June 4, 2015

**Joel Kotkin** writes on the things that have made our economy unsafe for small business.

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*Yet, a funny thing has happened to our entrepreneurial age. Instead of a growing presence of smaller, entrepreneurial firms, we are witnessing a resurgence of Big Business. Indeed, over the past two decades, the Fortune 500's share of nominal gross domestic product has grown from 58 percent in 1994 to 73 percent in 2013. More revealing still, the fastest growth has taken place among the top 100 firms, which now represent 63 percent of all revenue, up from 57 percent in 1994.*

*At the same time, smaller firms clearly are struggling. The country's rate of new business creation, which peaked about decade ago, notes the Kaufmann Foundation, plunged more than 30 percent during the economic collapse that started in 2008 and has been slow to bounce back following the recession. Indeed, in 2012-13, entrepreneurial activity actually declined. This is particularly troubling at a time when we are experiencing a rapid expansion of the ages 25-34 workforce, traditionally a harbinger of obstreperousness. But now, younger people, as a whole, seem either too stressed by tough circumstances or too lacking in assets – normally, a house – to get the critical loans they need to start a business.*

***The financial equation***

*The economic reasons for this vary, suggests FiveThirtyEight's Andrew Flowers, including such things as globalization, merger mania and the success of firms such as Apple. But there may also be political factors at work, most particularly the confluence of large business interests and those of the ever-expanding regulatory regime. ...*

And **William McGurn** has more on the way to escape poverty in Baltimore - escape. He has some reference to the Joel Kotkin essay that started this week in **May 31st Pickings**.

*Of all the "solutions" for post-riot Baltimore, the best—at least for African-Americans trapped in poverty—appears to be the one that attracts the least notice: Find a new town to call home.*

*The message comes via two new studies of upward mobility. The first is from Harvard's The Equality of Opportunity Project. It finds that a poor child whose family leaves a bad neighborhood for a good one will have better long-term economic prospects.*

*The other, by Joel Kotkin's Center for Opportunity Urbanism, measures (by median household income, self-employment, housing affordability and population growth) the best and worst cities for America's racial minorities. Its finding puts self-styled progressives to shame: Of the top 15 cities for African-Americans today, 13 are in the former Confederacy.*

*Let's not mince words. The Harvard study identifies Baltimore as the city where the odds are most stacked against a child's escaping poverty. Mr. Kotkin says his center's study underscores "the relative worthlessness of good intentions."*

*It also underscores the worthlessness of most of the conversations about Baltimore's future. These include President Obama's urging more federal "investment" in the city. Or Mayor Stephanie Rawlings-Blake's looking to the Federal Emergency Management Agency for $20 million to pay for the riot damage. Or former Baltimore Mayor Martin O'Malley's run for president on the same government-first orthodoxies that help explain all those boarded up buildings that Americans saw during last month's televised riots. ...*

A couple of our favorites have turned their attention to Bernie Sanders. **Richard Epstein** tries an economics lesson. Good luck washing away Bernie's tiresome and appalling ignorance.

*Senator Bernie Sanders' quixotic presidential campaign received some unexpected attention for an off-the-cuff comment he made in Iowa this past week. The sentence that has raised some eyebrows is short and to the point: "You don't necessarily need a choice of 23 underarm spray deodorants or of 18 different pairs of sneakers when children are hungry in this country." For Sanders, the market economy that provides consumers with such choices is fundamentally at odds with society's duty to take care of the vulnerable.*

*Fortunately, it is impossible to take Sanders's pronouncement out of context. It was delivered in casual conversation as a stand-alone one-sentence indictment of what is wrong with America. Unpacking it helps expose Sanders' profound misunderstanding of how a well-functioning market system operates. ...*

*... it is instructive to ask, what should be done if in fact we conclude that 23 varieties of underarm deodorants and 18 types of sneakers aren't necessary in a world with starving children? What next? It will surely not do to operate with no types of deodorants or sneakers. But if open markets generate too many alternatives for these and thousands of other market goods, just who is responsible for deciding what firms can offer what products at what prices, and why?*

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*... The socialist Sanders cannot take any comfort in these decentralized processes, but wishes to put in place cumbersome administrative processes to make those choices. It is there that the agony begins. ...*

*... The history on this point is clear. I doubt very much that Bernie Sanders has any familiarity with the socialist calculation debate of the 1930s, which proved that no central planner has the information to make intelligent judgments on the question of which products should be sold and at what price. There are of course many things that government has to do to maintain competitive markets, but none of them rely on the heavy-handed forms of intervention that rolled effortlessly off Bernie Sanders' lips. ...*

**Matthew Continetti** compares Sanders' "fossil socialism" to the Clinton campaign.

*... Bernie Sanders, for reasons of age and experience, is an old-school socialist, more concerned with quantitative justice than with the hierarchy of grievances. He didn't mention Baltimore in his announcement speech because he thinks it's just a symptom of economic breakdown. Or as an article on the World Socialist Website recently put it: "The fundamental division in Baltimore—as in American society as a whole—is class, not race."*

*It's fitting that Sanders's opponent Hillary Clinton has decided on the opposite strategy. Petrified of once again losing the nomination unexpectedly, she's pandering to the constituencies that reelected President Obama. So she's called for an end to "mass incarceration," she's pledged to "go further" than Obama's unconstitutional executive amnesty, she's playing the gender card, and her aides deny she ever changed her position on same-sex marriage.*

