

TELEGRAM & GAZETTE

Worcester, Massachusetts • July 13, 2015

As I See It: Progressive Platform On Tour

By Shelly Sun

“A mayor of New York has to walk and chew gum at the same time,” New York City Mayor Bill de Blasio said in response to constituent criticism of his flitting around the country promoting his regulation-heavy “Contract With America.” Both he and Massachusetts Sen. Elizabeth Warren have been headlining multi-city, spring tours showcasing their progressive policy platforms that they hope Democrats and ultimately the country will rally behind.

Though the vision may be progressive politically, it is not practical. Their policy prescriptions – a mix of increased mandates, regulations, and taxation – have been tried in this country and around the world for many decades and have a miserable record of success.

That doesn’t mean Warren and de Blasio aren’t trying to re-write history. “The game is rigged,” they vaguely lament in a recent, co-signed Washington Post op-ed. “In the past 35 years, the top 10 percent got all the growth in income. The rest of America – 90 percent of Americans – got nothing. Zip. Zero.”

For most Americans, this doesn’t sound like the 80s, 90s, and early 2000s that they lived through. That’s because it wasn’t. The Piketty-Saez data that Warren and de Blasio use to make this talking point is woefully incomplete. It doesn’t take into account earnings from housing, non-cash compensation, government programs, or multiple earners in a household.

When these factors are taken into account, as done by a recent study in the Southern Economic Journal, a much different picture emerges: Earnings by the poor, working, and middle classes – the bottom 60 percent of Americans – rose by over 30 percent between 1979 and 2007.

On the other hand, the 1970s, before the onset of “deregulation” (which Warren and de Blasio say “failed disastrously”), were characterized by double-digit inflation, interest, and unemployment rates -- also known as “stagflation.”

Yet there’s no debate that economic growth, wages, and job creation have stagnated over the past six years. Even the most hardcore partisans, however, wouldn’t attribute this – in an era of bailouts, stimulus packages, tax increases, and a massive regulatory onslaught – to a failure of free market economics.

But that’s exactly what Warren and de Blasio imply. To address this stagnation, they call for doubling down on big government policies: mandatory paid sick leave, a \$15 minimum wage, universal “full-day” pre-kindergarten, “fair share” tax increases on the wealthy, increased collective bargaining, et cetera. (Mayor de Blasio expanded on this platform in his 13-point progressive “Contract With America” released last month.)

Warren and de Blasio try to preempt criticism of their prescriptions by implying that would-be detractors are simply crying wolf when they explain how these policies hurt job creators and the economy. They emphasize that those who make this argument are wrong.

But saying it doesn’t make it so. Regulations, mandates, and taxation – by their very nature – prevent economic activity from taking place. If you disagree, consider this: Last year, a report prepared for the National Association of Manufacturers showed that businesses face a whopping \$2 trillion in compliance costs. This kind of heavy-handed approach limits the economic activity

that’s responsible for our high standards of living. That’s not to say government intervention is not socially desirable. It’s just that its effects on the economy cannot be ignored when examining its impact.

Let’s consider a couple of examples to make the point. The \$15 minimum wage that Warren and de Blasio call for would more than double the labor costs for many businesses. It’s not difficult to understand that this would create enormous stress on some small businesses with razor-thin profit margins thus preventing some job creation -- something that the overwhelming majority of economists have noted.

Or take the call for increased taxes on “millionaires and billionaires” to ensure they pay their “fair share.” Forget for a moment that the top two percent of earners already pay roughly 50 percent of all the income tax collected in the country. It’s not crying wolf to point out that less money in the hands of private citizens means less investment, job creation, and economic growth. It’s common sense. (Unless you believe the government puts your money to better use than you do.)

While the mandates, regulations, and taxes proposed by progressives change, logic stays the same. Job creation, economic growth, and improved standards of living come from a bottom-up process of millions of decisions made freely by millions of Americans every day. These top-down policies proposed by Warren and de Blasio threaten that and the American Dream.

Shelly Sun is the CEO and co-founder of BrightStar Care and a member of the Job Creators Network.