

# The Erroneous Rhetoric of the “Right”

by Bob Powell (modified - 3/04/04)

Some call the media “liberal” as an extremist pejorative, but the media is not liberal and liberals are far from extremist. Liberals simply appear to be on the “left” because there is no true voice of the left in the media.

To understand this, we only need to examine the political economic spectrum from far left to far right. Doing so shows that liberals, or progressives, are centrist or even slightly to the right of center. This tilt to the “right” illustrates the need for independent, alternative media that is truly balanced.

In addition, here are responses to some common right-wing conservative charges against, and characterizations of, liberals.

## The political spectrum, What’s “Left” and What’s “Right”?

Conservatives paint liberals as on the far left because they lack appreciation of the true extremes of the political spectrum (see box, **The Political Spectrum**), which are:

- The “far left” that advocates nationalizing all industry
- The “far right” that advocates privatizing virtually all government functions (even military functions).

This spectrum illustrates that liberals are not on the far “left” because no one hears liberals calling for nationalizing all industry ... not Democrats, the *New York Times*, Paul Krugman, or even the Greens. Liberals are actually centrist. They just appear to be because they’re in the center and to the left of the “far right.”

Second, this spectrum illustrates that the media is somewhere between liberal and conservative, that is, it’s tilted to the “right” and not “leftist.”

Conservatives paint liberals as on the far left because

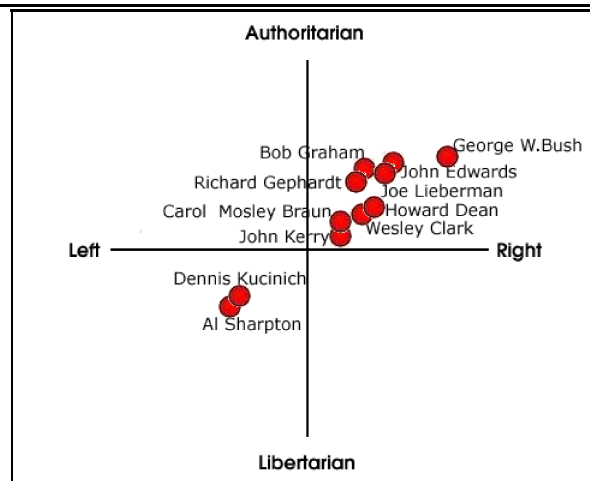
- they lack appreciation of the true extremes,
- they have a fixation on “either-or” thinking — someone must either believe in an unfettered “free market” or be a socialist,
- they are unable to tolerate “both-and” thinking that informs us that the free market is best for some things, government-regulated markets for others, and government-run for others.

What’s needed is both balance and an appreciation that the world doesn’t really work according to the principles of economics taught in Economics 101 (see box, **Two Disciplines: Dedication to the Truth and Balancing**).

## Balance

The diagram at right from the Political Compass site<sup>1</sup> shows the positions of U.S. candidates for president along the political spectrum. All the major candidates are on the authoritarian and economic right with George W. Bush shown as the most extreme. Even Kucinich, who conservatives paint as an extremist, is only slightly to the left. A “balanced” position between these candidates is tilted to the right and is not “balanced” along the

The Political Spectrum		
far left		far right
collectivist	balanced	individualistic
nationalize all industry	mix of gov't & private	privatize all industry
socialist	moderate	laissez-faire capitalist
	liberal	conservative
<b>When government isn't democratic</b>		
communism		laissez-faire capitalism
socialist dictatorship		corporate dictatorship
people are cogs in the machine of the state	people are human with intrinsic value	people are commodities to be bought and sold
(evil at the extreme) <i>Communists</i>		(evil at the extreme) <i>Cato Institute</i>



<sup>1</sup> Political Compass page: <http://www.digitalronin.f2s.com/politicalcompass/usprimaries.html>

political spectrum. A balanced position between the right and left recognizes that the free market works for most products and services, but also recognizes those for which it does not.

