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Barack Obama: The Anti Economic Growth President

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For several hundred years, a consensus developed in Western nations that economic growth – human progress – is a good thing. But now economic growth is under attack.

Economic growth has meant more jobs, higher incomes, more wealth and all the good things that become possible — a more comfortable life, better nutrition, better health care, more education, a cleaner environment, a secure retirement, a higher life expectancy and confidence that our children will be living even better.

In addition, when there is sustained progress, people gain greater peace of mind. They tend to become optimistic, more generous and tolerant. There's more political stability, and democracies are more likely to flourish when, as John F. Kennedy famously remarked, "a rising tide lifts all boats."

Yet President Obama has backed one anti-growth policy after another. His relentless class warfare rhetoric suggests he thinks growth is bad because some people have a lot more money than others. He might deny that he's anti-growth, but his actions speak louder than words.

During 2008 election campaign, he acknowledged that he favored capital gains tax hikes, even though the results would be less investment, less job creation and less capital gains tax revenue.

He had to have known that by draining hundreds of billions of dollars away from the private sector, then channeling the bulk of the money to government bureaucracies and government employee unions, his stimulus bill would mainly "save or create" government jobs, not private sector jobs.

He had to have known that the following policies would increase cost of operating a business, making it harder to create private sector growth and jobs:

- * Obamacare taxes and regulations
- * The card check bill to promote compulsory unionism, if it had passed
- * The cap & trade bill to increase energy costs, if it had passed
- * Regulatory actions to implement provisions of card check and cap & trade, after those bills failed to make it through Congress
- * The dramatically reduced number of oil & gas drilling permits issued
- * The decision to block the Keystone XL pipeline
- * The big tax hikes in his new proposed budget

Since Obama is a [Columbia](#) grad, a Harvard [Law](#) grad and a Nobel Prize winner, he's clearly a smart guy who knows what he's doing. It's hard to avoid the conclusion that he has pursued these policies precisely because they're anti-growth. One could counter that in particular circumstances the president might be justified, but making it harder for private sector employers to grow and hire people in every one of these cases marks him as the anti-growth president.

This is incredible, considering how long people suffered without any sustained material improvement in their lives. Living standards for ordinary people didn't change much in ancient Egypt for some 3,000 years. "The relationship between the king and his subjects," wrote historian Toby Wilkinson, "was based on coercion and fear...royal power was absolute, and life was cheap." Historian J.P. Bury, referring to ancient Greece, reported that "No period in their history could be described as an age of optimism."

As for [Rome](#), Bury said: "There was no change in the condition of life likely to suggest a brighter view of human existence. With the loss of freedom, pessimism increased." The prevailing view in medieval Europe was that whatever happened was the result of divine intervention. During the Renaissance, people looked back to ancient authors for wisdom. They believed life would never again be as good as it was in Greece and Rome.

But economies began to stir as individual property rights developed. England led the way. Magna Carta (1215) established the principle that property owners must be protected from arbitrary expropriation, which kings liked to do from time to time. This principle, intended to protect big landowners, was extended to everyone. England had active real estate markets at least as early as 1375. Small landowners engaged in sales, mortgages and leases. As the influential common law judge Edward Coke quipped, "the house of an Englishman is to him as his castle." The English legal scholar Frederic Maitland reported that "A woman can hold land, make a will, make a contract, sue and be sued. She sues and is sued in person without the interposition of a guardian. A married woman will sometimes appear as her husband's attorney."

During the 17th century, mathematicians and scientists, beginning with the Frenchman René Descartes, began to rely more on reason and observation rather than on the authority of the ancients. There was a succession of remarkable discoveries, each one leading to more. Among the noteworthy inventions of this era: a submarine (by Cornelis Drebbel, 1620), a slide rule (by William Oughtred, 1624), a blood transfusion procedure (by Jean-Baptiste Denys, 1625), a steam turbine (by Giovanni Branca, 1629), an adding machine (by Blaise Pascal, 1642), a barometer (by Evangelista Torricelli, 1644), an air pump (by Otto von Guericke, 1650), a reflecting telescope (by Isaac Newton, 1668), champagne (by Dom Pérignon, 1670), a pocket watch (by Christian Huygens, 1675), a universal joint (by Robert Hooke, 1676), a pressure cooker (by Denis Papin, 1679) and a steam pump (by Thomas Savery, 1698). All this suggested endless possibilities.

In 1750, the 23-year-old Frenchman Anne-Robert-Jacques Turgot became perhaps the first person to articulate the idea of progress. He gave a talk at the Sorbonne, titled “A Philosophical Review Of The Successive Advances Of The Human Mind.” He told how “manners are softened, the human mind is enlightened, and the total mass of human kind, through calm and upheaval, good fortune and bad, advances ever, though slowly, toward greater perfection.”

A key breakthrough in economic understanding came when the shy Scotsman Adam Smith wrote *An Inquiry Into The Nature And Causes Of The Wealth Of Nations* (1776). Until his time, the principal means of acquiring wealth were thought to be conquest and robbery. That’s a major reason why rulers were always starting wars.

Smith showed how people could create unlimited amounts of wealth peacefully. He developed an idea expressed by the French thinker Bernard Mandeville who, in 1714, had written *The Fable of the Bees, or Private Vices, Public Benefits*. The idea was that when people pursue their self-interest by trying to make a profit (a private vice), they must provide something other people consider useful and are willing to pay for (a public benefit). Peaceful trade takes place when each party voluntarily exchanges something they have for something they want more, and both parties benefit. Smith used the word “progress” many times throughout his great book. For example, he referred to “the natural progress of opulence,” “the progress of cities and towns” and “the progress of the greater part of Europe.”