*Meanwhile she's coy on the Trans-Pacific Partnership, which the unions oppose, and on the Keystone Pipeline, which the unions support. Her 200 policy advisers haven't come up with an economic plan as detailed or coherent as Sanders's because she's far less antagonistic to the market than he is, and she doesn't see our social and political dysfunction as a reflection of material imbalances, like he does.*

*And how could she—she's a millionaire many times over, a featured speaker at Goldman Sachs, a jet-setter who decided to run for president while vacationing at Oscar de la Renta's villa in Punta Cana. She may have authorized a leak to the New York Times in which she fantasized about "toppling" the One Percent, but no one really believes her. ...*

No corner of the economy is free of government's dead hand. The hand that Bernie Sanders likes. **George Will** tells us how they mess with raisin growers.

*In oral arguments Wednesday, the Supreme Court will hear the government defend its kleptocratic behavior while administering an indefensible law. The Agricultural Marketing Agreement Act of 1937 is among the measures by which New Dealers tried and failed to regulate and mandate America back to prosperity. Seventy-eight years later, it is the government's reason for stealing Marvin and Laura Horne's raisins.*

*New Dealers had bushels of theories, including this: In an economic depression, prices fall, so a recovery will occur when government compels prices to stabilize above where a free market would put them. So Franklin Delano Roosevelt's "brains trust" produced "price stabilization" programs by which the government would fine-tune the supply of and demand for various commodities. In 1949, this regulatory itch was institutionalized in the Raisin Administrative Committee (RAC). Today it wants the Hornes to ante up about $700,000. They could instead have turned over more than 1 million pounds of raisins — at least four years of their production. ...*

**Orange County Register**

## Big business, big government squeezing entrepreneurs

by Joel Kotkin

For those of us who covered the great entrepreneurial explosion of the 1980s, it seemed that we were heading toward a new era of economic diversity and decentralization. In 1985, for example, technology guru John Seybold spoke of an emerging "entrepreneurial age" – driven by competition among young, people-centered companies. Similar pronouncements were issued by futurists ranging from John Naisbitt to more serious analysts like Alvin Toffler and Taichi Sakaiya.

Yet, a funny thing has happened to our entrepreneurial age. Instead of a growing presence of smaller, entrepreneurial firms, we are witnessing a resurgence of Big Business. Indeed, over the past two decades, the Fortune 500's share of nominal gross domestic product has grown from 58 percent in 1994 to 73 percent in 2013. More revealing still, the fastest growth has taken place among the top 100 firms, which now represent 63 percent of all revenue, up from 57 percent in 1994.

At the same time, smaller firms clearly are struggling. The country's rate of new business creation, which peaked about decade ago, notes the Kaufmann Foundation, plunged more than 30 percent during the economic collapse that started in 2008 and has been slow to bounce back following the recession. Indeed, in 2012-13, entrepreneurial activity actually declined. This is particularly troubling at a time when we are experiencing a rapid expansion of the ages 25-34 workforce, traditionally a harbinger of obstreperousness. But now, younger people, as a whole, seem either too stressed by tough circumstances or too lacking in assets – normally, a house – to get the critical loans they need to start a business.

### The financial equation

The economic reasons for this vary, suggests FiveThirtyEight's Andrew Flowers, including such things as globalization, merger mania and the success of firms such as Apple. But there may also be political factors at work, most particularly the confluence of large business interests and those of the ever-expanding regulatory regime.

The financial sector represents the ultimate example of how politics serves consolidation. Supported by both parties, the large "too big to fail" banks – often the same ones responsible for the financial crisis – received huge bailouts. The rapid decline of community banks, for example, which are down by half since 1990, particularly hurts small-business people who often depend on loans from these institutions. The share of commercial loans going to small businesses has shrunk from 50 percent in 1995 to barely 30 percent today.

Big financial institutions are, by nature, closer to the largest companies. Serving the needs of Main Street is often too difficult, and time consuming, while financiers make their biggest profits either by tackling mass consumer markets or by servicing the largest companies. With the small banks in retreat, there often are few options for smaller-scale entrepreneurs.

Even venture capital is becoming more consolidated. In comparison with previous booms, the current surge in V.C. funding is very narrow. Two-thirds of the country's $30 billion in venture funds, by some estimates, is concentrated the San Francisco Bay Area, where the tech elite is clustered. These V.C. firms also focus on a much smaller number of emerging companies. Most of the growth in the hot sectors are also very concentrated. More than 40 percent of new jobs connected to online search and publishing are in the Bay Area.

**The Regulatory Regime**

It is often suggested that business, as a group, opposes regulation, but, as we can see in finance, a busier government can prove beneficial if your business is adequately large or your lobbyists sufficiently well-connected. The estimated 81,000 pages of regulations issued by the Obama administration may be a pain for big companies, but they are a killer for their small-business competitors.

Indeed, according to a 2010 report by the U.S. Small Business Administration, federal regulations cost firms with less than 20 employees more than $10,000 each year per employee, while bigger firms paid roughly $7,500 per employee. The biggest hit to small business comes in the form of environmental regulations, which cost 364 percent more per employee for small firms than for large ones. Small companies spend $4,101 per employee, compared with $1,294 at medium-size companies (20-499 employees) and $883 at the largest companies, to meet these requirements.