If the “far left” were to have a significant voice in the media comparable to the far right, it would be clear how moderate and centrist liberals really are. And the diagram at right<sup>2</sup> shows that George Bush is farther to the economic right than Saddam Hussein is to the economic left and Bush is not too far from being as authoritarian.

It’s for this reason that an independent, alternative media, free of corporate control, is needed for balance.

**When the “free market” doesn’t work well**

Many liberals are even somewhat to the right of center on the political spectrum, because they do not realize that the “free market” does not work very well in markets for many products and services. Appendix I briefly explains why for each of these examples:

- Ocean fishing
- Farming
- Health care
- Used car market
- Education
- Power production
- Labor markets
- Clean air and water
- Industry monopolies or oligopolies

But “free market” conservatives worship the free market as perfection itself and are either blind to market failures or explain them as due to the market just not being “free enough.”

There is a theoretical basis for which industries should and shouldn’t be privatized. They should be publicly owned or very strictly regulated when there are effects like adverse selection (health care, used car market), positive & negative externalities (education and health care), and long delays (power production) that lead to market failures. And no company should be allowed to become a virtual industry monopoly (e.g., Microsoft). When competition leads to oligopoly or monopoly, there is little or no competition.

The privatizing extreme adds a “profits tax” to basic and vital government services. It also creates wasteful duplication; an example: every day a different monster trash collection truck lumbers up and down the street.

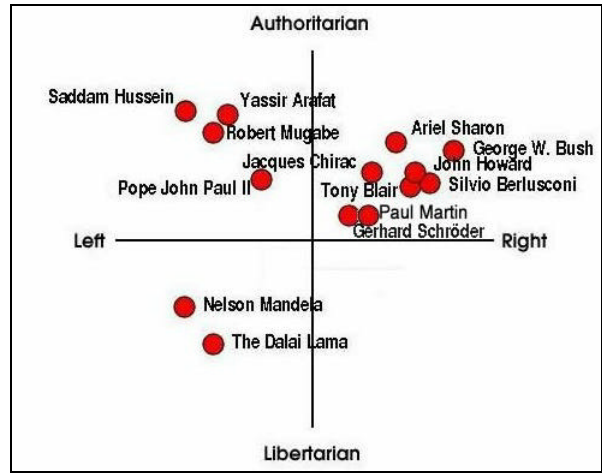
The real goal of privatization is not increasing government efficiency, but increasing the Republican business base of support and decreasing the number of government workers who tend to vote Democratic.

**Conservatives and Regulation**

Conservative rhetoric abhors regulation. But without effective regulation, all industries are subject to abuse as the many corporate scandals have demonstrated (CEO malfeasance, knowingly false analyst recommendations, and mutual fund late trading). But capitalism itself depends on a strict regulatory system. Many regulations are necessary no matter what the industry (e.g., strict accounting standards and public access to valid information on public companies).

**“Class warfare” is the drive to reduce and eliminate dividend & capital gains taxes**

Though it’s commonly observed that “time is money,” Republicans want to totally eliminate dividend and capital gains taxes. But it’s absurd that someone should pay more tax when investing their time to make money than when investing their money to make money.



**M. Scott Peck on communism and capitalism**

Pure communism ... expresses a philosophy that the purpose and function of the individual is to serve the relationship, the group, the collective, the society.

Pure capitalism ... espouses the destiny of the individual even when it is at the expense of the relationship, the group, the collective, the society. Widows and orphans may starve, but this should not prevent the individual entrepreneur from enjoying all the fruits of his or her individual initiative.

It should be obvious to any discerning mind that neither of these pure solutions ... will be successful.

The individuals health depends upon the health of society; the health of the society depends upon the health of its individuals.

M. Scott Peck, *The Road Less Traveled*, 1978, p. 166

<sup>2</sup> Political Compass page: <http://www.digitalronin.f2s.com/politicalcompass/analysis2.html>

While taxes may have been paid on the money invested, if Republicans have their way, it won't ever be paid on the investment returns.

Zero taxes on dividends and capital gains would allow those who live solely on investment income to be "free riders" on society, not paying for the infrastructure, government services, courts, national defense, and regulations that allow and protect those investment returns (this is "good" regulation).

