

The Government Can't Give Away the Good Life

By Porter Stansberry

"To rebuild the middle class, I'll give a tax break to 95% of workers and their families," promised Obama in a recent *Wall Street Journal*...

My beat is finance, not politics. I had no dog in November's fight. In fact, I deliberately chose not to vote. I don't want to encourage either party. I would like to point out, however, students of history ought be chilled by Obama's rhetoric. When the government promises to do something – rebuild the middle class, end poverty, make the world safe for democracy, fight a "war" on drugs, etc. – it's best to duck.

We must admit, though, Obama has always impressed us. Who else could pull off one obvious, audacious lie after another without losing any authority or confidence? It's not like Bill Clinton. We knew he was lying the whole time. But it was so much fun watching him do it. And it's not like George Bush, who can't lie without looking like a compete fool. Obama is altogether different – *people actually believe him*.

And so, when Obama says we can simply take more from Peter (who already pays marginal tax rates about 100% higher than average) to "rebuild" Paul with "tax refunds" (which are really welfare checks) and this will place America back on the path to prosperity, people actually believe him. It's incredible.

Where in history have we seen this kind of plan before? Argentina comes to mind. But where has it actually worked? Where has increasing the size of government, increasing the size of government handouts, and raising income taxes on the most productive citizens to more than 50% (state and federal combined) ever led to prosperity?

The American middle class was built by personal rectitude (hard work, saving, thrift), cheap energy, rising productivity, and the enormous surge in demand for American-made products and services following War World II. It cannot be "rebuilt" by the government or any president. It was a wonderful byproduct of American capitalism, personal responsibility, and the huge growth in free markets globally over the last 100 years.

The government cannot *give* anyone "the good life." Profits must be earned. Capital must be saved. And risks must be assumed to pursue growth. There's no free lunch, as Obama's fans will soon be reminded, much to their sorrow.

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