

Creating American Prosperity

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Human nature dictates we act to satisfy self interest. We use simple mental models to impose order and meaning on what we observe in the world and then act to achieve goals within that framework. These models can be like prisms, each having a different refractive quality, and each giving the holder a different view.



Paul Lechner, Esq.
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When it comes to politics ***serious consideration should be given to long term outcomes***. Our Nation's tasks such as raising an army, advancing education, healing the sick, and raising our children actually ***depend on a vibrant economy***. Economic success has always dictated political success.

Should government be a patron? Do politicians have anything to give without first taking it away from someone else? History confirms that the great threat to freedom is concentrating power in political hands. Balancing 'redistribution' and identity politics with the productive forces released by self interest and free markets is a conundrum. Many continue to ignore the necessity of profits and tax them excessively. Increased handouts to selected groups mean increased taxes, and where personal and economic freedoms are taxed, free markets work in dysfunctional ways.

Our Nation's freedoms ***grow from our unique historical and cultural roots***, both which support free markets and our economic prosperity. Freedom is a rare and delicate plant. *Free men do not ask what the government can do for them, rather they ask what can be done to protect their freedoms*. Political parties use the power of the state to pursue policies dictated by the special interest groups they

represent. Why? President Reagan said it simply, "When you rob Peter to pay Paul, you can always count on Paul's vote."

The only person who can persuade you of the truth is yourself. History is harsh to those who fail. As always, the purpose of our monthly letter is to provide relevant content ***you can use year round*** in achieving your business and personal goals. *"Where you'll be tomorrow depends on what you do today!"*

Paul Lechner
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The American Model

There are two broad principles embodied in our Constitution. First the scope of government must be limited. Its major functions must be to protect our freedoms from enemies both outside and inside our gates, to preserve law and order, to enforce private contracts, and to foster competitive markets. By relying on voluntary cooperation and private enterprise we ensure the private sector is a check on the powers of government. The second broad principle is government power must be dispersed. **The concentration of power to do good also has the risk of the power to do harm.** What one man regards as good, another may regard as harm. Free men and women recognize they are individually responsible for their actions. Government is a means and not a grantor of favors or gifts. Achievements are the product of individual genius, strongly held views, and a social climate permitting variety and diversity. Government often replaces this creative progress with directives, substituting the uniform for the variety essential for experimentation which acts to create tomorrow's prosperity.

The organization of the bulk of economic activity through private enterprise is a necessary condition for

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Attorney Spotlight



Paul provides Business Consulting, Tax, Litigation, and Transaction Advisory Services to privately owned entrepreneurial business owners including asset protection strategies,

maintaining our political freedoms. Consider the following:

1. ***Economics and Politics*** There is an intimate connection between economics and politics. ***Economic freedoms*** are an indispensable means to achieve political freedom. A citizen of the United States who is compelled by law to purchase a particular kind of health care insurance, under a plan administered by the government, is being deprived of a corresponding part of his personal freedom. These economic freedoms are an extremely important part of total personal freedoms. Competitive capitalism promotes political freedom because it separates economic power from political power, and enables one to offset the other.
2. ***Freedoms*** A basic challenge is how to coordinate the economic activities of large numbers of people. One method is central direction involving the use of laws. The other is voluntary cooperation based on the proposition that both parties to a transaction benefit from it provided it is bi-laterally voluntary and informed. ***Market exchanges bring about coordination without coercion.*** The major objection to a free economy is that it gives people what they want instead of what a particular group thinks they should want. Government should act as a forum to determine the 'rules of the game' and as an umpire to interpret and enforce the rules decided on. Freedom means the absence of coercion of a man by his fellow men. Government action should be limited to resolving conflicts among the freedoms of different individuals.
3. ***Economic Growth and Stability*** Full employment and economic growth have become the primary goals for widening government intervention in economic

business succession planning, real estate, elder law, and estate planning.