This is a great policy for the 1% of the people who own 40% of everything, but it means those who work for a wage will foot the bill. This is unjust and the very definition of "class warfare." It allows the wealthy to be parasites on the rest of society. Of course, conservatives claim that pointing this out is "class warfare."

## On conservatives' claims that dividends and capital gains are double-taxed

First, conservatives say that corporations paying dividends and persons receiving dividends are not separate entities because the persons who earn dividends are owners of the corporations.

But, to the contrary, corporations paying dividends and the persons receiving dividends are separate legal entities. Corporations are set up to make the difference very clear and shield an individual's assets from action against a corporation. In the 1819 U.S. Supreme Court decision, *Dartmouth College v. Woodward*, Chief Justice Marshall wrote: "A corporation is an artificial being, invisible, intangible, and existing only in contemplation of law." The book, *Business Law*, notes its properties include immortality and individuality, "and by which a perpetual succession of many persons are considered as the same, so that they may act as a single individual."

Second, some conservatives argue that investment money has already been taxed in its creation, regardless of its source. But, again to the contrary, while a person's funds used to make an investment may have already been taxed, the person's investment earnings have not. This is newly-created personal wealth, just as wages or salaries increase personal wealth. Such income should be taxed equally.

Third, wage-earners pay income and Social Security taxes. Because SS taxes are not deductible, they pay SS taxes on the dollars they pay in income taxes. And when they buy things, sales taxes ("outgo taxes") tax leftover income a third time.

With the non-Social Security budget in deficit, the war in Iraq and tax cuts are financed by regressive Social Security taxes. Mr. Bush's supporters will get the most benefit, but those paying for the war and tax cuts are primarily those who didn't vote for him. Now that's clever. It's also theft of Social Security dollars. And conservative logic dictates that future benefits must be cut — because the SS surplus has been spent.

## On conservatives' put-downs of "political correctness"

Conservatives also have their own version of "politically correctness."

It's not politically correct to

- "point out" that promoting zero taxes on dividends and capital gains is "class warfare."
- criticize the "free market," despite its failures.

## Two Disciplines: Dedication to the Truth and Balancing

Two basic challenges:

- understanding real-world dynamics
- balancing between extremes.

Coping with these challenges requires two of the four disciplines M. Scott Peck describes in *The Road Less Traveled*. It's an understatement to say that these are a very difficult disciplines.

### Dedication to the truth or reality

In *The Road Less Traveled* Scott Peck defines dedication to the truth as an "openness to challenges to my map of reality."

We must be willing to understand "how the world really works," rather than basing our understanding on ideologies that represent part of the truth, but not all of the truth.

This is difficult:

"Faced with the choice of changing one's mind and proving one doesn't need to do so, ... we get busy on the proof."

John Kenneth Galbraith

### Balancing

In *The Road Less Traveled* Scott Peck defines balancing as "an ability for flexible response."

Examples of balancing:

- "living in the moment" and "planning for the future"
- looking out for the well-being of individual and the collective (individuals in the family and the family unit)
- local control and national control

This requires the systems thinking skill of "both-and" thinking, in contrast to "either-or" thinking.

The "Fallacy of Composition" is when "we act as if what is true for a part is true for the whole." This principle tells us that we must balance the needs of the individual and the needs of the collective in order to increase benefits to *both* the individual and the collective.

- criticize “free trade” with undemocratic regimes without labor and environmental standards, despite its negative impacts.
- call for “protectionism,” unless it’s protection of “intellectual property” and private capital, but not “social capital.”
- promote regulation, unless it’s regulation to protect private property or other assets.
- promote government unless it’s to force socially conservative policies on the public.
- be “liberal.”

The irony is that it’s the lack of regulation of markets that causes many of our social problems.

## On conservatives’ claims that minimum wage laws and unions interfere in the free market

This is true, but there is a prior and overriding interference at the national level by the Federal Reserve that assures there are *always* more people than there are jobs. When unemployment gets too low, and based on fear of a “wage-price spiral,” the Federal Reserve raises interest rates to “cool” the economy, which reduces demand for labor. This “musical chairs” effect makes the “added value” of any one person equal to zero. This drives wages at the bottom to zero (or almost zero ... as wages must allow at least minimal subsistence).

