

June 13, 2012

Roger Simon says be happy you're not Binyamin Netanyahu.

Who would want to be Benjamin Netanyahu? As the prime minister of Israel he has a dreadful calculus to make: Is Barack Obama sufficiently serious about preventing Iran from obtaining nuclear weapons? ...

... He is staring at an American election that must give him fits. Were Barack Obama – the man who said those "flattering" things about him to ex-French President Sarkozy – to be reelected in November, the Israeli PM's hands might be tied in a myriad of ways with a myriad of threats.

His window to act is now. One can only wish him luck.

David Harsanyi says create wealth, not jobs.

... the context of President Obama's remark is simple: He believes that public-sector jobs are a vital measure of economic growth. This is the prevalent view from the left these days.

"Everybody knows that government creates jobs," lied Sen. Sherrod Brown recently. Liberal Washington Post columnist E.J. Dionne quipped that when conservatives say "government doesn't create jobs," "the riposte should be quick and emphatic: 'Yes it has, and yes, it does!'" (And really, how can anyone argue with that kind of ironclad logic?)

It's ironic that the same people pushing unsustainable job growth find the process of wealth creation so unsightly. Not long ago, Obama and others on the left were busy attacking private equity, claiming that some people are good at "maximizing profits" but that that's not always "good for businesses or communities or workers." (Actually, it almost always is.)

But pumping money into public-sector unions is always good for businesses, communities and workers? Obama is peddling a "jobs" bill right now that features one pinch of protectionism, one pinch of feel-good veteran help and a few hundred cups' worth of wealth-sucking, union-growing debt inducement. Can anyone name a single policy proposal by his administration that even pretends to clear the way for private-sector wealth creation?

In context, the entire focus of the president is warped -- not simply because he underestimated the health of the private sector but because he believes that any other sector matters when talking about the economy. It doesn't.

Michael Barone says the president makes a mistake listening to rich liberals.

Pickerhead says, "Keep it up. Barry, suits us fine."

Who does Barack Obama listen to?

Not Republican politicians. Evidently weeks go by between his conversations with House Speaker John Boehner, who determines what legislation comes to the House floor.

Not Democratic politicians. We have it on good authority that he seldom talks to Democratic members of Congress. Lyndon Johnson used to be on the phone constantly, cajoling and inveigling but also on the alert for shifts in opinion.

Speaker Tip O'Neill walked around the Capitol, asking member after member, "What do you hear?" In contrast, Obama, a former adviser told [Vanity Fair](#)'s Todd Purdum, "is a total introvert. He doesn't need people."

But there is one group of people Obama has to listen to: the [people who give him large sums of money](#). He recently attended his 150th fundraiser. That's more than the number attended by the last four presidents put together.

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[Matthew Continetti](#) reviews Road to Freedom by Arthur Brooks.

Will Smith was about to be surprised.

It was mid-May, and the actor was appearing on French television to promote his latest blockbuster. The host wanted to hear the Fresh Prince's thoughts not only on Men in Black III but also on American tax rates. "I have no issue with paying taxes and whatever needs to be done for my country to grow," Smith said. "So I will pay anything that I need to pay to keep my country growing."

Even the 75 percent top rate proposed by the newly elected French president François Hollande, the host asked? Smith's movie-star grin contorted in disgust: "Seventy-five?" he said. "Yeah, that's different." He looked from side to side, perhaps wondering if President Obama was lurking off-camera to punish him for such apostasy. "That's different. Yeah, 75. Well, you know, God bless America."

Will Smith reacted viscerally because a top tax rate of 75 percent offended his sense of justice. It might be right, in his view, for the government to take 30 or 40 percent of a rich person's earnings, but taking 75 percent would not be right at all. It would be wrong. Unjust.

One of the virtues of Arthur Brooks's new book on the morality of free enterprise is that it supplies empirical support for Smith's intuitive reaction. The Road to Freedom is personal and idiosyncratic, filled with autobiographical asides, references to the author's wife and children, corny jokes, and the occasional pop culture allusion. But it also has a serious intent. Brooks attempts to prove, scientifically, the "moral legitimacy of free enterprise" by testing whether the system "enables people to flourish," whether it is fair, and how it "treats the least fortunate in society." He argues that free enterprise passes all three tests, and he makes a good case.

