

PERSONALLY SPEAKING

Number 96

September 7, 2012

IN THE END IT'S SECURITY VS. FREEDOM

Edward J. O'Boyle, Ph. D.

Mayo Research Institute

Permission to quote is granted when the source is acknowledged.

With the Republican and Democratic national conventions behind us, both of which were noteworthy for data massaging, bombastic rhetoric, and parsing around the central economic issues of the day, what are the cold, hard, facts of current economic affairs?

There is an abundance of data to choose from, which is both a blessing and a curse. Everything hinges on how carefully one picks his way through the datasets, selecting in some, selecting out others. And when the numbers don't come out as one hoped for – they don't support the partisan message -- there's always the blame game.

To illustrate, the Democrats tell us that we have had 28 consecutive months of private-sector job growth. *True enough*, but not when you take into account the 5 months in which the “growth” was not statistically significant including March-April 2012 and May-June 2012.

Further, what the Democrats choose to leave out is that the 111.1 million private jobs in June 2012 -- the last month for which revised estimates are available -- nearly matched private payrolls in March 2005. In that sense, over the last 7 years for working men and women the US private economy has made no net progress. Consider also that today there are 4.5 million fewer jobs than in January 2008. In that comparison, the economy hasn't yet recovered.

The Republicans tell us that today's jobless rate of 8.1 percent is higher than the target rate the Democrats set when they passed the stimulus package in 2009. *True enough*, but it's much lower than peak rate of 10.0 percent in October 2009 that the Democrats trace to the failed economic policies of the Bush presidency. However, the Dems don't tell you that under Bush in October 2006 the unemployment rate stood at 4.4 percent.

The public debt today is \$16 trillion. When Democrat Obama took office it was \$10.6 trillion. When Republican Bush was sworn in for his first term it was \$5.7 trillion. Obama added more to the debt in 4 years than Bush did in 8 years, *true enough*, but under Bush the debt nearly doubled.

The U.S. taxpayer rightly blames both political parties for running up the public debt but roughly half of all tax filers don't pay federal income taxes so in the end it doesn't matter to

them. Whoever those “no pays” may be and whatever their party affiliation, they know that someone else will shoulder the burden of paying the interest on the debt and bringing it down.

The Federal Reserve stated recently that it “anticipates that inflation over the medium term will run at or below the rate it judges most consistent with its dual mandate” for price stability and maximum employment. The overall consumer price index increased by 8 percent since January 2009 which on an annual basis, *true enough*, isn’t so bad. But prescription drugs are up by 15 percent, college tuition by 20 percent, and gasoline by 80 percent.

Household income in 2010 -- the most recent data available -- averaged \$67,530, down \$4,800 since the peak reached in 2000. Both political parties blame the other for these results. The Republicans blame the Democrats for the slide since Obama took office. The Democrats blame Bush for the slide during his presidency. *True enough on both counts*. But neither one, especially the Democrats, acknowledges that over the last ten years, mean household income for married couples that almost reached \$91,000 in 2010 is more than twice the income of female-headed households, and that over the last 30 years female-headed households have increased at a rate 3-4 times faster than married-couple families. Washington partisans won’t admit that household income is down because there are many more female-headed households with only one wage earner. They’d rather play the blame game.

Mixed messages aside, in the November election much depends on what Americans want from their government. Is it security or freedom? The yearning for freedom that is given expression in the Declaration of Independence and the first ten amendment to the Constitution that Romney trumpets or the promises of security in the New Deal, the Fair Deal, and the Great Society that Obama stands for?

What do Americans cherish more? Food stamps? College loans and loan forgiveness? Home mortgage principal reduction? Extended unemployment benefits? Subsidized housing? Free government-mandated health care? Guaranteed retirement benefits? If those are what they want, they will vote for Obama.

In July 2012, annual government social benefits to Americans amounted to \$2.3 trillion, or on an annual basis \$7,419 per person. Thirty years ago, these benefits totaled \$342 billion. Does this mean that American are needier today or just more willing to accept what government has to offer? Or both?

Or do Americans truly cherish the freedom to live their lives with minimum interference from government? To speak their mind in the press? To practice their faith and gather in the public square to complain peacefully when their God-given rights are infringed? To own firearms and display the flag respectfully on their own property? To petition government when they are taxed unfairly? To be left alone? If that’s what really matters, they will back Romney.

We will know more on November 6. *True enough*.

*Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute
Offices in New Orleans, Lake Charles, and West Monroe
www.mayoresearch.org 318-396-5779 edoboyle737@gmail.com*
