

The Revolt Against the American Empire

The US political cycle has turned from globalist welfare-statism to nationalist ethnic-statism.

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The US political cycle has turned from globalist welfare-statism to nationalist ethnic-statism. Neither the Democratic nor the Republican political parties have provided high economic growth and a prosperity that benefits all the people. Under president George W. Bush the US suffered from war and depression, and the political cycle turned to the Democrats. Under president Obama, the U.S. continued its wars in Iraq and Afghanistan, expanded the welfare state with expensive governmental medical care, and experienced an extraordinarily slow economic recovery.

The political cycle has turned back to the Republicans, as most voters do not realize that both establishment political parties have ideologies and programs that fail. The media presented Trump and Clinton as though one had to choose between the two bad alternatives.

Bernard Sanders had offered crude redistribution, which has already been practiced and found to be ineffective. This “progressive” thinking was evidently that if a policy fails, do more of it. The challenger parties also failed. The Green party offered failed socialism. The Libertarian Party committed political suicide with a candidate who promoted a national 30% sales tax and did not bother to keep up with the international news.

Those who voted for the Republican nominee were disgusted by several trends. The US has suffered from the destruction of manufacturing jobs. The candidates blamed trade, but the fault is taxes. The prices of US exports include the heavy taxes imposed by the state and federal governments, while the prices of the exports of European and other countries with a value-added tax are able to subtract the VAT from the prices of their exports. Instead of being opposed to more free trade, the candidates should have promised to go to the World Trade Organization and change its rules that favor VAT countries and damage US exports.

The educational systems world-wide have failed to teach the logic of ethics, governance, and economics. People are evidently genetically programmed to see only the superficial appearances rather than the implicit realities, unless they learn to think it through.

Superficially, it looks like advancing technology puts people out of work. The reality is that technology restructures jobs rather than destroys jobs. Massive taxation plus minimum wages make labor artificially more expensive, and that drives companies to substitute capital goods for labor. Buy a machine, and the company gets a tax credit or deduction. Hire a worker, and the company has to pay taxes plus a minimum wage that create a cost of labor higher than the worker’s contribution to output. Yet the Democrats propose an even higher national minimum wage that would put millions more workers out of jobs.

Superficially, people see stores full of imported goods that were previously made in the USA. They conclude that trade has put those workers out of a job - the cry is that jobs are leaving the country. Some of these goods should indeed be imports, because it would cost too much for the US to grow its own bananas and mangoes. But many of the imports are artificially cheap because the VAT taxes were removed, while US goods are laden with taxes. The problem is the political globalism of the WTO, not the economic globalism of free trade.

Superficially, the nationalists see immigrants who get jobs, and they think that Americans are losing those jobs to immigrants. But every immigrant is a consumer as well as a potential producer, and every new consumer creates jobs. The 300 years of immigration have not created massive unemployment. The problem is the artificial lack of jobs caused by mandates, restrictions, subsidies, and taxes.

The nationalist revolt was also fueled by what some perceive as attacks on their values and ethnicity. They hear “progressives” claim that minorities cannot be racist, that only white folks can be racist. They fear “progressive” chaos, demonstrators who break windows and block the streets, backed by those who condone the action for drawing media attention. They are angry about their lack of control over their children’s education. They hear about environmental regulations that make landowners destroy habitat for wildlife to avoid government controls. Trump supporters are demonized and attacked as deplorable.

Henry George, writing in 1879, asked “Whence shall come the new barbarians?” They are generated by economic injustice and deprivation. The barbarians today, in the streets and in the farms and in government, are reacting to years of economic stagnation and growing inequality, but they fail to understand the implicit reality. They cannot be blamed, because nobody is paying attention to the remedies proposed by Henry George: stop taxing wages and goods, and follow Ecclesiastes 5:9, "The profit of the earth is for all."

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FRED E. FOLDVARY, Ph.D., (May 11, 1946 — June 5, 2021) was an economist who wrote weekly editorials for [Progress.org](#) since 1997. Foldvary's commentaries are well respected for their currency, sound logic, wit, and consistent devotion to human freedom. He received his B.A. in economics from the University of California at Berkeley, and his M.A. and Ph.D. in economics from George Mason University. He taught economics at Virginia Tech, John F. Kennedy University, Santa Clara University, and San Jose State University.

Foldvary is the author of *The Soul of Liberty*, *Public Goods and Private Communities*, and *Dictionary of Free Market Economics*. He edited and contributed to *Beyond Neoclassical Economics* and, with Dan Klein, *The Half-Life of Policy Rationales*. Foldvary's areas of research included public finance, governance, ethical philosophy, and land economics.

Foldvary is notably known for going on record in the *American Journal of Economics and Sociology* in 1997 to predict the exact timing of the 2008 economic depression—eleven years before the event occurred. He was able to do so due to his extensive knowledge of the real-estate cycle.

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