

Peter, Paul and Wary

I like taking things to the extreme to prove a point (*reductio ad absurdum*). For example, I often ask people who argue that we need to raise the minimum wage, “Why should we not raise it to \$500 per hour?” The question forces the other person to consider the obvious harm caused by raising the minimum wage. “But I only want to raise it to \$10 per hour!” does *not* alter the fact that the hike will cause damage. The damage will be less severe, but it will be damage nonetheless.

When someone argues that we “evil American imperialists” should give Texas and California back to the Mexicans, I naturally then suggest that the citizens of Mexico be deported to Spain. When someone argues that we should give Manhattan “back to the Indians,” I immediately state that we should rebuild the land bridge between Alaska and Russia and send the Indians back to Asia.

I have done a fair amount of training in my career, and have conducted some motivational seminars, and I can state with confidence that the *reductio ad absurdum* is one of the most effective ways to get a point across. Many times I have had people say to me, “Gee, I never thought of it that way... but I see your point!” (I state that not to brag, but simply to encourage others to use the same method of argument.)

Consider the famous “broken window fallacy” of Frederic Bastiat, author of the great book, *Economic Sophisms*:

A vandal breaks a shopkeeper’s window. The shopkeeper calls a glazer to repair the damage. Assume the shopkeeper pays him \$500 for his work. Passersby see the glazer at work and see economic activity. They argue, “That’s a good thing! The glazer has earned \$500, which will circulate through the economy!” The glazer may use that \$500 to buy a new sofa, which is then used by the upholsterer to buy new clothes for his children, and the clothing store owner uses the \$500 to pay for new dentures, and the dentist... etc.

Now, there is no denying that the act of breaking the glass created some economic activity. That is what leftists see. What they *do not* see is what the shopkeeper did *not* do with his \$500. The broken window prevented him from using that \$500 for *something else*. He may, for example, have used the \$500 to buy new tires for his car. Without the vandalism, the shopkeeper would have had *both* a window *and* new tires. Because of the vandalism he is no better off than he was before the vandalism: he not only has no new tires, he has \$500 less.

The liberal looks at the situation, sees the children getting new clothes, and says, “Oh, it’s for the children! How wonderful!” But the liberal *never* sees the tire company’s lost sales. The leftist thinks breaking windows is a good idea because it creates jobs for glazers! (Some people look at the aftermath of a devastating hurricane and comment, “Well, at least the clean-up will create construction jobs”—as if they think money grows on trees and that those jobs will not come *at the expense of something else*. One might just as easily claim that the deaths caused by the hurricane should be welcomed because they created jobs in the funeral industry.)

Extreme environmental proposals are a good example of the “seen versus unseen” phenomenon. The tree-hugging Goreistas argue that imposing incredibly strict controls on power plants will “create jobs” for people who police the industry. But those regulations are not *creating* jobs; they are (at best) only *displacing* jobs. They are trading the jobs of *productive* people who created useful electricity before the power plants were forced to close for the *unproductive* jobs of bureaucrats who are getting paid to do nothing more than write regulations and take air samples 10 miles downwind of the power plant. (Frankly, I’d rather do without the bureaucrats than the electricity.) Obama’s “war on coal” will not create one single job. It will destroy jobs and increase the cost of electricity.

The liberal sees “shovel ready” jobs in the creation of a bicycle path in a city. The liberal “sees” the jobs created by the \$10 million spent on that bike path. But the liberal never sees the jobs that are *lost* by taking that \$10 million from the taxpayers in order to pay for the bike path. Every homeowner in the town may have to pay \$50 more in property taxes to fund the bike path. The liberal fails to see—or does not care—that the homeowner has lost \$50 in purchasing power.

