



The Economy, Your Family, and the Political Left

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Many politicians on the Left are calling for massive changes in America's already-encumbered free market economy. For example, socialist "[Bernie Sanders delivers condemnation of business, billionaires in Denver.](#)" [Hillary Clinton comments](#) that "Prosperity can't be just for CEOs and hedge fund managers. Democracy can't be just for billionaires and corporations."

These are rhetorical cheap-shots, but words, like ideas, have consequences. They can rattle markets but also foreshadow policies whose content and consequences can have destructive effects on the economy. Connecticut Gov. Dan Malloy (D), a strident liberal, just forced through a massive \$40 billion state budget. The budget doesn't come without cost: "[In order to pay for the funding increases](#), the state is raising \$1.5 billion in new revenue, of which \$1.1 billion will come from tax hikes. The tax hikes include \$700 million in increased taxes on businesses."

The result?

Prior to the bill's passage, General Electric, Aetna and the insurance company Travelers, all large corporations based in Connecticut, publicly criticized the tax increases. General Electric, which is headquartered in Fairfield, Connecticut, went so far as to announce that it would consider leaving the state if the proposed tax increases became law. After the law's passage, General Electric reiterated its intention to relocate. In a Thursday email obtained by the Hartford Courant, General Electric CEO Jeffrey Immelt told the company's Connecticut employees that he had "assembled an exploratory team to look into the company's options to relocate corporate HQ to another state with a more pro-business environment."

Immelt is, of course, the man tapped in 2011 by Barack Obama to lead the President's Council on Jobs and Competitiveness. The irony would be too great, given Malloy's two-time endorsement of Mr. Obama for President, but given that Mr. Obama did not renew the charter of the Council in 2013, cynical celebration of such seems mute. And, more importantly, cruel, since GE's relocation might cost untold numbers of jobs.

The Left continually heralds its great love for the working man and woman, yet continues to push aside proven formulae for growth – lower taxes on the companies where Americans work, less invasive and controlling federal regulations on businesses of all sizes, debt and deficit reduction, entitlement reform, and, just as important, policies that encourage family formation – even as they bemoan the ostensible failures of our competitive free enterprise system.

Too Many Americans Remain Un- or Under-employed

It is indisputable that too many Americans are struggling in a nation characterized throughout most of its history by growing prosperity. [The May 2015 underemployment rate was estimated by Gallup as 14.7 percent.](#) In total, [nearly 21 percent of the potential workforce is underemployed or unemployed.](#) In real numbers, this means [about 30 million men and women are out of work or barely bumping along.](#)

The path forward to greater opportunity is not through penalizing the companies where Americans work with confiscatory tax rates. It is not found in the metastasizing federal state, ever more expansive and expensive, ever more smugly confident in its own infallibility and ability to manage the lives and fortunes of the benighted unwashed (i.e., those of us who do not accept the tenets of centralized planning taught at many major universities).

It's not through augmenting already complex and excessive regulation with more and more of the same. It's not by discouraging *private* infrastructure improvements with EPA regulations so insistent and precise that - were they in place in 1789 - America's borders would extend only to the outskirts of Boston. And it's not through viewing corporations and banks as aggressive agents of predation, venal and hostile and corrupt.

Rather, the free market needs to be freer. Prudent regulation can lead to good things – water that's safe to drink, food that's safe to eat, medicines safe to take, air that's safe to breathe, and financial institutions safe to deposit in. Yet given the innovative and entrepreneurial spirit that seems innate to our very identity as Americans, greater economic liberty and, commensurately, less federal intervention will result in more opportunity and a higher standard of living for all of us.

There are other factors, as well. For example, the modern workplace is driven by ongoing technology improvements, which means workers must receive training to perform sophisticated tasks in order to be competitive.

However, one of the neglected aspects of America's job-growth problem has to do with the most essential social institution in recorded history: Marriage. It is estimated that [40 percent of the 25-year drop-off in prime-age male labor force participation](#) is explainable because of the drop-off in marriage. In other words, marriage incentivizes men to get and keep good jobs. As my colleague Dr. Henry Potrykus has noted, "Irregular employment massively reduces human capital, hence future employability."