Consider human flourishing. Expanding on arguments he made in *The Battle* (2010), Brooks says that high tax rates are wrong not only because they damage the economy, but also because they violate the principle of earned success. You are more likely to be happy, he observes, when you create “value with your life or in the lives of others,” and the happiness of the people ought to be the goal of any society that aspires to morality. ...

... Work is what takes us from learned helplessness or dependence to earned success and independence. Through public policy, governments and societies affect how much we work, and for what reason, and for whose benefit. Government can pay us not to work, or it can tax our labor and incomes and investments to such an extent that we do not work harder on the margin. Not only do we make less money; we lose some of our sense of self-worth. We lose our right to labor, and to the benefits of our labor. Jefferson, Lincoln, and Reagan understood: Governments that assert a claim to a citizen’s property will have no trouble asserting a claim to his conscience as well. It cannot be a coincidence that the Obama administration, which wants to “spread the wealth around,” also coerces religious institutions to provide contraceptives and abortifacients to employees. In both cases, Barack Obama believes his vision of the good trumps the equal rights of others.

Read *The Road to Freedom* for its explication of earned success, its definition of meritocratic fairness, and its moral commitment to using free exchange to improve the lives of the destitute. But don’t forget that the moral truths that animate this admirable book, and others, cannot be found in economics or statistics or social science. They are found in the individual dignity of every human being, and in the natural equality of man. Will Smith’s ability to pursue happiness does not depend on our 35 percent top tax rate. It depends on the depth of our commitment to the vision of the Founders.

[Jeff Jacoby](#) says the end is near for public sector unions.

In retrospect, there were two conspicuous giveaways that Wisconsin Governor Scott Walker was headed for victory in last week’s recall election.

One was that the Democrats’ campaign against him wound up focusing on just about everything but Walker’s law limiting collective bargaining rights for government workers. Sixteen months ago, the Capitol building in Madison was besieged by rioting protesters hell-bent on blocking the changes by any means necessary. Union members and their supporters, incandescent with rage, [likened Walker to Adolph Hitler](#) and cheered as [Democratic lawmakers fled the state](#) in a bid to force the legislature to a standstill. Once the bill passed, unions and Democrats vowed revenge, and amassed a million signatures on recall petitions.

But the more voters saw of the law’s effects, the more they liked it. Dozens of school districts reported millions in savings, most without resorting to layoffs. Property taxes fell. A \$3.6 billion state budget deficit turned into a \$154 million projected surplus. Walker’s measures proved a [tonic for the economy](#), and support for restoring the status quo ante faded — [even among Wisconsin Democrats](#). Long before Election Day, Democratic challenger Tom Barrett had all but dropped the issue of public-sector collective bargaining from his campaign to replace Walker.

The second harbinger was the plunge in public-employee union membership. The most important of Walker’s reforms, the change Big Labor had fought most bitterly, was ending the automatic withholding of union dues. That made union membership a matter of choice, not compulsion — and tens of thousands of government workers chose to toss their union cards. ...

Roger L. Simon
Mr. Netanyahu's Dilemma

Who would want to be Benjamin Netanyahu? As the prime minister of Israel he has a dreadful calculus to make: Is Barack Obama sufficiently serious about preventing Iran from obtaining nuclear weapons?

The latest development would *seem* to be reassuring. According to the [Financial Times](#):

The Obama administration said that seven more economies would be exempt from its Iran-related sanctions that come into force at the end of the month, but left open the prospect that China could still face sanctions.

The state department announced Monday that Turkey, India, Taiwan, South Korea, Malaysia, South Africa and Sri Lanka had all reduced purchases of Iranian oil by a large enough amount to be given a six-month exemption from the sanctions, which come into operation on June 28.

In an earlier announcement, Japan and 10 European countries had already been awarded an exemption.

A balancing act is evidently in progress here, with the U.S. encouraging various powers (India and South Korea are Iran's second- and fourth-largest oil buyers, according to [Reuters](#)) to reduce their oil purchases from the mullahs a significant amount, but not too much. Too much could have a negative impact on the precarious global economy and possibly even Obama's reelection chances.

But the chosen six-month exemption time frame gives these discussions a window wide enough to get past our elections, a fact undoubtedly not lost on Netanyahu and the Iranians.

