

DA WITCH!

JULY 2008

My youngest son's favorite program is the Disney produced *Little Einsteins*. On this show, an eclectic bunch of kids travel around the globe on a rocket ship on various adventures. Along the way they learn about famous artists and classical music composers. On one recent episode, I noticed Nicholas was a little frightened by a witch that the *Little Einsteins* had to deal with. Whenever the witch would appear, Beethoven's Fifth Symphony would start to play and my Nicholas would back away from the television and say "**Da Witch! Da Witch!**"

I thought to myself, "**Eureka! Is it possible? Could Beethoven be the Holy Grail of adjusting my two-year-olds behavior?**" I couldn't wait to try out my new Nicholas control theory, and sure enough when Nicholas made an attempt to go play in the garage I started to loudly hum Beethoven, I threw in a couple "**Da Witch, Da Witch**" and sure enough it stopped Nicholas in his tracks.

The mainstream media utilizes a similar tactic on Americans every day. While reading some of the following headlines I want you to think of Beethoven's fifth in the background: **US Misery Index Climbs...Everything Seemingly is Spinning Out of Control...Depression in the Works...America in Decline...**and the classic July 4th Associated Press headline, **American's Unhappy Birthday**. The first paragraph of one of the articles stated that was written by the Associated Press actually started off...

Is everything spinning out of control? Midwestern levees are bursting. Polar bears are adrift. Gas prices are skyrocketing. Home values are abysmal. Air fares, college tuition and health care border on unaffordable. Wars without end rage in Iraq, Afghanistan and against terrorism.

I recently meandered into a bookstore and found the experience downright depressing; and it wasn't because of the hemp wearing/smelling individuals reading *An Inconvenient Truth* in the coffee shop waiting for the Gulf of Mexico to boil. It seemed as if every book featured front and center was either another tome about the imminent collapse of our country, how China is going to take us over, or how George W. Bush is a fascist Nazi.**

*****Left wing fact alert: Mussolini was a Fascist; Hitler was a Socialist, a rabid environmentalist, a vegetarian that wanted to ban all meat eating in his Third Reich, and a starving artist to boot. I could go on, but I think you get the point.***

Despite all the fake outrage and stupid bumper stickers that have become more and more prevalent, Americans, despite the mainstream medias incessant drumbeat of gloom and doom, Americans are quite happy. The latest World Values Survey conducted by a global network of social scientists has shown that Americans have experienced increased happiness from 1981 to 2007. Researchers responsible for the analysis, from the University of Michigan's Institute for Social Research, state the overall rise in reported happiness is due to greater economic growth, democratization and social tolerance. Arthur Brooks professor at the Maxwell School at Syracuse University cites a popular bumper sticker that he encounters with great regularity around campus, "***If you're not outraged, you're not paying attention.***"

Brooks writes in the *Wall Street Journal*... ***One does not do well to question the legitimacy of this alleged anger. Former Texas senator and McCain economic adviser Phil Gramm learned this the hard way. Looking at data showing less economic trouble than he felt the gloomy headlines warranted, he said in an interview on July 9 that the U.S. was a "nation of whiners" and that we are merely in a "mental recession." Within a few days he stepped down from a McCain campaign increasingly worried about a possible backlash from supposedly enraged voters.***

The controversy about Mr. Gramm's comments involved whether Americans have the right to be angry. The anger itself is simply assumed to exist. Ironically, this assumption is questionable, and is not supported by the data.

In May 2008, the Gallup Organization asked 1,200 American adults how many days in the past week they had felt "outraged." The average number of angry days was 1.17, and 54% of those surveyed said none. Only one in 20 reported being outraged every day. Despite the litany of horrors presented to us daily by campaigning politicians, most of us appear to be doing really quite well managing our anger.

Indeed, we are less angry today than a decade ago. Let's look back to the glory days of the 1990s, when -- according to the media narrative -- we enjoyed uninterrupted peace and prosperity. In 1996, the General Social Survey asked exactly the same "outrage" question of 1,500 adults. Then, only 38% had not been outraged at all in the past week. The average number of angry days was 1.5 per week, 29% higher than at present.

Virtually every group in the population is less angry in 2008 than in 1996 -- those making more and those making less than the average income; college-educated and noncollege-educated folks; men and women.

Only one major group in the population has gotten angrier: people who call themselves "very liberal." While conservatives, moderates and nonextreme liberals all have seen their average levels of outrage fall over the past 12 years, the number of angry days among our leftiest neighbors has risen 56% (to 2.28 from 1.46), and the percentage with no angry days in the past week has fallen to 31% from 37%. Today, very liberal people spend more than twice as much time feeling angry as do political moderates. One in seven is outraged seven days a week.

Michael Novak of *National Review* magazine states that there are two important economic necessities for a democratic society; the first being jobs growth, the second being economic growth. The reason Novak states the case for economic growth is because the most destructive of all human social passions is envy. If there is no economic growth, the only way people have to vaunt themselves is to tear others down. In static societies, envy sparks social frictions. In contrast, growing economies people have the opportunity to stop comparing themselves with their neighbors and tear them down. Unfortunately for us, politicians understand this as well. They are well versed in the methods of King Charlemagne in divide and conquer, dividing Americans in to various different groups or constituencies and pitting them against one another to achieve power. Their weapon of choice is our ridiculous tax code and divisive, yet ridiculous rhetoric such as economic fairness.

Novak writes, "A republic like the United States simply must defeat envy, and focus on a better future for each family. The only way that can be accomplished is by reasonably consistent and gently upward economic growth. Growth is the necessary condition for the pursuit by each of his own happiness. A happy society is a more generous and loving society."