Smith’s most famous lines: “[a typical investor] intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.”

Our Founders risked their lives, their fortunes and their sacred honor for liberty and all its blessings – not least, unlimited human progress. For instance, Benjamin Franklin, in a 1788 letter, wrote: “I have been long impressed with the improvements in philosophy, morals and even the conveniences of common living, by the invention and acquisition of

new and useful utensils and instruments. Invention and improvement are prolific and beget more of their kind.” Thomas Jefferson added, “Where this progress will stop, no one can say.”

According to historian Robert Nisbet, “By the second half of the nineteenth century, the concept of progress had become almost as sacred to Americans of all classes as any formal religious precept...[the idea of progress] was grass-roots evangelism in America from one coast to the other.” This belief in human progress inspired millions of people to head west and settle new territory, build new businesses, serve new markets and create an opportunity society the likes of which the world had never seen.

To be sure, there were naysayers, like the English economist Thomas Malthus who feared that markets wouldn’t be able to produce enough food for growing populations. The French economist Frédéric Bastiat pointed out that “Here [in Paris] are a million human beings who would all die in a few days if supplies did not flow in... And yet all are sleeping peacefully without being disturbed... We put our faith in self interest and voluntary exchange.” The quickest way to end a famine, as the British free traders Richard Cobden and John Bright demonstrated dramatically after the 1845 failure of the Irish potato crop, is to abolish tariffs and other trade restrictions that make it difficult or impossible for people to buy food wherever supplies are available.

In England during the 19th century Industrial Revolution, aristocrats as well as socialists denounced entrepreneurs who created factory jobs and produced cheap goods for ordinary people. The claim was that living standards for factory workers were becoming worse and worse. But on the farms where most factory workers came from, labor was hard, it was tedious, and everybody was out in the fields from sun-up to sun-down. Children did plenty of farm work, too. Farm people continued migrating to factory towns, which suggested that despite all the drawbacks of factory work, those people believed it was a better option for them. In fact, for millions the alternative to factory work was starvation.

Competition spurred businesses to improve quality as well as drive down prices. For example, economic historian Joel Mokyr reported that “A typical textile product in 1830 was better in terms of the evenness of its fabric, its durability, its ability to absorb and maintain color, its ease of laundering, and so on. The same is true for a wide range of products, from iron pots to glass to steel pens to printed illustrations in books.” Overall, economic historian David Landes declared, markets produced “an enormous increase in the output and variety of goods and services, and this alone has changed man’s way of life more than anything since the discovery of fire.”

The most telling evidence about progress is life expectancy. For instance, the percentage of London-born children who survived at least to their fifth birthday more than doubled from about 25 percent in 1730-1749 to about 68 percent in 1810-1829. This was an era when there was child labor, and deadly infectious diseases were common. Overall, between 1760 and 1850, life expectancy went up.

Back then, many people didn't understand how something as important as human progress could occur without government planning or control. But languages, markets, sciences and cultures developed spontaneously, without government planning or control. Many laws codified what had been customary practices that developed over a long period of time.

The British author Herbert Spencer – best-known for his writings about evolution (he coined the term “survival of the fittest”) — elaborated on the idea that human progress was a spontaneous phenomenon that arose within a framework of a rule of law and economic freedom including secure private property rights, freedom of contract, freedom of movement and freedom of trade. In *Principles of Sociology*, Spencer wrote that “The turning of wilderness into farm land, cleared, fenced and drained, has been achieved not by legislative direction but by men working for individual profit...villages, towns, cities, have grown up under the desires of men to satisfy their wants ...the voluntary cooperation of citizens formed canals, railways, telegraphs, and other means of communication and distribution...science has resulted from individuals prompted not by the ruling agency but by their own inclinations...And supplementing these come the innumerable companies, associations, unions, societies, clubs, philanthropy, culture, art, amusement, all of them arising from the unforced cooperation of citizens without governmental help — sometimes in spite of governmental hindrances.”

Human progress began eons before there were modern welfare states, and it has continued up to the present wherever governments weren't disrupting markets with taxation, regulation, expropriation or war. Economist Julian Simon noted that “In the nineteenth century, the planet Earth could sustain only one billion people. Ten thousand years ago, only 4 million could keep themselves alive. Now, more than 5 billion people are living longer and more healthily than ever before, on average.”

By contrast, it is during crises when economies stop growing or decline that multitudes become anxious, resentful and envious. Economic crises often spawn extremist political movements. In the United States during the Great Depression, Louisiana senator Huey Long developed a national following for his “Share the Wealth” class warfare campaign. During the 1940s, the Argentine demagogue Juan Péron gained power by appealing to the “descamisados” (“shirtless ones”). Adolf Hitler emerged as a political figure to reckon with during Germany's runaway inflation of 1923, when he appealed to “starving billionaires” who had bundles of paper money worth less than a loaf of bread. Both Lenin in Russia and Mao in China seized power amidst economic as well as political chaos.

So, the stakes are high. If the anti-growth view prevails, we might find ourselves slipping into a new dark age. But if voters choose political leaders committed to economic growth, there could be a new boom ahead.

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