Equally undoubtedly, both parties made note of President Obama's [overheard remarks](#) to Russian Prime Minister Medvedev, urging him to be patient and implying that after the election things would be different. He, Obama, would have more freedom of action.

So delay, delay, delay. This is good news for the Iranians. Patience is the name of the game for them. They love to wait things out. Indeed, they are masters of it, talking, not talking, walking and talking, talking and not walking, walking and not talking, all the while taking the opportunity to advance their nuclear ambitions.

Those in the administration who are more serious about the Iranian threat probably tell themselves that *this time* the sanctions (although limited in the manner described above) will really hurt the Iranian regime, that the scalawags genuinely fear the financial repercussions. *This time* they will work.

It's hard to believe that sitting here in Los Angeles, even less likely sitting in Jerusalem and Tel Aviv.

The mullahs' heady brew of religion and power madness almost certainly makes them immune to these forms of economic pressure, the more so since they mainly affect the already-battered Iranian public.

If the mullahs cared about their people, things would have been different a long time ago. And, unfortunately, that Iranian public seems less to be relied upon, the Green Revolution fading into a sad and, increasingly distant, memory. (I may be wrong about this, but watching the horrifying results of the demonstrations in Egypt and Syria cannot be encouraging to the remaining Greens and their sympathizers.)

So where does this leave Mr. Netanyahu? Not in place to be envied, despite his electoral popularity.

He is staring at an American election that must give him fits. Were Barack Obama – the man who said those [“flattering”](#) things about him to ex-French President Sarkozy – to be reelected in November, the Israeli PM's hands might be tied in a myriad of ways with a myriad of threats.

His window to act is now. One can only wish him luck. (And maybe some high-tech wizardry we have never seen before.)

Human Events

[Create' Wealth, Not Jobs](#)

by David Harsanyi

Soon after the president dropped his ill-advised ["the private sector is doing fine"](#) gaffe, White House press secretary Jay Carney scolded the media for failing to frame the comment in the proper "context." Which is weird, because the context is the worst part.

Yes, government "creates" jobs, often out of thin air. The private sector creates wealth -- which, in turn, allows us to fund the vital work of sending weapons to Mexican drug lords and prosecuting Roger Clemens.

Yet there is a pervasive argument coming from Democrats these days -- and, no doubt, the president was thinking of this context when he gaffed -- that goes something like this: "You know, if local governments hadn't laid off all those public service workers -- a policy conservatives embrace, mind you -- the unemployment rate would be closer to 7 percent rather than 8 percent."

Let's just say that few Americans are grouching about the decline in government productivity since those dreadful purges. Having a robust array of government services is a luxury, not an engine of growth. Though taking out a massive advance against future prosperity to artificially pump up employment statistics might be an effective way to win re-election, it is no way to judge economic well-being. A decline of wealth, on the other hand, is.

A new survey from the Federal Reserve found that both American income and wealth have [deteriorated](#) dramatically since 2007, as the median real income has fallen by 7.7 percent -- everyone taking a hit but "retirees and other nonworking families." For the average American,

net worth has declined by about 40 percent since 2007 -- from \$126,000 to \$77,000. The average family can say goodbye to about [18 years' worth](#) of savings.

Meanwhile, not only does the Bureau of Labor Statistics find unemployment rates of government workers at 4.2 percent but also studies find that public-sector employees -- free of the constraints of demand -- make more than their private-sector counterparts in similar vocations.

What this signals to the president, naturally, is that the economy is jonesing for more unsustainable busywork and debt. Hey, good salaries and job security -- what's not to like?

Moreover, the context of President Obama's remark is simple: He believes that public-sector jobs are a vital measure of economic growth. This is the prevalent view from the left these days. "Everybody knows that government creates jobs," [lied](#) Sen. Sherrod Brown recently. Liberal Washington Post columnist E.J. Dionne quipped that when conservatives say "government doesn't create jobs," "the riposte should be quick and emphatic: '[Yes it has, and yes, it does!](#)'" (And really, how can anyone argue with that kind of ironclad logic?)