The only way to overcome this dynamic, short of a dramatic change in Fed policy, is for people to join together so companies can’t play one person off against another. This is why unions are necessary.<sup>3</sup>

## On conservatives’ claims that “growth is good.”

It insightful to realize that growth, taxes, traffic, unemployment and poverty are all related. Here is a brief explanation from the section of *The Tangle of Growth* on “A brief overview of the overall dynamic.”<sup>4</sup>

Based on its fear of setting off an inflationary wage-price spiral, the Federal Reserve maintains policies that assure there are fewer jobs than people.

Because only so much economic growth is allowed, people and regions must compete for the jobs and growth that are possible; and the competition escalates. Regions attract companies by offering ever more “business friendly” environments with lower taxes, less regulation and weaker worker protections. Because there are more people than there are jobs, the “added value” of any one person is zero (some will always be without jobs). So people are left in a take-it-or-leave-it position that drives down pay.

These situations parallel each other in that the escalation drives both peoples’ wages and regional taxes, that might be called “regional wages,” toward zero. This dynamic, which drives wages to zero, is why a minimum wage was established.

Too often these wages are not a “living wage” in that people cannot afford basic services, such as housing and health care, and regions cannot afford to maintain infrastructure and services.<sup>5</sup>

So drivers must contend with traffic jams for the same reason those at the bottom don’t make a living wage: it’s government policy. If the dynamic were understood, there could be common political ground for people stuck in traffic, tax limitation advocates, and low-wage workers. **It could be the basis of a broad-based coalition that could lead to a political realignment to support progress on many of our social challenges.**

## On conservatives’ claims that lower taxes promote “growth”

Lowering taxes in a region does not result in more overall growth and employment.” There does tend to be more growth in regions with lower taxes, but overall employment in the nation is not increased. This is because the Federal Reserve only allows so many jobs to be created. Therefore, people just have to move from one part of the country to another in search of the jobs that are available.

<sup>3</sup> See *Co-opetition* by Brandenburger and Nalebuff (pp. 40-44) for a simple game theory explanation of the dynamic explained as a card game. There is also an explanation in *Tangle of Growth*.

<sup>4</sup> The *Tangle of Growth* Table of Contents, Preface, Summary and Introduction is available for download at <http://www.exponentialimprovement.com/cms/TangleOfGrowth.shtml>. For an abbreviated explanation, see *The Growth Facts of Life*, a short essay that summarizes the sometimes uncomfortable “facts of life” about growth. It describes the structure behind, and “solutions” to address, our complaints about growth. It covers the interacting effects of tax policy, infrastructure backlogs, Federal Reserve interest rate policy and also how “The Attractiveness Principle” & “Escalation” systems thinking archetypes affect growth. (6 pages) <http://www.exponentialimprovement.com/cms/growthfacts.shtml>

<sup>5</sup> For a detailed explanation, see *The Tangle of Growth*, Appendix II. Federal Reserve policy and wages at [http://www.exponentialimprovement.com/cms/uploads/Tangle\\_of\\_Growth6eApp2Fed.PDF](http://www.exponentialimprovement.com/cms/uploads/Tangle_of_Growth6eApp2Fed.PDF).

The actual result of tax competition between regions is to create big infrastructure backlogs all across the country. Nationwide, the infrastructure backlog is \$1.6 trillion and growing at a rate of 9.25% per year.<sup>6</sup>

Jay Forrester<sup>7</sup> makes a key point: “**programs aimed at improving a city can succeed only if they result in eventually raising the average quality of life for the country as a whole.**” Therefore, it’s important that regions cooperate and not compete with one another.

## On conservatives’ claims that “free trade” is good for everyone because of the theory of “comparative advantage”<sup>8</sup>

There’s so much wrong with conservative positions on trade and so many aspects to the problems with “free trade” as it’s practiced, that it’s difficult to condense. Here are a few points:

### World trade does not fall within the constraints of the underlying theory of comparative advantage

“Comparative advantage” says that when everyone does what they do best and trades, then everyone benefits. However, trading products is “trade,” but moving the “factors of production” that produce the products is not within the scope of simple trade; it’s “economic migration.”