Simply put, smaller companies cannot easily absorb the delays and legal costs – not to mention the brain damage – associated with constant interface with government. This is particularly true in hyper-regulated markets like California. One has to wonder, for example, how someone would build a small factory or warehouse if you need to convince a regulator that your business will allow the state to cut its greenhouse gases by upward of 80 percent by 2050. A large firm may be able to hire the consultants, or get legislative relief, to get their projects done, but the fate of the machine shop or small builder in Brea or Ontario could prove far different.

For all their talk about "disrupting" markets through innovation, many of our leading companies – particularly in Silicon Valley and among financiers – have been primary supporters of hyper-regulation. As author Steve Malanga recently demonstrated in the City Journal, most of the big funding for green foundations and lobbies come from the ranks of the ultrarich, primarily in the Bay Area.

Endless environmental haggling, of course, may get in the way of more ambitious tech or real estate ventures, but big money is not tied to place. Firms like Google, Apple and Facebook can support ultragreen policies, then shift more jobs, and anything that requires cheap electricity, to Texas, Utah or Nevada, for example, where local officials are eager to harvest the economic fruits of California's ultraregulation.

**Back to Hierarchy**

One of the most attractive aspects of traditional American society has been lack of hierarchy and good prospects for upward mobility. But moving up has become more difficult, however, as large firms gobble up markets and influence an ever more intrusive bureaucracy. Politically, it's a difficult prospect for the middle class, as Republicans generally follow the big-company line about as faithfully as Democratic policies help entrench the new hierarchy. In an economy where productivity gains have slumped, capital expenditures are weak, and labor-force participation is painfully low, you might expect that everyone is hurting, but they are not. The hedge funds and venture capitalists are thriving, the generally progressive nonprofits are bulking up – it's the middle and working classes who are being left behind.

In California, we may be ahead of the disturbing curve. Already, our job market, notes economist Bill Watkins, has become ever more bifurcated. Unable to compete in all but the most elite tradable jobs – developing software for Google as opposed to manufacturing or many less-differentiated business services – our economy still creates some terrific opportunities, particularly at the high end. There is also a much larger proportion of lower-paying positions, that either service visitors or provide such personal services as gardeners, dog walkers and toe-nail painters for the affluent classes. The California economy will increasingly resemble that of Victorian England, where a huge share of the population worked in some form of domestic service.

Like the servants a century ago who lived downstairs, our current providers – and even the modern version of small-trades people – now seem increasingly unlikely to jump classes. A primary way to do this over the past 50 years has been through starting a business, often secured by property. This is becoming increasingly hard to accomplish, particularly in California. At current prices, it would take the typical family roughly 35 years, for example, just to save for a 20 percent down payment in San Francisco or San Jose – and more than 30 years in Los Angeles. This compares with 10-15 years in places like Houston, Dallas and Atlanta.

The American Dream may be suffering all over the country, but here in California, the historic home of aspiration, it appears headed toward its terminus.

At some point, Americans, and Californians in particular, need to embrace again our historic disdain for hierarchy and our commitment to a democratic form of capitalism. If we stay on the current course, we may well be headed toward increasing concentration of ownership and power at the expense of upward mobility – violating the very essence of what America is all about. This should be an issue not just for conservatives or progressives, but for all those who value this country's historical mission.

**WSJ**

## Best Poverty Cure: Escape From Baltimore

***New evidence shows minorities now do better in the American South.***

by William McGurn

Of all the "solutions" for post-riot Baltimore, the best—at least for African-Americans trapped in poverty—appears to be the one that attracts the least notice: Find a new town to call home.

The message comes via two new studies of upward mobility. The first is from Harvard's The Equality of Opportunity Project. It finds that a poor child whose family leaves a bad neighborhood for a good one will have better long-term economic prospects.

The other, by Joel Kotkin's Center for Opportunity Urbanism, measures (by median household income, self-employment, housing affordability and population growth) the best and worst cities for America's racial minorities. Its finding puts self-styled progressives to shame: Of the top 15 cities for African-Americans today, 13 are in the former Confederacy.

Let's not mince words. The Harvard study identifies Baltimore as the city where the odds are most stacked against a child's escaping poverty. Mr. Kotkin says his center's study underscores "the relative worthlessness of good intentions."

It also underscores the worthlessness of most of the conversations about Baltimore's future. These include President Obama's urging more federal "investment" in the city. Or Mayor Stephanie Rawlings-Blake's looking to the Federal Emergency Management Agency for $20 million to pay for the riot damage. Or former Baltimore Mayor Martin O'Malley's run for president on the same government-first orthodoxies that help explain all those boarded up buildings that Americans saw during last month's televised riots.

For the people of Baltimore, meanwhile, reality remains bleak. This past weekend two double shootings upped Baltimore's monthly murder total for May to the worst level since 1972. Is there anyone in America who really believes that the liberal narratives now invoked to explain Baltimore's problems (mistrust of police, racial inequality, etc.) will lead to a revival of this once-prosperous port city?

Now, it's true that the study by Mr. Kotkin's center does list Baltimore among the places where blacks do relatively well. But a closer look shows this is an artificial prosperity owing to the city's proximity to Washington and the federal jobs that mitigate the city's debilitating business environment. A closer look further shows a growing divide between African-Americans in Baltimore's suburbs who benefit from those federal jobs and those languishing in the inner city.

