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May 28, 2010

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## The Endgame of Class Warfare

By [John Griffing](#)

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The pursuit of happiness and the acquisition of wealth and property are as integral to capitalism as the products advertised on [television](#). But President Obama would have Americans believe that this activity is inherently evil and must be [curbed](#). Obama has appointed a czar to oversee what he deems "excessive" [pay](#). And according to President Obama, there is a point at which someone has "enough" [money](#). Assuming Obama's premise is correct, who is he to make such a [determination](#)? Who is Congress? These men and women are public servants, not public masters, as [noted](#) by [financial](#) commentator Thomas Sowell. Moreover, these individuals long ago made "enough" --

with President Obama raking in over \$5 million this [year](#).

At the heart of this paradigm is the mistaken belief that the economy is a zero-sum game, a fixed pie that neither expands nor contracts, and that making money takes money from someone else. In this paradigm, the existence of tycoons like [Bill Gates](#) "steals" opportunity from the poor and removes wealth from the "fixed" economy. This misconception is bad economics and certainly bad politics for a free country.

Bill Gates' possession of large quantities of money in no way removes wealth or reduces the opportunities for others to climb the ladder of economic success. The economy is a dynamic and constantly expanding (not static) entity. This is why, apart from outdated CBO models, tax cuts yield greater revenue than [tax increases](#) -- because when people are given more of their money to spend, investments are made, jobs are created, the income base expands, and a smaller slice returns greater revenue. If the economy were static, the rich would pay less after tax cuts, but the most current data indicate that the rich pay a larger share of the tax burden after [tax cuts](#). Furthermore, a principle called income mobility demonstrates that the poorest in American society often rise to the highest echelons of American society in the course of single decade.

In essence, the pursuit of wealth is an act that benefits all. This is the well-known "invisible hand" discussed in Adam Smith's great work, *The Wealth of Nations*. The evidence of this principle envelops America. When taxes are lowered and profit is encouraged, the ensuing economic tide lifts all boats. Consider the Reagan expansion. [Business](#) flourished, over 20 million new jobs were created, and over half of those in the poorest income brackets had moved to the middle, upper-middle, and highest income brackets by the end of the decade.

The statistical breakdown is as follows: Those making an average of \$50,000 or more in the eighties grew by 60 percent, those making an average of \$75,000 or more grew by 83 percent, and those making less than \$10,000 -- or those in poverty -- shrank by 5 percent [i]. Similarly, the Federal Reserve Bank of Dallas, using data gathered from tax returns, [found](#) that from 1979 to 1988, 85 percent of those in the poorest quintile were in a higher quintile by 1989. Capitalism serves the interests of everyone.

On the other hand, nations that have, due to economic pain and resentment of "the rich," given government the power to regulate income have often found themselves on the back of an alligator, eaten last but still eaten. The French Revolution and the murderous Reign of Terror consumed even Robespierre, First Citizen and chairman of the infamous Committee of Public Safety that sent so many aristocrats to the guillotine. Witch-hunts often don't end well for the hunters. In Soviet Russia, the poor found that the bleeders of the rich soon established

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themselves as the new Russian elite, known historically as the *nomenclatura*. "From each according to his ability, to each according to his need" rated the needs of a few more heavily than it did the others'.

These systems failed to ensure the happiness and prosperity of their citizens because they were predicated on economic mythology. There will always be some people with more money than others. Better a system that enables the poor to improve their circumstances than a system that punishes success, because that is a system that punishes the very people it purports to help. Consider a trend called bracket creep, whereby high entry-level taxes put in place to soak the rich keep the poor from rising.

So, then, why, with such a history of failure, are Obama and the Democrats agitating for the power to decide something as central to American liberty as pay? Why are government committees set to decide matters of credit and [personal finance](#)? The answer is simple: Two classes are easier to control than five. The rich will make [deals](#) to keep their wealth, and the poor will beg for government handouts, preserving the control held by our betters.

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[i] Cato Institute, calculations based on Bureau of the Census, U.S. Statistical Abstract, 1996, p. 478, Table 740.

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