Companies are migrating to locations with the greatest “absolute advantage,” which is explained by the systems thinking archetype, “The Attractiveness Principle.”<sup>9</sup> The primary lesson of this structure is that, for example, no business can be “all things to all people.” Each business must choose among the factors that make its business more attractive and focus on the ones that define “what it wants to be.” To illustrate, all restaurants know they cannot (at the same time) be the best at everything: McDonald’s, Outback Steak House, and the Broadmoor all make different choices. Any business that attempts to have the highest quality product, the lowest cost and the best service (e.g., delivery time) fails because it’s overwhelmed on at least one of these dimensions.

People allocate business to the different restaurants based on their individual perception of restaurant composite attractiveness. A restaurant that gets more business than it can handle suffers a decline in service or seating delays that makes it less attractive (or it may raise prices to reduce demand and increase profit). Some people will therefore go elsewhere to more “attractive” restaurants (for them).

This dynamic also applies to geographic regions. The behavior described in the previous paragraph is captured by a corollary to “The Attractiveness Principle”:<sup>10</sup>

Given free migration, no place can long remain more attractive than any other place. Population growth continues until negative pressures arise to counterbalance an area’s underlying attractiveness.

This makes sense; people flow from places that are less attractive to places that are more attractive until negative pressures arise that make the places to which they are moving just as unattractive as the place from which they are coming. It’s the same kind of phenomenon as water seeking its own level.

This structure, this economic “fact of life,” applies to job loss to countries such as China. Given free migration of the factors of production (labor, capital, and land),<sup>11</sup> they will move from the U.S. to other places, such as China, as long as they are places of greater composite attractiveness.

Because China, India and other relatively undeveloped countries have a virtually inexhaustible supply of cheap labor, with many of them highly educated as well, this “economic migration” of the factors of production will go on for decades, if not the next century.

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<sup>6</sup> American Society of Civil Engineers [ASCE] Report Card: <http://www.asce.org/reportcard/>

<sup>7</sup> Jay W. Forrester, “Counterintuitive Behavior of Social Systems” [464K] (D-4468-2). An introduction to the concepts of system dynamics, discussing social policies and their derivation from incomplete understanding of complex systems. Forrester is the founder of the field of system dynamics. Download the paper at <http://sysdyn.mit.edu/road-maps/rm-toc.html>.

<sup>8</sup> For much more on trade issues and the loss of jobs, see “A Systems Thinking Perspective on Manufacturing & Trade Policy,” that explains why the U.S. is losing manufacturing and other jobs, why it’s a problem, why government can and should take action to address it, and what government can do (and can stop doing) to promote growth, create jobs in the U.S., and reduce the exodus of jobs from the U.S. (46 pages, 598K, pdf format. Updated 12/24/03 with a brief explanation of the systems thinking perspective and minor additions.), <http://www.exponentialimprovement.com/cms/fostermfg.shtml>. Reading the Table of Contents is a good overview. And the short section on “The U.S. economy in trouble: a perfect storm” explains why something fundamentally different is happening now. Overall, appropriate government action is imperative to avoid economic collapse. This section may provide a good scare.

<sup>9</sup> Note that “attractive” does not mean “pretty;” it means the composite influence of factors that attract. The Attractiveness Principle is a systems thinking archetype; the archetypes are fundamental structures that are frequently seen in systems. The word comes from the Greek archetypos, meaning “first of its kind.” *The Fifth Discipline* by Peter Senge (1990) describes many of the common archetypes, but not this more complex structure. For more on this ask about the *CI* paper on “The Attractiveness Principle.”

<sup>10</sup> Louis Alfeld, “Urban Dynamics — The First Fifty Years,” *System Dynamics Review*, Fall 1995

<sup>11</sup> Of course, land cannot move, but as long as there is substitutable land, land in one country can be substituted for land in another, just as labor in one country can be substituted for another.

