

- [BIG NEWS:](#)
- [AIG](#)
- |
- [Auto Bailout](#)
- |
- [Citibank](#)
- |
- [Financial Crisis](#)
- |

[More...](#)

July 31, 2009

[This is the print preview: Back to normal view »](#)



[Dave Johnson](#)

"Dave Johnson is a fantastic grandfather of the blogosphere."

Posted: July 31, 2009 01:23 PM

[Free-Market Conservatives Are Just Wrong](#)

Read More: [Conservatives](#), [Economy](#), [Free Market](#), [Free Market Capitalism](#), [Free Markets](#), [Free-Market Conservatives](#), [Jobs](#), [Trade](#), [Business News](#)

digg [stumble](#) [reddit](#) [del.icio.us](#)

ShareThis

This post originally appeared at [Blog for OurFuture](#) as part of the [Making It In America](#) project.

There are things you can see in front of your face, and then there are things that conservative "free market" ideologues tell you.

One example is when they talk about the minimum wage. (An increase in the national minimum wage goes into effect today.) Conservative "free market" ideologues tell you that raising the minimum wage "costs jobs." They say that if employers have to pay a few cents more per hour they won't employ as many people.

But then there is something you can see in front of your face: whenever the minimum wage is raised, things get better. Things obviously get a little better for the people who work at the minimum wage, and for their families. As this works its way up the food chain things get a little better for the people and stores these workers rent and buy from. But also, studies looking into the effect of *what actually happens* after the minimum wage is raised show that the net effect is *no loss of jobs*.

Here is why. Employers hire the number of people they need to get done what needs to get done, according to demand. Ideally they employ the correct number of people to fill orders, run checkouts, stock shelves, etc. They don't just have extra people sitting around for the heck of it. Of course there are some tasks where a calculation of a few cents in wages can make someone "not worth it," but in the aggregate any jobs lost from this are offset by the new people hired to meet the increased demand created by people spending the higher wages. More people with more money to spend increases demand, which is good for business. Profits for some employers may be reduced a bit by the increase in labor cost, but these are also offset by increased profits for others due to increased demand.

Even so, conservative free-market conservative ideologues continue to make the claim that increasing the minimum wage "costs jobs" anyway. It's what they do. They make a bad thing out of paying American workers good wages and benefits. They complain about workers getting pensions and health care. They just don't seem to like it when regular people are better off. But here is a warning: never, ever dare suggest to a free-market conservative that a CEO or a trust fund child should pay some taxes - you'll get an earful about how this would just ruin the economy.

The free-market conservatives are just wrong.

A second thing a free-market conservative ideologue will tell you is that it is good for more and more of the things that used to be made here to be made in other countries instead. They say that by moving factories to other countries we all benefit because "we pay lower prices." They say we benefit because "foreign competition encourages greater productivity" (even though we are talking about moving *our* factories from here to there.) They say that moving factories to other countries, "unites people in peaceful cooperation and mutual prosperity."^{*}

They say that moving factories to other countries, to make the same things that the factories were making here, should be called "trade."

But we can all see right in front of our faces that none of this is so. Moving jobs out of the country to make the same things that were made here is not "trade" and it certainly hasn't brought us prosperity. It is just moving our jobs out of the country to make the same things that were made here, so a few people can pocket what was being paid to the American workers, while they stick the taxpayers with their unemployment pay and the costs of trying to keep their devastated communities alive.

Free-market conservative ideologues seem to believe that society works better when a few people get paid a lot, while the rest of us have very little, and advocate policies that bring that about. They have been the dominant force in our country's policymaking for many years, and we can see in front of our faces that the result is that *a few people* are getting paid more and more and the rest of us less and less. (Bailed-out Citigroup is paying one person a \$100 million bonus, 738 others bonuses of \$1 million or more, and Merrill Lynch paid 696 people bonuses of \$1 million or more.) They have put in place policies that stick the taxpayers with the costs and the wealthy few with the benefits.

We can all see that moving factories out of the country has destroyed lives, torn apart communities, created massive debt, created a very few massively rich people at the expense of the rest of us ... oh, and ruined the economy. That, too.

It is time for us to realize that these free-market conservatives are just wrong. They get paid to say that stuff, but it is just wrong. Moving a factory out of the country to make the same things it made here is not "trade." It does not benefit anyone except a few, and when the purchasing power inevitably dries up it doesn't even benefit those few either. They made a short-term profit and now we all suffer a long-term loss.

it is time for us to come up with new policies, new plans, new strategies and new rules of the game.

*Actual claims at Cato Institute's [Center for Trade Policy Studies](#)

Follow Dave Johnson on Twitter: www.twitter.com/dcjohnson

- [Copyright © 2009 HuffingtonPost.com, Inc.](#) |
- [Archive](#) |
- [User Agreement](#) |
- [Privacy](#) |
- [Comment Policy](#) |
- [About Us](#) |
- [Powered by Movable Type](#)