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August 14, 2009

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[Robert Creamer](#)

Political organizer, strategist and author

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New Economic Data Shows that Right Wing Economic Theory Is Simply Wrong.

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Even as Republicans blather on about the evils of a so-called "government takeover of health care," economic news has provided two new key illustrations that the intellectual foundation of right-wing economic orthodoxy has collapsed.

First, the most recent economic numbers on changes in Gross Domestic Product (GDP) and employment made it increasingly clear that -- as *The New York Times* reported last Saturday -- the Obama economic stimulus and the massive government intervention in the financial markets were the critical medicine needed to prevent complete economic collapse.

It is now clear that, left to their own devices, there can be no doubt that private financial markets would have pulled the entire economy into another Great Depression. Though job losses continued, last month they continued to shrink from their massive January highs. At the same time, the contraction of the GDP dropped to its lowest level since Lehman Brothers collapsed last September.

Even as the right continues to rail against the Obama stimulus package, there is now near-universal consensus that the \$700-billion-plus stimulus bill is largely responsible for beefing up the GDP in the last quarter. Studies by the private research firms IHS Global Insight and MoodysEconomy.com concluded that it is already responsible for saving 500,000 jobs.

Everyday there is fresh evidence that government spending to stimulate demand was critically necessary to pull the country out of the economic tail spin caused by the reckless risk-taking of essentially unregulated private financial markets. Contrary to right wing theory, private consumer demand and new business investment are not leading the way out of the Great Recession -- in reality, government demand was an absolute necessity.

But the second piece of economic news tells even more about the bankruptcy of right wing economic thought. Throughout the heyday of Reagan's "supply side revolution" and Bush's tax cuts, the Republicans and the right wing intellectual establishment have hung fast to their foundational belief that tax cuts for business would create private sector jobs.

Well, the great experiment in "trickle down" economics is over and the results are in. ***The New York Times* reports that, "For the first time since the Depression, the American economy has added virtually no jobs in the private sector over a 10-year period. The total number of jobs has grown a bit, but that is only because of government hiring."**

In fact, since George Bush and the Republicans in Congress passed two massive tax cuts, we have seen a massive, secular decline in the creation of private sector jobs.

Of course it won't surprise anyone that this decline has been led by the reduction of American manufacturing jobs. There has been a decline of 3.7% in overall manufacturing jobs in the United States over the last decade.

Remember that we're talking here about an absolute lack of increase in private sector jobs -- zero increase in actual jobs -- even as the population of the United States has grown. Economists tell us that the economy must create 150,000 new jobs each month just to stay even with population growth.

The failure of the economy to produce any private sector jobs at all would have been even more devastating had it not been for a small but significant growth in public sector jobs at the state, local and Federal levels. Of course these are precisely the kind of jobs that the Republicans and Right decry at every opportunity. "Every one knows," they say, "that job growth is really driven only by the private sector." Wrong...maybe in the imaginary world of the Heritage Foundation or Cato Institute, but not in the real world of the American economy.

And let's be clear, the Bush tax cuts didn't just produce fewer jobs than advertised. They didn't produce any private sector jobs at all. The whole experiment in handing over money to the wealthiest people in America so they could use it to benefit the rest of us was a colossal - empirically verifiable - failure.

Turns out that when given the chance to use all of those tax cuts, the top two percent of the population used them to speculate in exotic derivatives, to drive up the prices of high end real estate, pay exorbitant prices to the designers of \$4,000 blouses and \$2,000 shoes. There is absolutely no evidence that they made any more investments in new manufacturing plants, or started up any more businesses than they would have had they paid the same tax rates that they did when Ronald Reagan took office and private sector job growth was 3% per year.

No, instead the rich used the Bush Tax Cuts to create the gigantic economic "bubble" that ultimately burst and caused immeasurable hardship and suffering to millions of average Americans and everyday people across the globe.

Bottom line is that the rich sold America a bill of goods. Give us big tax cuts and we'll give you jobs growth, they told us. America kept its end of the bargain, and the rich reneged entirely on theirs.

In a word, the economic theories of the Republicans and the Right were simply wrong. In fact, they were elaborate intellectual justifications for the richest among us to enrich themselves even more.

The Republicans and the Right Wing establishment will continue to ignore reality, to repeat their slogans, to pander to fear, stand up for wealthy special interests. But history has rendered its verdict. Everyday more and more people see clearly that the Right Wing ideological emperor has no clothes -- and realize that if, together, they take control of their own destiny they can build a foundation for long-term economic prosperity that benefits us all.

Robert Creamer is a long time political organizer and strategist, and author of the recent book: Stand Up Straight: How Progressives Can Win, available on Amazon.com.

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