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HEADLINE: The Tax Cut and New Jobs

BODY:

To the Editor:

Re "As Stimulus, Tax Cuts May Soon Go Awry" (Economic View, Nov. 30), which listed ways in which the recent tax reductions could backfire:

The column said the additional spending generated by the tax cuts had created jobs for the economy. That may have been the case in the past, but the combination of globalization with investment-oriented business tax cuts has created a new day in America.

If businesses invest in new equipment, their productivity can be improved, their outlay is fixed, and the cost of the equipment may be partially offset by new tax breaks. If, instead, they invest in additional workers, their productivity may drop at the same time their health care exposure skyrockets. Overshadowing both these alternatives is the option to outsource worldwide.

The bottom line is that many of the jobs that built and sustained America's middle class are disappearing, and once they're gone, they will never come back, no matter how much money business makes or how many taxes the administration cuts.

Martin B. Tittle

Ann Arbor, Mich., Dec. 1

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