In other words, the longer you work in part-time, low skill-level jobs, the harder it will be to get a well-compensated, long-term position in one of the professions. And cohabitation and divorce militate against this kind of employment: Dr. Potrykus has documented that having no wife, no children, and no mortgage often discourages the active pursuit of productive, significantly remunerative, and full-time employment.

While a discussion of the viable social and public policy incentives for marriage is beyond the scope of this paper, Family Research Council has produced a number of publications concerning divorce reform, cohabitation, the marriage penalty, the child tax credit, and many

related themes accessible at www.frc.org and at FRC's Marriage and Religion Research Institute website, www.marri.us.

Does the Left Really Love the Free Market?

Liberal opponents of a freer marketplace brush-aside the charge that they are socialists and proclaim they actually *love* open-market capitalism. For the sake of argument, let's take them at their word – but let's also be clear about what they mean by the words they use.

The intellectual Left and its political allies are unconcerned with public ownership of utilities, banks, and large companies as long as the federal government can *control* them. Witness [the firing of GM's CEO by the Obama administration in 2009](#) and last year's appointment of a woman named Leslie Caldwell to lead the Justice Department's Criminal Division. "It has been over a decade since Ms. Caldwell destroyed Arthur Anderson, and with it, 85,000 jobs," [writes former DoJ official Sidney Powell](#), "only to be reversed by the Supreme Court nine to nothing (well after she went into private practice)."

So, the Left does love capitalism as long as it is directed by those wiser than the capitalists themselves –Washington's arbiters of winners and losers. Of course, the result of this "love" is not growth based on independent capital formation in the private sector but only such formation as is countenanced and, ultimately, controlled by the all-seeing eye of Leviathan. Employing the language of economic freedom, although altering its meaning, the Left sounds just as traditionally American as the business people they disdain.

This disdain sometimes pierces-through the deceptively nuanced statements made by advocates of economic statism. Last fall, for example, [Hillary Clinton said at a Democratic rally](#), "Don't let anybody, don't let anybody tell you that ... you know, it's corporations and businesses that create jobs. You know that old theory, trickle-down economics. That has been tried, that has failed. It has failed rather spectacularly."

This is a remarkable statement, particularly coming from someone who [earned at least \\$12 million between February 2013 and July 2014](#). And although [Mrs. Clinton later "backpedaled" this statement](#), claiming that she was trying to attack what she views as the failed policies of the free "trickle-down" economy, one wonders if these off-the-cuff comments do not, in fact, reflect her true beliefs. Commenting on Mrs. Clinton's remarks, Clyde Wayne Crews wrote in *Forbes* magazine:

The only way that the un-self-conscious utterance of a statement like Clinton's makes much sense to an outside observer who has to earn a living is to use Occam's Razor. It's easiest to acknowledge that a sizable chunk of the left wing does not care much for free private enterprise and actually does prefer that the state be in charge of lives. They really mean what they say. They demonstrate it—even when we are reluctant to admit the broad implications—by developing proposals to take over major economic sectors, such as Hillary Care, and the Patient Protection and Affordable Care Act.

The Left's Alternative

The Left's alternative to the expansion of open-market opportunity is not less statism, but more of it. Higher taxes? [Democratic presidential candidates seem to be in competition for the title for who wants to raise them the most.](#)

In fairness, too, as to regulations, Republicans can vie with Democrats for a deep love of them, protestations to the contrary. “In its first six years, The Bush administration issued 24,241 rules; an average of 4,040 annually,” [according to Clyde Wayne Crews](#). “The Obama administration, in its first six years, issued 21,804, for an average so far of 3,634 each year.”

Some rules are more sweeping, invasive, and onerous than others, and there is no space here to dissect whose rules have done more damage. It is enough to say that [in the days of the “administrative state,”](#) the penchant for growth-constraining regulation is bipartisan and, seemingly, irresistible.

Perhaps most compelling is the Left’s consistent faith in the wisdom and beneficence of an ever-growing, supervising, administering, and directing national government that oversees all facets of economic life. This faith is blind to the experience of entrepreneurs, business owners, creators of capital, et al, as their success is a repudiation of the faith of the Left itself. As [Thomas Sowell wrote years ago in FORBES](#):

The most fundamental fact about the ideas of the political left is that they do not work. Therefore we should not be surprised to find the left concentrated in institutions where ideas do not have to work in order to survive ... those who are willing to subject themselves to the test of reality, whether as a businessman in the marketplace or as a surgeon in an operating room, have many other places in which to work and live. They do not need special sheltered niches in which to hide and to cherish their precious notions.