Clearly, some have taken the message. From its peak of 940,000 in 1960, Baltimore has lost more than a third of its population. Sadly, it is not unique: The same cities—Chicago, New York, Philadelphia, New York—that in the 20th century served as magnets for African-Americans from the South are now seeing a reverse migration. Today African-Americans seeking opportunity are leaving for such places as Atlanta, Dallas, Charlotte and Miami.

Why are they going? Mainly for two reasons: jobs and housing.

The Center for Opportunity Urbanism's study compares what it calls "luxury cities" such as New York and San Francisco with the "opportunity cities" of the Sunbelt. While the former have "strongly progressive politics" that include "more generous welfare provisions," they simply don't deliver the goods for minorities. Even more ironically, as San Francisco shows, the "hipster economies" so beloved by urban progressive planners tend in practice to result in whiter and less ethnically diverse cities.

By contrast, the Southern cities that blacks fled in the past century now provide the opportunities a new generation of African-Americans are using to build better lives for themselves and their families.

Of course, Dixie has changed too. In 1960 Martin Luther King Jr. was arrested for sitting at a segregated lunch counter in Atlanta. Today the Center for Opportunity Urbanism ranks Atlanta the best city for black Americans. This in the state that gave us Lester Maddox and his infamous ax handle.

These findings also suggest that Republicans should welcome a debate over economic growth. Too often, growth is treated as a matter of numbers. What a terrible way to talk about a community's lifeblood, which provides ordinary families with better paychecks, puts decent housing and schools within their reach, offers the opportunity to rise in society—and gives parents of modest means the classic American confidence that their children will do even better than they do.

The big-city blue political machines, with their dependence on the public-sector unions, will never get this. Far from coming to their senses, as their cities continue to hemorrhage people and businesses, the liberal answer is always more of the same. Even worse, the perverse effect of it all is to leave these political machines stronger because their economic failure drives out any source of sensible opposition. Look at Detroit.

Hedge-fundies and CEOs are going to make money even in the slowest-growing economy. But for African-Americans stuck in dream-killing cities like Baltimore, what does it say about progressive fixes that their best option is to pick up and head south?

## Hoover Institution
## An Economics Lesson For Bernie Sanders
by Richard A. Epstein

Senator Bernie Sanders' quixotic presidential campaign received some unexpected attention for an off-the-cuff comment he made in Iowa this past week. The sentence that has raised some eyebrows is short and to the point: "You don't necessarily need a choice of 23 underarm spray deodorants or of 18 different pairs of sneakers when children are hungry in this country." For Sanders, the market economy that provides consumers with such choices is fundamentally at odds with society's duty to take care of the vulnerable.

Fortunately, it is impossible to take Sanders's pronouncement out of context. It was delivered in casual conversation as a stand-alone one-sentence indictment of what is wrong with America. Unpacking it helps expose Sanders' profound misunderstanding of how a well-functioning market system operates. To be sure, his position derives some support from a strand of behavioral economics that warns of the risks of "choking on choice." Consumers struggle, for example, in deciding which of the iconic 31 Baskin Robbins flavors they want to eat.

But something is clearly amiss with that critique of choice. Baskin Robbins, founded in 1945, has thrived for 70 years. If it were in its interest to reduce its menu options to spare its customers from difficult choices, it would have figured that out long ago. But instead it has expanded its menu to offer consumers even more options. So the question is why?

The simplest explanation is that it does not expect every customer to examine every choice when they come into the store. Some people like chocolate, others vanilla, and so they can quickly reduce their own choice sets to manageable proportions. A decision to reduce the number of flavors means either a reduction in the number of flavor groups or the number of flavors in each group. But each of those choices could have adverse consequences. When people go for ice cream in groups, they do not all have the same preferences. Make the flavor list too small, and they will head for another shop that offers more choices. "Brand extension" is everywhere, as companies try to leverage new products off old ones, which is why "original" Fritos now has six companions in flavor.

So does this capsule explanation mean that every business should feature an unlimited menu? Certainly not. Expanding choices for customers necessarily entails increasing costs for the provider. At this point the usual economic truth holds; firms try to equate marginal revenues (from each additional unit) with marginal costs (from those same units). It is something of an art form for a firm to decide exactly how many options to give its customers. McDonald's supersized menu of 121 items, for instance, turned out to be counterproductive. But the source of the problem was not customers being overwhelmed by too many choices. It was the much more prosaic point that the wide range of menu choices made its kitchen operations maddeningly complex, which slowed down service and drove away impatient customers.

Just like everyone else, large and powerful companies face complex trade-offs. What matters from the social point of view is that management has every incentive to fix this problem. The conundrum of too many customer choices may present a nice problem for psychological studies. But it is one problem among many, none of which are amenable to any sensible form of government intervention.

It is, however, fair to ask whether Bernie Sanders was thinking about how a given firm faces the market, or how multiple firms operate within a competitive market. With his deep socialist antipathy to private markets, Sanders probably does not care all that much. But it is instructive to ask, what should be done if in fact we conclude that 23 varieties of underarm deodorants and 18 types of sneakers aren't necessary in a world with starving children? What next? It will surely not do to operate with no types of deodorants or sneakers. But if open markets generate too many alternatives for these and thousands of other market goods, just who is responsible for deciding what firms can offer what products at what prices, and why?