Therefore, because world conditions do not meet the constraints of the underlying “theory of comparative advantage” upon which “free trade” advocates rely, conclusions drawn from the theory are flawed.

### **On conservatives’ claims that the U.S. should not include environmental & labor standards in trade pacts**

Conservatives maintain that the environment is a “good” and that, like any other market commodity, individuals will increasingly value it and invest in it as their incomes and wealth increase.

However, individuals are not able to individually value the environment or the benefits of labor standards; they cannot “purchase” them. Only governments can value the environment and the overall well-being of their citizens.

But if a government is not a constitutional democracy (especially if it’s a dictatorship) and does not have the technical competence and financial means to perform sound science, it cannot properly value the environment or estimate the value of reducing the detrimental effects of labor practices. That government cannot properly represent the interests of its citizens.

If we can purport to go to war in Iraq for democracy, we can also require democracy as a valid criteria for trade policy. If the country is not a democracy, we can require comparable labor and environmental standards as a part of trade pacts to actually lift up the people of that country.

### **On conservatives’ claims that we should require intellectual property protection restrictions on trade**

There’s a parallel between protecting intellectual property and protecting labor and the environment: intellectual property protections protect private capital and labor & environmental protections protect social capital.

“Free trade” proponents don’t have a problem with interfering with free trade by requiring intellectual property protections as restrictions on trade ... after all, they protect private capital, rather than social capital.

Labor and environmental standards protect social capital, or quality of life, built up over centuries and they protect our ability to further increase social capital. With inadequate trade protections for labor and the environment, which must be strictly monitored and enforced, our social capital will continue to seriously erode.

If the U.S. can require intellectual property protection restrictions on trade, it can also include labor & environmental protections.

### **On conservatives’ claims that the U.S. should not be protectionist**

Conservatives, and even some Democrats, say we must not become protectionist. But the U.S. is nowhere close to practicing overall protectionist policies. If it were, there would not be an exponentially increasing trade deficit approaching \$500 billion per year. For the trade balance to be that negative, the opposite must be true; in fact, U.S. policy is, in effect, “reverse protectionism” ... practically forcing industry and jobs out of the country.

There are so many complex factors affecting trade that the “formula” for stopping “reverse protectionism,” that is, creating a “level playing field,” is probably so complex that it’s not just difficult, but impossible. Therefore, government policy should focus on outcomes by promoting “even trade,”<sup>12</sup> not “free trade,” just as individuals try to make “even trades” of value when bartering.

Governments must strive for “even trade” because trade that’s greatly out of balance causes serious long-term problems. In the case of U.S. policy, because an exponentially-increasing trade deficit cannot go on forever, and at \$500 billion per year it cannot even go on much longer. We must stop it or else it will stop by itself as the economy collapses.<sup>13</sup>

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<sup>12</sup> Warren Buffett describes an “Import Certificates” mechanism: Warren Buffett, “America’s Growing Trade Deficit Is Selling the Nation Out From Under Us. Here’s a Way to Fix the Problem — And We Need to Do It Now,” *FORTUNE*, Sunday, October 26, 2003, <http://www.fortune.com/fortune/investing/articles/0,15114,525644,00.html>

<sup>13</sup> For more on this, see “A Systems Thinking Perspective on Manufacturing & Trade Policy,” that explains why the U.S. is losing manufacturing and other jobs, why it’s a problem, why government can and should take action to address it, and what government can do (and can stop doing) to promote growth, create jobs in the U.S., and reduce the exodus of jobs from the U.S. (46 pages, 598K, pdf format. Updated 12/24/03 with a brief explanation of the systems thinking perspective and minor additions.), <http://www.exponentialimprovement.com/cms/fostermfg.shtml>

## Appendix I. Free Market Failures

The “free market” doesn’t work, or works poorly, without government intervention in markets some products and services. Here’s why:

- **Ocean fishing:** An ocean fishery is a commons. Each fisherman puts out more boats to be more productive. But too many boats deplete the stock of fish. This is the tragedy of the commons. The irony is that the market sends a signal exactly opposite that needed to preserve ocean stocks of fish; this is because, as fish become more scarce, the price goes up, prompting even more over fishing.
- **Farming:** The market for farm commodities is essentially a commons into which too much farmland in production creates too much supply, driving prices lower. The low prices lead farmers to request more subsidies and price supports. These subsidies and supports allow farmers to expand and be more efficient to put even more commodity into the market, driving prices even lower in a vicious downward spiral.

