 billion sounds like a lot of money, in terms of $3.8 trillion of federal spending each year, it is only a 2.23 percent budget cut.

Yet, President Obama and his cabinet members have been in front of the TV cameras over the past few weeks telling us how thousands of teachers will be laid off and tens of thousands of parents will have to scramble to find childcare. Over 5,000 air traffic controllers will be furloughed, very likely creating chaos in airports around the country as flights are delayed. Unsafe bridges will not be repaired. National Park Service campgrounds will be shut. Homeland Security will sideline 5,000 border agents. The president, hoping to blame Congress, is implying that everyone will be severely inconvenienced and perhaps the economy will slowly grind to a halt.

Earlier this month, because of the impending budget cuts, the aircraft carrier USS Harry S. Truman was not sent on its scheduled deployment to the Persian Gulf – where it could have served as a deterrent to the dangerous nuclear-weapons ambitions of the ayatollas’ rogue regime in Iran.
Nightmare

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Would Admiral Horatio Hornblower have asked for sequestration?

This failure to prioritize and find a way to tend to essential business should, unfortunately, not be surprising when you remember that, more generally, whenever government is involved, projects cost more than budgeted and the resulting services or products are less than promised.

Private enterprise works the opposite way. Firms compete to provide more than promised at a lower cost.

Hotel managers handle budget shortfalls of 2.23 percent or more all the time. They carefully watch costs and they prioritize. The front desk, bell, food and beverage, housekeeping and maintenance departments are fully staffed, and, particularly at an Outrigger or OHANA hotel, everyone has a smile on their face and aloha in their heart.

Compare that with your local driver’s license bureau, a classic example of government speed and efficiency!

Predictions of the result of sequestration cuts in services have been very unsettling. That, plus record federal debt levels, unfunded liabilities at all levels of government, rapid growth of entitlements, and the pending full implementation of Obamacare in 2014, have many concerned about the future of the American economy.

Washington Post associate editor Bob Woodward is furious and has lambasted President Obama for not taking responsibility for the sequestration process. On Wednesday, Woodward slammed as “madness” the president’s decision not to deploy the USS Harry S. Truman to the Persian Gulf.

That makes me wonder if the good ship United States of America will follow the path of another fictional ship, the USS Caine, commanded by Captain Phillip Queeg, whose strange behavior provoked a mutiny. I hope not.

Now jump to Hawai’i’s state Capitol where the transient accommodations tax (TAT or hotel room tax), which was temporarily raised to 9.25 percent as an emergency measure in 2010, is scheduled by law to be scaled back two points to its pre-Great Recession level of 7.25 percent on July 1, 2015. However, in the Legislature, proposals have been introduced that would not only cancel the scheduled roll-back, but perhaps raise the TAT two points more – to 11.25 percent – effective this year.

An increase to 11.25 percent would add 55 percent to the TAT’s basic, 7.25 percent rate! That would be just like raising the price of gasoline from $4 per gallon to $6.20! Even maintaining the current TAT rate of 9.25 percent and cancelling the scheduled roll-back to 7.25 percent would damage the competitiveness of Hawai’i’s visitor industry and hurt the state’s economy, which depends so heavily on tourism.

In my view, for Hawai’i to maintain high hotel taxes – let alone raise them! – in the face of all the problems our “ship of state” is facing at a national level would also be “madness.” I will return to the TAT in next week’s Saturday Briefing. For now, let me just observe that what our federal and state governments have in common is a spending problem. Too many politicians at both levels are addicted to creating expensive, “feel-good” programs that must be fed either by continual tax increases or by out-of-control deficit spending.

If sequestration and the budget-deficit crisis push the national economy “south,” Hawai’i will more than ever have to be priced right and marketed heavily if we are to maintain visitor industry jobs at present levels.

It’s a “mad, mad, mad world” out there today. I only hope we weather the storm and avoid the reefs.

Who Was Horatio Hornblower?

When I was a kid in the pre-TV, pre-computer, pre-mobile telephone days and living in Los Angeles during World War II, if I was not out on the street playing Kick the Can, I would read a lot. Yes, I read comics such as Captain Marvel, but I also enjoyed adventure stories like the series of Horatio Hornblower books by C. S. Forester. Hornblower was a fictional officer in Britain’s Royal Navy who would get into the most harrowing situations but always escape at the end to live and fight once again. He rose in the ranks from a seasick midshipman to Admiral of the Fleet. Forester wrote 11 of these books, which were then serialized for magazines and in 1951 adapted into a film, Captain Horatio Hornblower, starring Gregory Peck. Obviously, the memories of the Hornblower escapades are still in my mind. - RK