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Testimonials

"The Lechner Group, Ltd." exceeded our expectations in timely delivery of transactional diligence services. We were provided the comfort we needed to properly evaluate the economics of our investment transaction.

CEO

affairs. This is the Federal Reserve's stated goal. Monetary and fiscal policy should be used to build a stronger and more prosperous economy. Choosing the right policies has become a challenge. Often governmental measures constitute major impediments to economic growth. In the short run deficit spending drives economic growth. Over the long run it's like driving with the emergency brake on. What is needed is a reduction of government intervention, not an increase.

4. **Trade** Americans generally view free trade positively. International trade contributes to GDP growth when it is favorable. China is an example. Its favorable balance of trade since the 1980s has boosted its own GDP significantly. There are valid concerns among Americans adversely affected by the unfair trade practices of other countries. Adam Smith suggested in 1776 that international trade was mutually beneficial to trading nations. With that in mind, our goal ought to be to increase our Nation's economic growth, promote job creation in the United States, ensure reciprocity with trading partners, strengthen our manufacturing base and our ability to defend ourselves, and expand our agricultural and other exports.
5. **Entitlement Programs** Is our economy so 'mature' that 'secular stagnation' has become a permanent condition? Can the Country's GDP growth return to its historic 3%+ trend? Politicians hasten to enact spending programs in the face of a recession. The haste with which they are approved is never matched by an equal haste to repeal or to eliminate them when the need has passed. The result is Government continues to grow. Reducing government growth will require reducing the growth in entitlement programs which are a major driver of government spending and our ever increasing

national debt (e.g., medicare, social security, unemployment).

6. **Income Redistribution** From time immemorial status distinctions, class structures, and gaps between rich and poor have characterized societies. Inequality is ubiquitous, as are its consequences, envy, demands for a 'fair' distribution of wealth, and doctrines that justify why some people have more than others. *What is the justification to intervene to promote income equality?* Property rights are matters of law and social convention. One may prefer a routine job with time off, another may prefer the opposite and earn a higher salary. Should the state redistribute that person's income after it has been earned? Is inequality resulting from differences in personal capacity, or from differences in wealth accumulated by an individual different than inherited wealth? *The great achievement of our society is the opportunities it offers to men and women to extend, develop, and improve their capacities.*
7. **Social Responsibility** Market capitalism concludes that government intervention should be limited. Corporations are institutions run to create economic benefits. Markets discipline private economic activity and **ultimately act to promote the social welfare**. The proper measure of corporate performance is the excellence of their product or service. Do responsibilities go further?

Economic growth will help us all. The U.S. economy sustained a real rate of economic growth of 3.3% from 1945 to 1973, and achieved the same from 1982 to 2007. It was only during the stagflation decade of 1973 to 1982 and the Obama years that growth fell to half of long-term trends. At a sustained real growth rate of 4% per year our economic production would

more than double after 20 years, triple after 30 years, and quadruple after 40. Achieving and sustaining such growth should be the central focus of national economic policy. It would solve every problem that plagues us today.

The United States is unique. Freedom is our common heritage and tradition. We must act to maintain that uniqueness.

Some say the future cannot be predicted. I say, the way to predict your future is to create it.

About Our Law Firm

We provide peace of mind by creating and managing structures that allow you to grow and protect your business, legacy, and personal wealth. "Where you'll be tomorrow, depends on what you do today."

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The Lechner Group, Ltd.

Business Advisory Services



The Lechner Group, Ltd. is a public accounting and business consulting firm focused on counsel, transactional diligence, and tax advisory services. We add value to your investment strategies by providing a combination of financial, audit, and tax expertise. Combined with the legal services which are provided separately by the Lechner Law Office, P.C. we offer the small to mid-sized privately held business owner an attractive package of comprehensive

services. Recent assignments include acquisition diligence, business succession planning and transaction structuring.

Find out more by calling Paul Lechner at 708.460.6686.