It's ironic that the same people pushing unsustainable job growth find the process of wealth creation so unsightly. Not long ago, Obama and others on the left were busy attacking private equity, claiming that some people are good at "maximizing profits" but that that's not always "good for businesses or communities or workers." (Actually, it almost always is.)

But pumping money into public-sector unions is always good for businesses, communities and workers? Obama is peddling a "jobs" bill right now that features one pinch of protectionism, one pinch of feel-good veteran help and a few hundred cups' worth of wealth-sucking, union-growing debt inducement. Can anyone name a single policy proposal by his administration that even pretends to clear the way for private-sector wealth creation?

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Washington Examiner

[Obama listens to rich liberals at his peril](#)

by Michael Barone

Who does Barack Obama listen to?

Not Republican politicians. Evidently weeks go by between his conversations with House Speaker John Boehner, who determines what legislation comes to the House floor.

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He's also had plenty of chances to absorb the advice of the kind of rich liberals who like to give money to Democratic presidents. And the evidence that he has taken some of that advice is his initiatives on three controversial issues, each of which involves serious political risk.

The first and least risky of these stands is his endorsement of same-sex marriage. Many Democratic money-givers, straight as well as gay, have strong convictions on this issue and were probably not appeased by his assurance that he was "evolving" from his opposition to it.

Obama's reversal will likely help him rekindle the enthusiasm that pro-same-sex marriage young voters once felt for him. And there's some polling evidence suggesting his new stand has changed the opinion of many previously anti-same-sex marriage black voters.

Still, his move probably turned off some older voters and puzzled others who wonder why with a sluggish economy he was spending time on an issue that he said should be handled by the states.

The second issue on which Obama seems to have been listening to his money-givers was the health insurance mandate requiring employers to pay for contraceptives and abortifacients.

Many rich liberals feel strongly that women's "reproductive rights" (actually, the right not to reproduce) are so vital that government must ensure they have free access to contraception, even though it is widely available and inexpensive.

That's one view. Roman Catholic bishops and leaders of Catholic institutions feel that such services are sinful and refuse to provide them. They cite the Constitution's guarantee of [free exercise of religion](#), while the other side relies on what courts have called "emanations" and "penumbras" radiating from constitutional texts.

The political point is that, as [polling suggests](#), most Americans don't like government forcing people to violate their religious convictions. That's in line with tradition in a country that exempted those with religiously based conscientious objections from military service in a war in which more than 400,000 Americans were killed.

The third issue is the [Keystone XL pipeline](#), which would transport oil produced from tar sands in Canada to United States refineries and create thousands of jobs in the process.

Earlier this year, [Susie Buell Tompkins](#), John Kerry's fourth-biggest money-raiser in 2004, picketed outside an Obama fundraiser at San Francisco's W Hotel to protest the pipeline. She wanted Obama's State Department to block it because she thinks tar sands production hurts the environment and the planet.

Our neighbors the Canadians, who are not unconcerned about the environment themselves, disagree. The pipeline's promoters say it would produce 20,000 American jobs and would tend to lower U.S. gas prices.

Obama came out on Tompkins' side and blocked the pipeline.

If the same-sex marriage reversal seems somewhat risky politically and the contraception mandate considerably riskier, the Keystone pipeline decision seems downright foolish politically. Voters tend to favor it by 2-1 margins, and if they're not aware of it, the Republicans (and maybe the pro-pipeline unions) will make sure they are.

When given a chance to draw new boundaries of his state Senate district in 2002, Obama made sure to include Chicago's richest lakefront neighborhood. He's been working hard to court rich liberal contributors ever since.

The question is, is he listening to anyone else?

Weekly Standard

Give Us Liberty

The economic consequences of government.

by Matthew Continetti

Will Smith was about to be surprised.

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Consider human flourishing. Expanding on arguments he made in *The Battle* (2010), Brooks says that high tax rates are wrong not only because they damage the economy, but also because they violate the principle of earned success. You are more likely to be happy, he observes, when you create “value with your life or in the lives of others,” and the happiness of the people ought to be the goal of any society that aspires to morality. Brooks cites social science research to conclude that money might not make us happy, but it does serve an important purpose: Dollars and cents are an “index of success—an imperfect one at that—not success itself.” We require such an index because it is the only way to “keep score,” to know how we are doing at the game of life, to measure the link between effort and reward.