The problem is that the bike path is easily seen by everyone. It is out in the open and easily recognizable. (Everyone says, “Oh, look at the nice new bike path!”) But the \$10 million in lost purchasing power is spread out over the entire community, and that lost purchasing power is *not* easily seen. Joe may have spent the lost \$50 on books instead of higher taxes; Sally may have spent her \$50 on clothes; and Jim may have spent his \$50 it on something else. (No one says, “Oh, look at the lost book sales and clothing sales!”) Every homeowner has \$50 less to spend where he or she would have chosen to spend it. The \$10 million taken away from Joe and Sally and Jim and every other homeowner causes the *loss* of jobs. But those lost jobs are difficult to see, because it is not easy to link them directly to the bicycle path. They *are* connected, of course, but the typical leftist is unable to see the connection. *They see only the bike path. They do not see the \$10 million confiscated from the homeowners.*

That was one of the problems during the Great Depression. President Franklin D. Roosevelt concocted hundreds of schemes to “make work” for the unemployed. Some of that work was absurd, and fell into the category of “painting park benches that were not in need of repainting.” Those who claim FDR “created jobs” fail to understand that for every job he created, he took one (or more) away from somewhere else. You cannot pay Paul to paint a park bench without first taking the money to pay him from Peter. FDR had people doing unproductive things just to keep them busy and give them a paycheck, but others most certainly lost their jobs because of tax increases needed to pay the unproductive workers.

The Chicago high school I went to has huge, elaborate wall murals painted by FDR’s 1930s workers. Yes, they are impressive (if one can ignore their Marxist themes), and, yes, the men who painted them welcomed the paychecks. But every dollar paid to the painters was a dollar taken in taxes from someone else who was no doubt also struggling to make ends meet during the difficult times.

Today we have leftists celebrating because Americans are signing up for ObamaCare on the exchanges. But many of those who go to the healthcare.gov web site are not being sold insurance; they are instead being told they qualify for Medicaid. Millions more will be getting heavily discounted health insurance, with the difference in its cost being borne by the taxpayers. If John Doe gets insurance for \$2,000 per year via ObamaCare but the insurance company charges \$14,000 per year to cover him, the \$12,000 difference is being picked up by the government—that is, *by the taxpayers*. The leftist “sees” and celebrates the \$2,000 insurance sold to John Doe, but fails to “see” the \$12,000 taken from the taxpayers—\$12,000 that will now *not* be spent on what the taxpayers had planned to do with that money. *That* is where jobs will be lost, because businesses will lose \$12,000 in sales. (In reality, the \$12,000 is not *lost* business; it is *shifted* business. Instead of the taxpayers spending that \$12,000 on things *they* want, it will be forcibly taken from them by the IRS and given by ObamaCare to Aetna, or Blue Cross Blue Shield, or United Healthcare—or whatever insurance company has John Doe as a new customer. That is why many of the large insurance companies supported the ObamaCare legislation: they will get many new customers, and the government checks to pay the premiums won’t bounce.)

As the leftists gloat about the “success” of ObamaCare (even if it is a failure they will call it a success, of course), keep in mind the unseen consequences of the scheme. Leftists can only see the *immediate* consequences of actions (such as the person who gains insurance coverage or the glazer installing the new window) but are terribly unskilled at recognizing the *long-term* consequences. That is why, when the leftists are in control, we get things like increased minimum wage legislation (that causes the very people they are trying to help to lose jobs), and nonsense like “participation trophies” for all students because they believe it is “unfair” to reward the actual winner of a competition with a first-place trophy. In their desire to “not hurt the feelings” of the students who do not finish in first place, they diminish the accomplishments of those who do. In fact, they are essentially *discouraging* students from trying to win. In their desire to “help the poor” with ObamaCare, they are punishing the non-poor as well as the poor—because the poor are being kept poor by the government healthcare dole. To the degree that participation trophies discourage students from trying to win, ObamaCare discourages people from working. Peter is being forced by the government to pay for Paul’s free or subsidized health insurance... and I suggest we all be wary of the scheme.

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October 4, 2013