One might think that less land would be taken out of production in response, but land in production is very inelastic to commodity prices.<sup>14</sup> Land is fundamentally different because it is not created and destroyed as factories can be.

- **Health care:** Adverse selection leads some of the healthiest people to drop their insurance, estimating they don’t need it. This raises average costs and premiums for those remaining. This leads the healthier of those remaining drop out and creates a death spiral.

Add to this, that without everyone being covered, society does not take advantage of the positive externalities of health care: that is, when you spend money on your health, I’m less likely to get sick and, if we’re working together, I’m more productive. This promotes “free-riding” ... there are advantages to me for just letting you pay for your health care. Also, some of the healthy who dropped out do get sick; the costs are passed on to the public in taxes and to businesses in increased costs. This raises premiums and accelerates the effects of adverse selection.<sup>15</sup>

- **Used car market:** The adverse selection dynamic also affects the used car market. Because the seller of the used car knows more about it’s true condition than any buyer (“asymmetric information”), lemon laws are necessary for the used car market to work efficiently. Without them the cars on the market would tend to be those in the worst condition and the detailed mechanic inspections buyers would be required to do to protect themselves would add significant costs (“resistance”) to the flow of vehicles in the used car market.
- **Education:** There are significant positive externalities resulting from education. When you spend money on your education and when we’re working together, I’m more productive. These positive externalities lead to free-riding; for example, corporations that train their workers in non-company-specific skills are vulnerable to having their workers hired by other corporations who do not spend on training and can afford to pay higher wages.
- **Power production:** By the time the market sends a price signal that more demand is needed, it takes years to put a new plant on line. During this time the price of power can soar. Another problem is that if there are disruption in power, the private power company pays no price, except for the lost sale of power, for the disruption and losses of the public at large. On the other hand, the public has a stake in public power. Also, if private companies collude to restrict supply, they can artificially drive up prices as they did in the last few years in California.
- **Labor markets:** Treating workers as a commodity implies that when there’s an excess of labor, we’d simply kill some people to bring supply into line with demand. Even the U.S. form of capitalism recognizes the free market does not work for labor, and, because of the fear of setting off a wage-price spiral, the Federal Reserve regulates the economy to assure demand for labor does not exceed supply (via a NAIRU<sup>16</sup> target).
- **Clean air and water:** Voluntary controls on pollution emissions do not work because of negative externalities. Companies make more profit when they let the public pay for the costs of cleanup. The lakes, rivers, and the atmosphere are “commons” that are vulnerable to the tragedy of the commons.

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<sup>14</sup> “Inelastic” in that less demand for farm commodities does not result in very much change land in production. See: “Changes in Australian ag support had little impact on total farm acreage” at <http://www.agpolicy.org/weekcol/166.html> and “Other industries have the tools needed to manage excess capacity” at <http://agpolicy.org/weekcol/148.html>.

<sup>15</sup> There’s more to it than this ... see [Health Care Dynamics](http://www.exponentialimprovement.com/cms/HealthCareDyn.shtml) at <http://www.exponentialimprovement.com/cms/HealthCareDyn.shtml>.

<sup>16</sup> NAIRU: Non-Accelerating Inflation Rate of Unemployment. For an explanation of NAIRU, see “The Tangle of Growth, Appendix II. Federal Reserve policy and wages” that explains the effect of Federal Reserve policy on growth and wages.

Link: [http://www.exponentialimprovement.com/cms/uploads/Tangle\\_of\\_Growth6eApp2Fed.PDF](http://www.exponentialimprovement.com/cms/uploads/Tangle_of_Growth6eApp2Fed.PDF)