There is of course the danger of assigning too much value to money—the danger of materialism—but at the end of the day the incomes we earn suffice as one measure of the value we create in our lives and in the lives of others. When government takes too large a chunk of those incomes, it interferes in the scorekeeping process, breaks the link between effort and reward, and undermines earned success. An unlimited government inculcates the very opposite of earned success, what Brooks calls “learned helplessness” or dependence. This is “a state in which, if rewards and punishments are not tied to merit, people simply give up and stop trying to succeed.” When we cease to be self-reliant and rely instead on unearned rewards from others, we develop an entitlement mentality that erodes our character and bankrupts our polity.

Why does government obstruct earned success? Brooks’s answer is that too many of us misunderstand fairness. Nancy Pelosi and Barack Obama, for example, think in terms of “redistributive fairness.” They are offended by the fact that some individuals have larger pieces of cherry pie than others. They want to divide the pie equally so that every individual receives an equal slice. They are champions of the bureaucratic or administrative state, which serves as the pie-cutter, redistributing income across society so that everyone receives his fair share.

But Pelosi and Obama do not have a monopoly on fairness. Brooks proposes a second definition: “Meritocratic fairness,” in which “fairness means matching reward to merit” and “forced equality is inherently unfair.” A Tea Party activist earned his income or property fair and square, without breaking any laws or infringing on another’s rights, and therefore has a right to use it as he sees fit. That might mean he wants to invest his surplus income in the stock market, or save it in a bank account, or buy bars of gold. Whatever he does, Nancy Pelosi cannot claim that income is the government’s by right. The activist earned it. It is his.

Brooks is not an anarchist; he does not want to vanquish redistribution altogether: “Most serious economists also believe that a social safety net in a civilized country is appropriate to prevent the worst predations of poverty.” He is not arguing for corporate cronyism or the “unjust allocation of rewards to anyone, rich or poor.” He seeks a society that respects meritocratic fairness by interfering as little as possible with the inner workings of the economy and shrinking the wedge that government extracts from a citizen’s earnings. A society that satisfied Brooks’s first two conditions—human flourishing and meritocratic fairness—would almost certainly fulfill his third condition of improving the lives of the poor. The link between market economics and the alleviation of poverty is well established: One can see it happening, in real time, throughout Asia, where hundreds of millions of people have seen their standard of living rise over the last several decades.

Having made his argument for free enterprise, Brooks moves on to applying market principles to the major issues of the day, such as America’s profligate public spending, exploding national debt, trash heap of a tax code, and smothering Federal Register of regulations. The attentive

reader cannot help noticing, however, that Brooks's moral case for capitalism depends rather heavily on the material consequences of capitalism. "To fulfill the moral promises of the pursuit of happiness, basic fairness, and help for the less fortunate, America's economy must continue to grow," he writes. Presumably, free enterprise results in economic growth, which, in turn, satisfies Brooks's criteria for justice.

But what if the economy stops growing? What if free enterprise fails on its "moral promises"? Are we then justified in shucking economic liberty to the side in favor of more state control or communal ownership of the means of production, or some heretofore unimagined, post-material economic system? Economic growth can be a fragile reed on which to hang an entire worldview—or a political party. Growth slows. Economies crash.

And what precisely *is* free enterprise? Brooks says it's "the system our Founders left us to maximize liberty, create individual opportunity, and reward entrepreneurship." But this describes the system's ends without explaining its means. This definition also verges on anachronism, since "free enterprise" is a phrase the Founders would not have recognized. (The coinage derives from the late 19th century and was deployed by the partisans of a lightly regulated industrial capitalism.) The Founders may have been more familiar with the system of "natural liberty" that Adam Smith extolled in *The Wealth of Nations*, as well as with the largely agricultural and small-scale manufacturing economy of their own day. Even then, the Founders, many of whom supported tariffs, did not always follow Smith's lead. Turning to the Founders does not necessarily get us closer to what Brooks means when he says "free enterprise."

Neither does looking at our country today. America is typically considered the paragon of free enterprise, or "cowboy capitalism," but this reputation, as Brooks admirably points out, is largely false: "Despite all the claims that America is organized on free market principles, over the decades it has become arguably just as socially democratic as Europe." Total spending at all levels of government was 8 percent of the economy in 1913. It was 36 percent in 2010. Our corporate tax rate is the highest in the world. Our per capita debt burden is higher than Greece's. Our economy, like that of other social democracies, has stalled as the state has expanded.

