What Works vs. Obama/Hillary Fiction

Below are several quotes that reveal a flawed understanding of how the U.S. economy operates and a lack of recognition of how economic freedom, individual incentives, free enterprise, and limited government are directly correlated with increased productivity and economic growth and higher levels income growth and job creation.

First, Hillary Clinton, October 24, 2014: "Don't let anybody tell you that 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."

That anti-business comment by Mrs. Clinton, trivializing the role of the private sector in the creation of jobs, income and wealth, is reminiscent of the attitude she revealed in her testimony in 1993 on Capitol Hill when she was asked by Rep. Norman Sisisky what could be done to ease the financial burden of her health plan's mandates and fines on small businesses.

"I can't be responsible for every undercapitalized entrepreneur in America," Mrs. Clinton haughtily replied, dodging the point that otherwise sufficiently-capitalized small businesses, key job creators in the U.S. economy, would be forced into a state of undercapitalization and bankruptcy precisely by the mandated costs of her health plan.

Mrs. Clinton was stating, in short, that companies should go out of business if they couldn't jump through all the hoops that she and her bevy of central planners and social engineers were erecting.

Second, and similarly, here's President Obama, March 18, 2015: "Reality has rendered its judgment. Trickle-down economics does not work."

It's true that reality has rendered its judgment, and it isn't that trickle-down economics doesn't work.

The total increase in jobs in the first three years of the Obama economic recovery was 1.72 percent.

In contrast, the total increase in jobs during the first three years of Ronald Reagan's "trickle-down" economic recovery was 8.97 percent.

Likewise, the total increase in real (inflation adjusted) GDP per capita in the first three years of Obama's economic recovery was 4.34 percent.

In contrast, the total increase in real GDP per capita in the first three years of Reagan's economic recovery was 15.36 percent.

Further, and contrary to the frequent misrepresentation about the economic winners and losers during the Reagan years, the aforesaid growth in real GDP per capita produced across-the-board pay increases in every income quintile.

During the Reagan years, reports the Census Bureau, real household income increased by 11 percent, from $37,000 in 1981 to $41,000 in 1989, reversing a drop of $1,000 in real median household income from 1973 to 1981.

Turning around the income declines at the bottom, the poorest 20 percent of Americans had a six percent gain in real income during the Reagan 1980s, reversing a five percent decline in real income among the poorest 20 percent during the 1970s.

In the pre-Reagan years of 1973-1981, real median household incomes in the two highest income quintiles increased while the two poorest quintiles had decreases in real family income.

In contrast, reports the Census Bureau, all five income quintiles, from the richest to the poorest, had increases in real household incomes in the "trickle-down" years of Reaganomics, 1981-1989.

Bottom line, the best economic policies help make poor people rich, not rich people poor.

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