Sowell is not indicting everyone who works for the federal government, but rather those he elsewhere called “the anointed,” the political elites whose dedication to a series of propositions (e.g., human perfectibility, man’s essentially material nature, etc.) inspire their political philosophy.

It is because of this faith, one undaunted by reality, that the Left wishes to use our anemic growth as a pretext for further statist intervention.

Prosperity in a Time of Economic Unevenness

Despite the efforts of the Left to direct the open market through the efforts of the state, innovation, access to resources, and technology improvements still conspire to offer the great majority of Americans an exceptional standard of living.

Repetitively, the Left claims that all is bleak for middle-income Americans. While, as noted, families *would* thrive more fully if Uncle Sam would quit blocking the way, it’s important to recognize how good *most* of us have it, here and now. Here are some facts about the economy you’re likely not reading in the mainstream media:

[Adjusted for inflation, a gallon of gas today costs almost precisely what it did in 1976.](#)

Source: [U.S. Energy Information Administration of the Department of Energy](#)

The relatively consistent cost of gas has been augmented by dramatic improvements in fuel efficiency. [According to Pew Research](#), in 1975, the average car got about 13 miles-per-gallon (MPG); in 2010, the average car gets about 32 MPG.

Median household income today is almost precisely what it was in 1976 (adjusted for inflation and taxation).

Source: William Robert Johnston, Ph.D., "[U.S. Median Family Income](#)"

This is significant in that the quality of goods increases by the decade. Cars have more appealing and useful features, are safer, pollute dramatically less, and get much better mileage than they did only 30 years ago. Visit any supermarket and simply look around: The staggering variety of food available to virtually all Americans is anomalous in world history, even modern history. Wonder drugs for serious illnesses are so common that we take them for granted; for most of us, our health insurance plans can, at a reasonable cost, enable us to get them whenever and wherever we need them.

One must ponder how long this upward trajectory can continue if the Left imposes its program of regulation, taxation, and federal litigation on the economic system that has made our country the land of growing bounty it is.

More families are gaining income than are losing it:

The percentage of American households with what might commonly be regarded to be middle-class incomes is indeed falling – but so, too, is the percentage of American households with what are surely “poor” incomes. So once-middle-class Americans are not becoming poor. Instead, they’re becoming rich; their real monetary incomes are rising. The percentage of American households earning high incomes (\$100,000 annually and above) is on the rise – and impressively so. Let me emphasize: A much greater percentage of households today (compared to 1975) have annual incomes of \$100,000 or more (in 2013 dollars).

Source: Don Boudreaux, Ph.D., Department of Economics, George Mason University, "[More Evidence of Evidence](#)"

Who are those being left behind? As noted above, many are those in unmarried households, [as my colleague Dr. Henry Potrykus has demonstrated](#).

As I’ve written elsewhere, [serious problems exist with the American economy](#), largely due to the fiscal, tax, and [regulatory policies](#) of the Obama Administration and the [looming problems of entitlement spending and obligations and a steadily growing national debt](#) which the Left is particularly disposed to ignore.

Thus, the drive toward an increasingly socialized, federally-directed economy is animated not by economic fact but political ideology. Us-against-them rhetoric, “class” warfare agitation, and redistributionism under the guise of populism are dangerous avenues down which any nation can trod - ours included.

So, then, it is simply untrue that all is bleak for America’s families in today’s economy. Furthermore, the way to induce needed higher growth and income is not through the Left’s program of higher tax rates and suffocating regulation. Instead, there are many ways consistent with economic liberty to increase the volume of the tide which lifts all boats. Such ways include tax simplification and reduction, modernizing and making fiscally sound our entitlement programs, streamlining and reducing federal regulations, and so forth.

The politics of agitation for purposes of encouraging increased federal intervention in the private sector emanate from a view of the federal government not countenanced by the Constitution or vindicated by practical experience. Indeed, it could be argued that the Left's appeal to lower-income Americans and many others in the solid middle is derived from the anxiety the Left's economic policies have helped create.

Banking on the inattention and confusion of the American people, the political Left advances its agenda, aided by a sympathetic secular media. And the prosperity that could be ours slips, with increasing momentum, through our national fingers.

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