One takes "free enterprise" to mean an economy with low rates of personal and corporate taxation, minimal welfare spending, free trade, low barriers to business formation, and as few rules and mandates as possible. And one finds it hard to name a locale other than perhaps Hong Kong or Singapore where these policies are currently enforced simultaneously. Certainly they were not all in force in the United States during the postwar boom, or even during the Reagan or Clinton booms. Federal spending has floated around 20 percent of the economy pretty consistently for decades, with tax revenues slightly lower at 18 percent of the economy. Our debt as a percentage of the economy has waxed and waned over the centuries, and skyrocketed after Richard Nixon severed the dollar from gold in 1971. Yet the American economy grew at a brisk pace nonetheless, before it seemingly hit a wall at the turn of the millennium.

Did America reach the social-democratic tipping point around the time George W. Bush was elected president? Doubtful. That is why "free enterprise" seems like either a normative ideal that is close to impossible to realize in a democracy—or a category so expansive as to be practically meaningless. What the Founders left us was not a specific economic system but a constitutional republic that relies on a specific set of institutional arrangements to limit the ability of one faction of the population to infringe on the equal natural rights of another.

Some of those rights have economic components, but *The Road to Freedom* is less about rights than it is about fiscal and regulatory policy. That is a missed opportunity since, as Brooks suggests, the moral case for limited government and economic freedom can be found in the political principles of the American Founding. The Founders believed that every human being is born with certain inalienable rights that exist prior to the establishment of civil society and government. They are rights attached to our bodily natures and therefore literally cannot be taken from us unless we die. Our very existence gives us the right to life and therefore the right to self-defense. Our capacity for reason and conscience and worship give us the rights to civil and religious liberty. Our capacity for work gives us the right to property that results from our labor.

Government, in the Founders' understanding, is instituted to protect equally these natural rights to life, liberty, and property—for investors and laborers alike. As Thomas Jefferson said in his first Inaugural Address, America needs

"a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned."

Abraham Lincoln thought government should secure "*free labor—the just and generous, and prosperous system, which opens the way for all—gives hope to all, and energy, and progress, and improvement of condition to all.*" And in his 1984 address to the Republican National Convention, Ronald Reagan noted that inflation's victims were not only the wealthy but also "working men and women."

Work is what takes us from learned helplessness or dependence to earned success and independence. Through public policy, governments and societies affect how much we work, and for what reason, and for whose benefit. Government can pay us *not* to work, or it can tax our labor and incomes and investments to such an extent that we do not work harder on the margin. Not only do we make less money; we lose some of our sense of self-worth. We lose our right to labor, and to the benefits of our labor. Jefferson, Lincoln, and Reagan understood: Governments that assert a claim to a citizen's property will have no trouble asserting a claim to his conscience as well. It cannot be a coincidence that the Obama administration, which wants to "spread the wealth around," also coerces religious institutions to provide contraceptives and abortifacients to employees. In both cases, Barack Obama believes his vision of the good trumps the equal rights of others.

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Matthew Continetti is editor in chief of the Washington Free Beacon.

Boston Globe

[The end is near for public-sector unions](#)

by Jeff Jacoby

In retrospect, there were two conspicuous giveaways that Wisconsin Governor Scott Walker was headed for victory in last week's recall election.

One was that the Democrats' campaign against him wound up focusing on just about everything but Walker's law limiting collective bargaining rights for government workers. Sixteen months ago, the Capitol building in Madison was besieged by rioting protesters hell-bent on blocking the changes by any means necessary. Union members and their supporters, incandescent with rage, [likened Walker](#) to [Adolf Hitler](#) and cheered as [Democratic lawmakers fled the state](#) in a bid to force the legislature to a standstill. Once the bill passed, unions and Democrats vowed revenge, and amassed a million signatures on recall petitions.