That problem solves itself in a market economy through the mechanism of decentralized consumer choice. Any increase in the number of choices is a mixed blessing. New choices could lure new customers into stagnant market niches; they could pirate unhappy customers from established brands; or they could flop. No matter. The strong brands will survive and the weak ones will go into bankruptcy. The outside analyst does not have to predict which brands will succeed or fail. He just has to defend the process as a way of getting sensible matches in markets that are always in some state of predictable disequilibrium. But no one has to ask whether the number of market-generated choices in any given niche is too large, too small, or just right. And those market analysts that do know particular markets can help their clients decide, in life as in poker, whether to hold, fold, or raise.

The socialist Sanders cannot take any comfort in these decentralized processes, but wishes to put in place cumbersome administrative processes to make those choices. It is there that the agony begins. The overall population is filled with many different groups of people. Some people have allergies; others have demanding jobs; still others have distinctive personal and professional objectives. Just how thin does a regulator slice the pie in deciding which niche brands of deodorants should disappear and which should survive? The same is true for shoes. A quick trip to Runner's World reveals that shoes can differ by sex, by age, by skill level, by size, by arch height, by motion mechanics, by injury, by terrain, and so on. And that is just for one category of shoes—running shoes. Similar breakdowns appear for dress shoes, casual footwear, and so on. It turns out that any effort to regulate who can make what kind of products leads to a planned economy that will quickly go belly up.

The history on this point is clear. I doubt very much that Bernie Sanders has any familiarity with the socialist calculation debate of the 1930s, which proved that no central planner has the information to make intelligent judgments on the question of which products should be sold and at what price. There are of course many things that government has to do to maintain competitive markets, but none of them rely on the heavy-handed forms of intervention that rolled effortlessly off Bernie Sanders' lips.

Sanders' initial blunder is compounded by a second. Why assume our society faces a stark choice between feeding the hungry on the one hand and indulging in unnecessary consumer choices on the other hand? His basic mistake is commonly made by other egalitarians, who believe there is a zero-sum trade-off between taking care of the needy and giving useless favors to the rich. As I argued in a recent column attacking the warriors against Income Inequality, it is always wrong to act as though there is a "choice" between two social programs that are randomly connected with each other. Just as it is possible to reject both tax subsidies to the rich *and* the minimum wage, so it is possible to insist on a decoupling of the question of consumer choice from that of public assistance to the poor.

The key task in all cases is to make sure that both of these programs are run with maximum efficiency. One benefit, for example, of having robust consumer markets with lots of choices is that it will expand the social pie, which then increases the resources that society can devote to taking care of the poor, either through government programs or, preferably, private charitable assistance. Efficient markets will also allow the dollars of poor people, like the dollars of rich people, to go further when the array of products and their prices are not subject to government override.

The ideal here is to increase both firm income and consumer satisfaction. Once that problem is solved on its own terms, it is possible to look separately at the serious problem of hungry children. And indeed there are major flaws in agricultural markets that cry out for reform. Yet virtually all of these stem from the strong New Deal tendency to use government power to raise the price of agricultural produce above competitive levels. The hard question for people like Sanders is whether they are willing to look hard at government programs to ask whether, and if so how, they disadvantage the poor, and indeed all other classes of consumers. To reach the right conclusion on this question requires that we start from the right benchmark, which is the array of goods and services that only decentralized competitive markets are able to produce. Socialists like Sanders fail to see the harm that their interventionist programs do to the very people whom they want to help.

For a long time now, I have insisted that progressive policies are unsustainable because they hope to pile on an ever larger set of transfer programs on an economy that is already hobbled by high levels of taxation and extensive government regulation. For these purposes, it is instructive to note that yet again the oft-touted economic recovery has stumbled, as gross domestic product contracted by 0.7 percent in the first quarter of 2015.

No one can blame the idle musings of Bernie Sanders for this disappointing outcome. His sloppy thinking is a symptom rather than a cause of our current malaise. But I have little doubt that the constant political oversight in labor, real estate, and financial markets is a major reason why the economy is not growing. It is time for our progressive political leaders to take ownership of the current stagnation, which is best countered by a major dose of deregulation and tax reduction and simplification. But that day will be long in the coming so long as political leaders can't resist making one-line zingers in their campaigns.

**Free Beacon**

## [Bernie Sanders' Fossil Socialism]

***It's class politics versus identity politics in the Democratic primary***

by Matthew Continetti

Picturesque: a large, celebratory crowd listens to inspiring oratory near the shore of Lake Champlain. The speaker is Vermont senator Bernie Sanders, announcing his candidacy for president of the United States. It's a fiery, detailed, leftwing speech—about what you'd expect from this 73-year-old self-described democratic socialist and grandpa.

But columnist Byron York noticed something odd. "The racial issues that have dominated the news at various times in the past year were nowhere to be found." Trayvon, Michael Brown, Freddie Gray went unmentioned. The words "Dreamers" and "executive order"—they weren't said. No resounding endorsement of same-sex marriage, no call to the barricades in support of trans rights. "It struck me as a missed opportunity," said MSNBC host Chris Hayes.

