

# Why Progressives Never Get What They Want

By Robert Ciali

Progressives must be frustrated. They've fought to give us the federal minimum wage, yet it's never high enough to suit them. They've fought for Social Security, Medicare, and "Obamacare," and now we're fixing to roll them all back! Ask progressives, and they'll tell you that heartless conservatives are at fault. But I know better. Progressives have only themselves to blame!

Opposition to progressive social programs stems from a shortcoming common to each of them. Were we to identify it and correct it, progressives would make some extraordinary gains. Minimum wage hikes would pass Congress routinely, even in hard times like these, and a "living wage" would be in the offing. Social Security and Medicare benefits would be strengthened, rather than weakened—all with bipartisan support! With the appropriate fix, conservatives would never say no!

In what way are progressive programs flawed? All of them burden U.S. manufacturers with a tax or a costly mandate but fail to do the same to their foreign competitors! This causes American-made products to sell at higher prices than the imported products with which they compete, forcing U.S. manufacturers to outsource or go out of business! Opposition to the progressive agenda is indeed a rational one. Progressives don't get what they want because their programs have been inadvertently designed to destroy U.S. factories and jobs!

How can we modify progressive social programs to burden both foreign and U.S. manufacturers equally? In the past, we would have placed taxes on foreign imports (called "tariffs") and then continually adjusted their rates to keep imports selling at higher prices than American-made products, and that would do it. Unfortunately, we can no longer exclusively tax imports because our free-trade agreements won't permit it. Ironically, these agreements were the brainchild of the *progressive* administrations of FDR and Truman!

Luckily, we can still repair these programs, but it will take two steps instead of one. Firstly, our government would periodically subsidize *all* U.S. manufacturers with the aim of reimbursing them for their costs associated with social programs—thus removing their burden. Secondly, to pay for this, an excise tax would be collected on sales made by U.S. manufacturers and importers of foreign products, which in effect would place the burden of social programs onto both U.S. and foreign manufacturers equally. And that's all there is to it!

Armed with this knowledge, Congress could mend our social programs in a matter of weeks if they wanted to, because the IRS is already set up to collect excise taxes and give refunds, a form of subsidy. If aggressively applied, the combination would spark a quick recovery in every sector of the U.S. economy! To my amazement, this *legal* alternative to a tariff has eluded the U.S. Congress for over six decades.

One can only wonder about the historical significance of such an oversight. Is it responsible for the dearth of manufacturing in America? Has it diminished America's standing in the world? Has it ruined our currency? How many lives has it destroyed? What a shame.

As a practical example, consider this powerful correction to our federal minimum wage mandate. The IRS would be directed to pay a weekly subsidy to every U.S. manufacturer in the amount of \$145 for each full-time worker in their employ, granted with the purpose of compensating manufacturers for about half of the minimum wage. While no workers would see a change in their wages, U.S. manufacturers would "experience" a minimum hourly wage of only \$3.63 and become competitive with producers in countries like Taiwan and South Korea, where the minimum hourly wage has never exceeded \$4. Were we to increase our subsidy further, we would become better able to compete with China! Of course, the funding for all of this would come from an excise tax collected by the IRS on both American-made and imported products.

We could apply our two-step correction to every progressive program in effect today, and it would not violate our free-trade agreements if we crafted our subsidies to be in compliance with footnote 2 of our international agreement on subsidies, called "SCM-1994."

Americans will be fully supportive of progressive social programs when they no longer destroy their factories and jobs. At that point, progressives will start to get what they want, and so will everyone else.

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