But the more voters saw of the law's effects, the more they liked it. Dozens of school districts reported millions in savings, most without resorting to layoffs. Property taxes fell. A \$3.6 billion state budget deficit turned into a \$154 million projected surplus. Walker's measures proved a [tonic for the economy](#), and support for restoring the status quo ante faded — [even among Wisconsin Democrats](#). Long before Election Day, Democratic challenger Tom Barrett had all but dropped the issue of public-sector collective bargaining from his campaign to replace Walker.

The second harbinger was the plunge in public-employee union membership. The most important of Walker's reforms, the change Big Labor had fought most bitterly, was ending the automatic withholding of union dues. That made union membership a matter of choice, not compulsion — and tens of thousands of government workers chose to toss their union cards. More than one-third of the Wisconsin members of the American Federation of Teachers quit, [reported The Wall Street Journal](#). At the American Federation of State, County, and Municipal Employees, one of the state's largest unions, the hemorrhaging was worse: AFSCME's Wisconsin rolls shrank by more than 34,000 over the past year, a 55 percent nose-dive.

Did government workers tear up their union cards solely because the union had lost its right to bargain collectively on their behalf? That's doubtful: Even under the new law, unions still negotiate over salaries. More likely, public-sector employees ditched their unions for the same reasons so many employees in the private sector — which is now [less than 7 percent unionized](#) — have done so: Many never wanted to join a union in the first place. Others were repelled by the [authoritarian](#), [belligerent](#), and [left-wing political culture](#) that entrenched unionism so often embodies.

Even before the votes in Wisconsin were cast, [remarked Michael Barone](#) last week, Democrats and public-employee unions "had already lost the battle of ideas over the issue that sparked the recall." Their tantrums and slanders didn't just fail to intimidate Walker and Wisconsin lawmakers from reining in public-sector collective bargaining. They also gave the public a good hard look at what government unionism is apt to descend to. The past 16 months amounted to an extended seminar on the danger of combining collective bargaining with government jobs. Voters watched — and learned.

There was a time when even pro-labor Democrats like [Franklin D. Roosevelt](#) would have regarded it as obvious that collective bargaining was incompatible with public employment. Even

the legendary AFL-CIO leader [George Meany](#) once took it for granted that there could be no “right” to bargain collectively with the government.

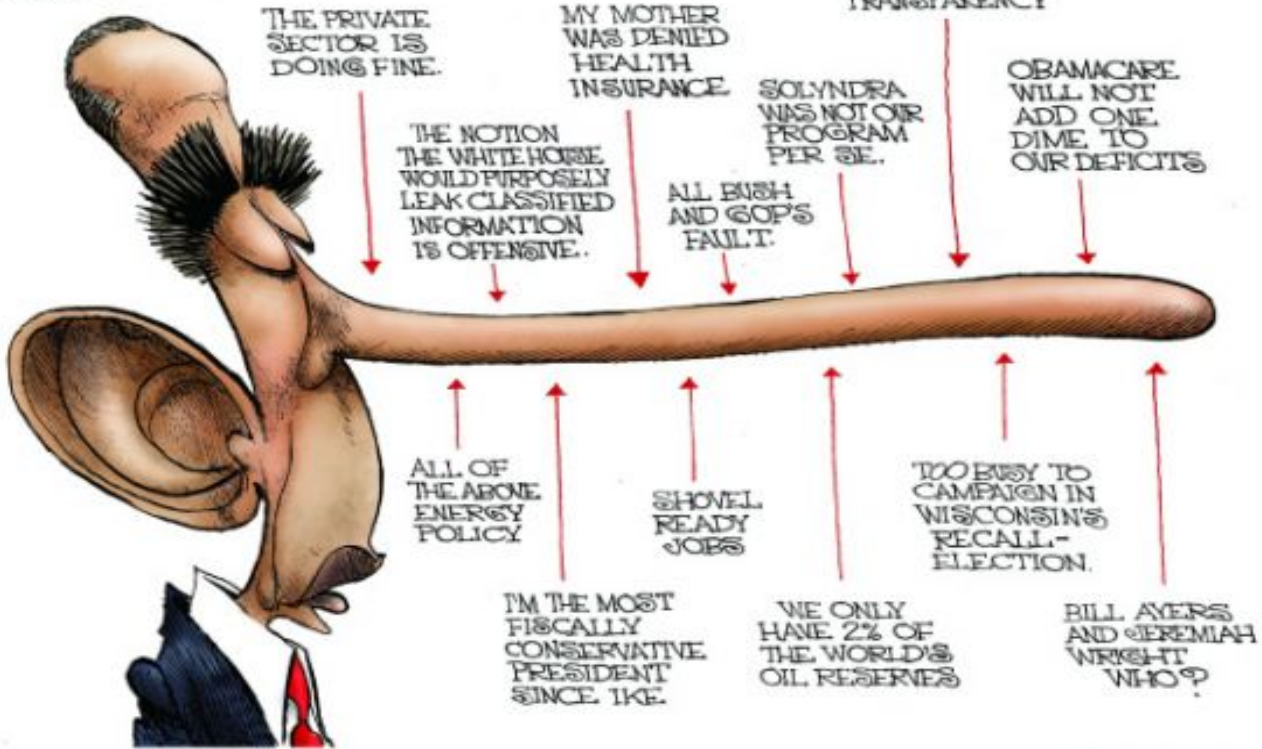
When unions bargain with management in the private sector, both sides are contending for a share of the private profits that labor helps produce — and both sides are constrained by the pressures of market discipline. Managers can’t ignore the company’s bottom line. Unions know that if they demand too much, they may cost the company its competitive edge.