Despite all the static, noise, gloom and doom, the numbers/facts tell a different story. The GDP output is 40% higher than it was when President Clinton left office. The nominal GDP has grown from \$10 trillion at the end of 2001 to \$14 trillion at the end of January 2008. To put this into full perspective, the U.S. has added to its national wealth by the equivalent to the whole nominal GDP of China 3.75 trillion. Jobs growth over the same period, while not being as robust as it was under Reagan or Clinton 35 million, it still has still increased by 10 million. All of this despite 9/11, wars in Iraq and Afghanistan, a housing bubble, an oil bubble, the Red Sox winning two championships, Paris Hilton and Britney Spears.

Do we have some witches circling the economy at large? Most definitely; oil, higher taxes, burdensome regulation, protectionist trade policies, and government growth, to name a few. These nasty witches can be dealt with some common sense leadership which has been sorely lacking to say the least.

Our nation's energy policy is a joke that I have written about extensively over the years.

Our tax code is an abomination, and needs to be scrapped. We need to move quickly to either a national sales tax or flat tax system to remain competitive. Don't believe me...ask Anheuser Busch.

Our regulators and lawmakers react haphazardly to events after the proverbial horses have escaped from the barn and conjure up useless regulations to businesses they can barely comprehend. At least they can hold a press conference or two and get their name in the paper. Every year the World Bank publishes a ranking of the world's most free economies. This study is based on factors in relation to the ease of starting a new business. The freest countries at the top of the list are always the wealthiest, and have the highest standards of living and mortality. The most stringent are always the world's poorest and dire. Trade barriers throughout history have done nothing but destroy economies and cause depressions (China, Africa, Smoot-Hawley, Hoover and the Great Depression). We were 5th on the list this past year, which is unacceptable in my book.

I wrote a column a few years back comparing the growth of government to the science fiction monster the Blob. In 2008 the Blob lives, and is bigger and badder than ever.

All of these witches, contrary to conventional belief pushed by the press are not omnipotent. They all can be defeated. In a free-market capitalist system, the ability to alter-course is ever and always precedent. We are always able to change course and remedy the errors of our society. Jonah Goldberg of National Review had an interesting take on capitalism. ***Capitalism is the greatest system ever created for alleviating general human misery, and yet it breeds ingratitude. People ask, "Why is there poverty in the world?" It's a silly question. Poverty is the default human condition. It is the factory preset of this mortal coil. As individuals and as a species, we are born naked and penniless, bereft of skills or possessions. Likewise, in his civilizational infancy man was poor, in every sense. He lived in ignorance, filth, hunger, and pain, and he died very young, either by violence or disease. The interesting question isn't "Why is there poverty?" It's "Why is there wealth? Or: Why is there prosperity here but not there? At the end of the day the first answer is capitalism, rightly understood. That is to say: free markets, private property, the spirit of entrepreneurialism and the conviction that the fruits of your labors are your own.***

Whenever problems hit, the knee-jerk reaction is that the government needs to fix and remedy the problem. For every witch, the almighty government claims they can grab their torches and pitchforks and destroy it. This does not work in a free market system and only leads to more powerful witches (that is why I like to call that big beautiful building in Washington D.C. the Cathedral of Unintended Consequences rather than the capital building). As far as all the crises: financial, oil, housing, no doubt they are all formidable, but nothing we have not dealt with before.

Despite what you may have read, watched or heard, I am here to tell you...The world does not end. It is only being reported that way. How many stories have we been subjected to over the past year regarding families being thrown out of their homes and in to the streets? The fact is that the U.S. had 12% fewer homeless last year than in 2005. I am constantly subjected to advertisements telling senior citizens that the U.S. population is dying off and because of that our economy will implode, so they should CALL NOW! and put all of their money into gold or some other high commission insurance product. The beautiful reality is that according to the National Center for Health Statistics, 2007 was a population milestone. A record number of 4,315,000 babies were born in the United States more than any other year in U.S. history, beating 1957 the height of the baby boom. You want a reason to be positive and a reason to smile; I give you more than 4 million reasons.

Mr. Goldberg writes in his National Review article, ***"The average working class person today is richer, in real terms, than the average prince or potentate of 300 years ago. His food is better, his life longer, his health better, his menu of entertainments vastly more diverse, his toilette infinitely more civilized. And yet we hear how cruel capitalism is while this collectivism, socialism is more loving because, unlike capitalism, collectivism is about the group, not the individual."***

If there was a witch to be afraid of Nicholas, that's the one.

Professor Brooks ended his piece with this bit of wisdom; here is what a bumper sticker ought to say...

"If you're not grateful to live in America, you're not paying attention."

Homan Timothy [U.S. Misery Index Climbs to 15-Year High on Prices](#) *Bloomberg* 7/16/08
Brooks Arthur [Where's the Outrage? Really](#), *The Wall Street Journal* 7/31/08
Novak Michael [Our Horrible Economy](#) *National Review* 7/17/08
Goldberg Jonah [The Spoiled Children of Capitalism](#) *National Review* 8/1/08
Fram Alan & Putnam Eileen [Everything Seemingly is Spinning Out of Control](#) *Associated Press* 6/21/08
[Despite Frustrations, Americans are Pretty Darned Happy](#), *Science Daily* 7/1/08
Koch Wendy [Drop in Homeless Count Seen As Success Story](#) *USA Today* 7/30/08
Wright David [Record Births Create Population Milestone](#) *ABC News* 7/17/08