Maybe for today's left, which puts identity politics ahead of class politics. Sanders? He actually *believes* in the international labor movement, in socialist economics. Other than an aside in favor of equal pay for equal work, and the assertion that "we can live in a country" where "every person, no matter their race, their religion, their disability, or their sexual orientation realizes the full promise of equality that is our birthright as Americans," and a section on "reversing climate change"—break out your sweaters—his speech was devoted to the traditional left-wing question of who gets how much when.

"The issue of wealth and income inequality is the great moral issue of our time," he said. And "for the last 40 years the great middle class of our country—once the envy of the world—has been disappearing." This economic imbalance creates a political imbalance in favor of billionaire donors. "This is not democracy. This is oligarchy."

What to do? Publicly fund elections. Oppose trade agreements. Break up the banks. Raise the minimum wage to $15. Spend $1 trillion over five years on infrastructure. Raise taxes on the wealthy and on corporations. Establish Medicare-for-All. Expand Social Security, legislate universal pre-K, "make tuition in public colleges and universities free."

It's an old left-winger's dream: a larger government, a more equal—and in all likelihood poorer—country. But whether the country is poorer doesn't matter to Sanders, because his critique of capitalism is fundamentally moral. The market might make us rich, but it doesn't make us good, or kind, or just.

Indeed, it distracts us with options, entices us with pleasures we never knew we wanted (and maybe don't require). Hence Sanders's admonition to CNBC this week: "You don't necessarily need a choice of 23 underarm spray deodorants when children are hungry in this country."

The generation gap between Bernie Sanders and Chris Hayes is measured not only in years. It's evident in their politics. While Sanders and Hayes probably agree on most everything, Sanders hails from a different sort of leftism, a universal, internationalist strain founded on the brotherhood of man, an ideology that treats social conflict ultimately as the consequence of an unjust economic system.

For the old socialists, you had to mobilize politically to command the economy, and then issues of race and ethnicity and religion would disappear. Since we're all equal, the only relevant dispute was between classes. And once that dispute was settled—workers of the world, blah blah blah—we'd have nothing to worry about.

At least that's the way it was supposed to happen. But socialism failed to achieve its goals—a planned economy, a classless society, economic growth with equal distribution—and the left shifted emphasis. Revolutionary transformation of the market wasn't achievable, and perhaps not all that desirable. The left would have to make its peace with capitalism: more like a truce, with the welfare state keeping the market at bay.

What mattered to this new generation of leftists was the distribution of cultural power among groups—not the fortunes and universal rights of "working men" in the abstract but the fortunes and rights of specific types of men and women, whose race or gender or sect was "privileged" and whose was not. The collapse of the Soviet Union and the absurdities of planned economies settled one question. But the political and social and cultural questions—who was on top, what spoils would they reap—remained open.

Bernie Sanders, for reasons of age and experience, is an old-school socialist, more concerned with quantitative justice than with the hierarchy of grievances. He didn't mention Baltimore in his announcement speech because he thinks it's just a symptom of economic breakdown. Or as an article on the World Socialist Website recently put it: "The fundamental division in Baltimore—as in American society as a whole—is class, not race."

It's fitting that Sanders's opponent Hillary Clinton has decided on the opposite strategy. Petrified of once again losing the nomination unexpectedly, she's pandering to the constituencies that reelected President Obama. So she's called for an end to "mass incarceration," she's pledged to "go further" than Obama's unconstitutional executive amnesty, she's playing the gender card, and her aides deny she ever changed her position on same-sex marriage.

Meanwhile she's coy on the Trans-Pacific Partnership, which the unions oppose, and on the Keystone Pipeline, which the unions support. Her 200 policy advisers haven't come up with an economic plan as detailed or coherent as Sanders's because she's far less antagonistic to the market than he is, and she doesn't see our social and political dysfunction as a reflection of material imbalances, like he does.

And how could she—she's a millionaire many times over, a featured speaker at Goldman Sachs, a jet-setter who decided to run for president while vacationing at Oscar de la Renta's villa in Punta Cana. She may have authorized a leak to the *New York Times* in which she fantasized about "toppling" the One Percent, but no one really believes her. (No one really believes anything she says.) The Clintons aren't revolutionaries, they're bounders who have no problem with affluence as long as they get theirs. And if practicing a politics that highlights and exacerbates and manipulates the animosities between groups, between minorities and the government, is what's necessary to "pay our bills"—well, they'll do it.

In his policies and his idealism, Bernie Sanders is something of a fossil: a relic of socialism past. I disagree with his conclusions and prescriptions, but I admire his honesty and his goal of helping all Americans regardless of race or ethnicity or religion. What I can't stand are the liberals who disguise their profit-seeking and social prominence by claiming to stand with the oppressed, who never miss an opportunity to signal their allegiance to the cause of the day, but who would never set foot in Baltimore without a security detail, and have never lost a job because an undocumented worker priced them out of the market.

Hillary Clinton's mask of sincerity is faded, worn, paper-thin. You've got to wonder whether at some point the more idealistic liberals will ask why they're settling for a dissembling, grating, insincere resume-goddess who voted for Iraq when they can have an honest-to-god anti-capitalist peacenik. When that happens, Bernie's fossil socialism will be dug up, recovered. He'll have his moment—however brief. Better stock up on deodorant while you can.