But when labor and management bargain in the public sector, they are divvying up public funds, not private profits. Government bureaucrats don’t have to worry about losing business to their competitors; state agencies can’t relocate to another part of the country. There is little incentive to hold down wages and benefits, since the taxpayers who will be picking up the tab have no seat at the table. On the other hand, government managers have a powerful motivation to yield to government unions: [Union members vote](#).

In 1959, when Wisconsin became the first state to enact a public-sector collective-bargaining law, it wasn’t widely understood what the distorted incentives of government unionism would lead to. Five decades later, [the wreckage is all around us](#). The privileges that come with government work — hefty automatic pay raises, Cadillac pension plans, iron-clad job security, ultra-deluxe health insurance policies — have in many cases grown outlandish and staggeringly unaffordable. What Keith Geiger, the former head of the National Education Association, once referred to as “[our sledgehammer, the collective bargaining process](#),” has wreaked havoc on state and municipal budgets nationwide.

Now, at long last, the pendulum has reversed. The 50-year mistake of public-sector unions is being corrected. Walker’s victory is a heartening reminder that in a democracy, even the most entrenched bad ideas can sometimes be unentrenched. [On, Wisconsin!](#)





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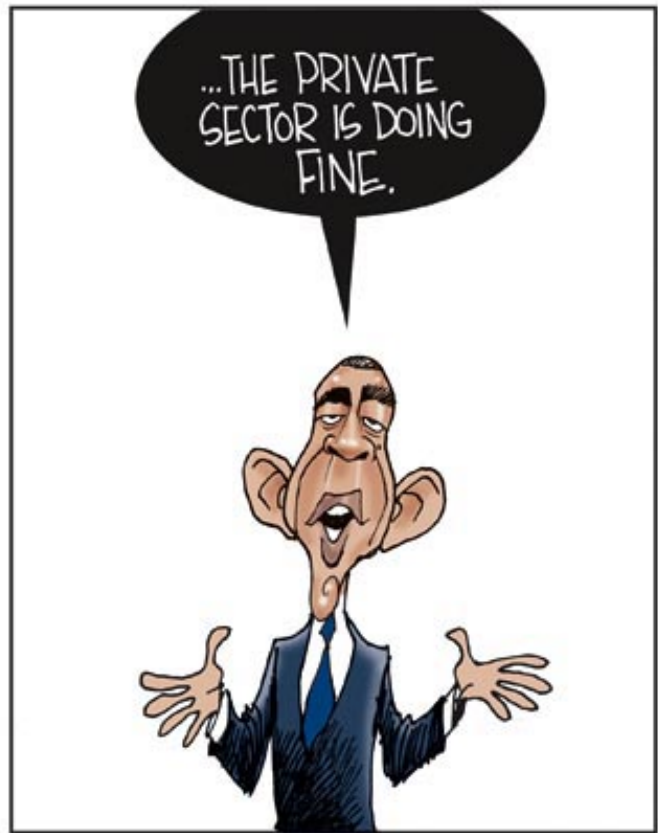
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