**Jewish World Review**

## Shriveled grapes, shriveled liberty: A raisin case goes before SCOTUS

by George Will

In oral arguments Wednesday, the Supreme Court will hear the government defend its kleptocratic behavior while administering an indefensible law. The Agricultural Marketing Agreement Act of 1937 is among the measures by which New Dealers tried and failed to regulate and mandate America back to prosperity. Seventy-eight years later, it is the government's reason for stealing Marvin and Laura Horne's raisins.

New Dealers had bushels of theories, including this: In an economic depression, prices fall, so a recovery will occur when government compels prices to stabilize above where a free market would put them. So Franklin Delano Roosevelt's "brains trust" produced "price stabilization" programs by which the government would fine-tune the supply of and demand for various commodities. In 1949, this regulatory itch was institutionalized in the Raisin Administrative Committee (RAC). Today it wants the Hornes to ante up about $700,000. They could instead have turned over more than 1 million pounds of raisins — at least four years of their production.

They have been refusing to comply with a "marketing order" to surrender, without compensation, a portion of their production for the RAC's raisin "reserve." The Hornes say this order constitutes an unconstitutional taking.

The Fifth Amendment says private property shall not "be taken for public use, without just compensation." Time was, "for public use" meant for creating things — roads, bridges, dams, courthouses — used by the general public. In 1954, "public use" was broadened to allow government to take property to combat "blight," thereby enabling "urban renewal." Then in the infamous 2005 Kelo decision, the Supreme Court held, 5 to 4, that government could seize a person's private property for the "public use" of giving it to another private party that would, by developing it, pay more taxes to the seizing government.

Perhaps the phrase "public use" is now elastic enough to encompass the seizure of raisins for the purpose of combating the Depression that ended a while ago. Or for maintaining an "orderly" raisin market. The Supreme Court must decide whether the government has inflicted on the Hornes an uncompensated taking.

Takings-clause jurisprudence is quite recondite. The government, however, says two contradictory things. It says the Hornes "acquired" raisins and hence must either surrender a large portion of them — in some years, 47 percent — or pay huge fines. But it also says the Hornes do not have sufficient ownership of the raisins to raise constitutional objections.

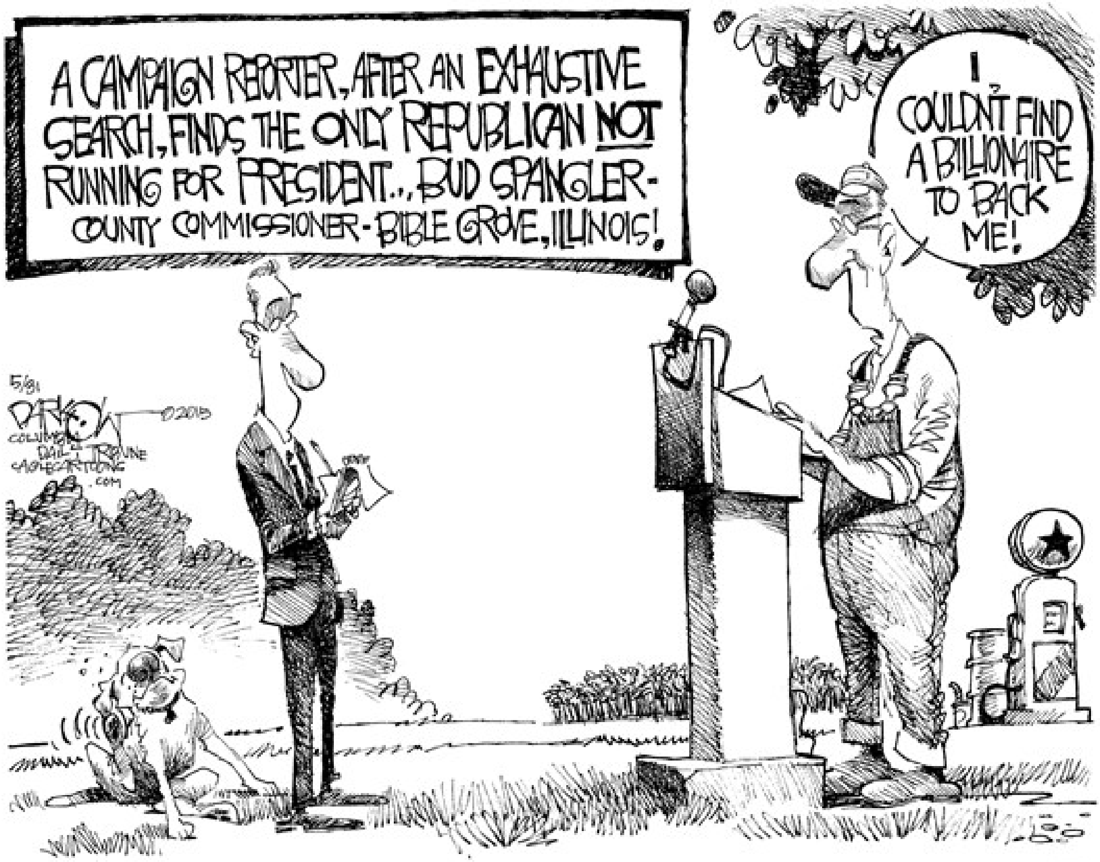
The government says the Hornes voluntarily entered their raisins into the stream of commerce, so they must comply with the RAC's raisin reserve requirement. But the Supreme Court has hitherto rejected the idea that a person must give a portion of his property to the government in order to purchase the government's permission to engage in a lawful business transaction, such as selling a commodity. The government says its required contributions to the raisin reserve merely regulates raisin sales. The Hornes say it is not a mere regulation but an expropriation.

The government says it owes the Hornes nothing in exchange for the raisins they supposedly owe it, because they somehow benefit from the government's manipulation of the raisin market. The Hornes say it would be unconstitutional for the government to come on their land to confiscate their raisins or the proceeds from their raisin sales, so it is unconstitutional to fine them for not complying with an unconstitutional requirement.

Justice Elena Kagan has wondered whether this case involves "a taking or it's just the world's most outdated law." The answer is: Both. The law has spawned more than 25 "marketing orders" covering almonds, apricots, avocados, cherries, cranberries, dates, grapes, hazelnuts, kiwifruit, onions, pears, pistachios, plums, spearmint oil, walnuts and other stuff.

Government sprawl and meddlesomeness mock the idea that government is transparent. There are not enough cells in the human brain to enable Americans to know more than a wee fraction of what their government is up to. If they did know, they would know something useful — how much of what government does is a compound of the simply silly and the slightly sinister. The silly: Try to imagine the peril from which we are protected because the government maintains a spearmint oil reserve. The sinister: The government is bullying and stealing property to maintain programs that make Americans pay higher commodity prices than a free market would set.

Progressives say, "Government is simply the name we give to the things we choose to do together." That is not how the Hornes are experiencing government.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I, COULDN'T FIND A BILLIONAIRE TO BACK ME!


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ARE THEY UP TO THAT MANY NOW?
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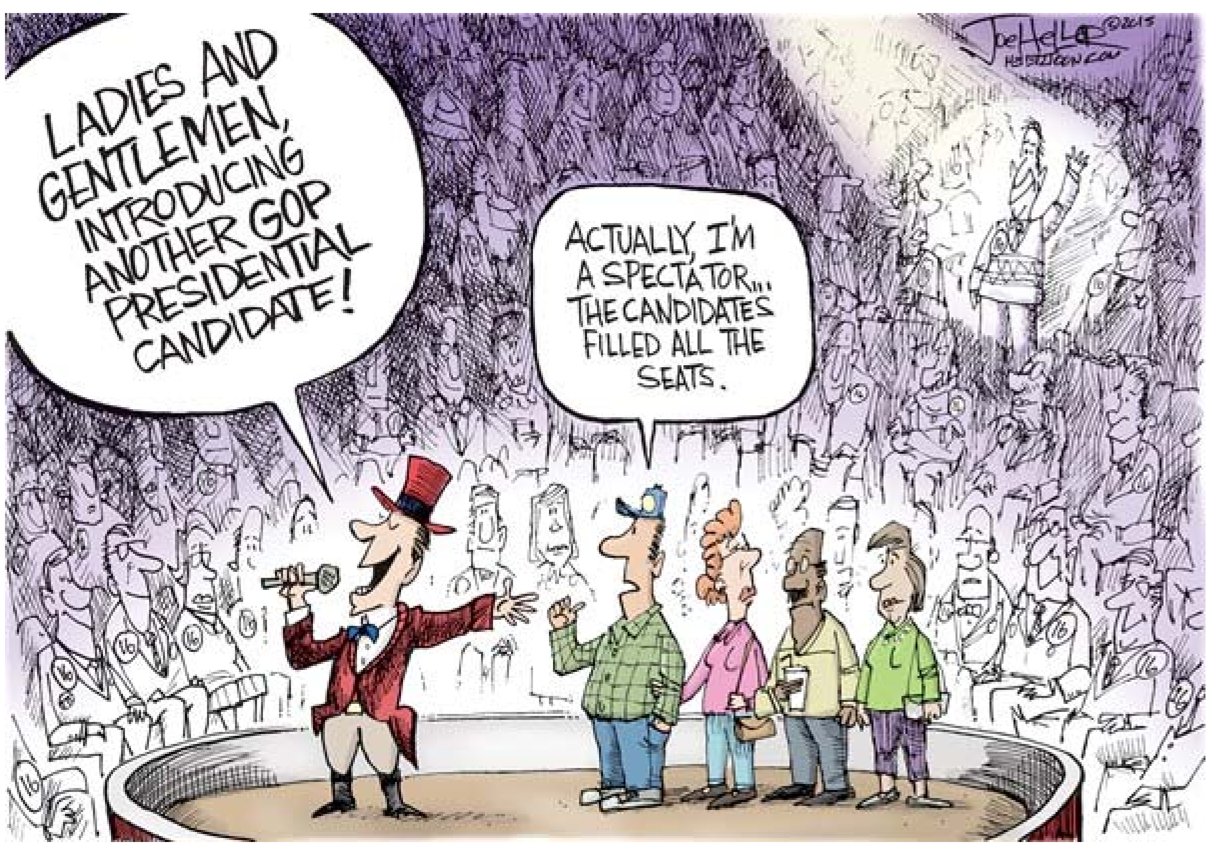
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ACTUALLY, I'M A SPECTATOR... THE CANDIDATES FILLED ALL THE SEATS.

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