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UPDATE POST



On Election Day, Look Beyond Appealing Promises

Posted on October 27th, 2014

http://informationstation.org/kitchen_table_econ/on-election-day-look-beyond-appealing-promises/

Election season is here. That means we are being inundated with platform promises from our potential political representatives about how their measures and policies can improve our lives. While these promises seem appealing – and many are even backed up by sound evidence – remember to look at their less apparent – but very real – costs before you vote for them.

This dynamic is known as “the seen and the unseen,” with the “seen” being the promises and actions politician make and take, and the “unseen” being the costs or consequences that come as a result. What’s known as “the broken windows fallacy” helps us better understand the dynamic. That fallacy goes something like this:

A group of hooligans break the shop windows of the neighborhood tailor. As the crowd gathers to survey the damage, one bystander says that the destruction is not a waste because it will provide work for the glass man, providing him with more money to spend on his goods, “stimulating the economy.” This is easily seen.

However, the tailor will have to pay for the glass repair from savings that he was planning to use on purchasing a new cash register and

expanding into selling shoes, which now he can no longer do. These foregone actions – due to needing to spend his funds on replacing the window – are the “unseen.”

Many economists believe that this analogy serves as the basis of economics, given that we can apply it to most political policies. Let’s look at a few real world examples:

- Many counties face rent control ballot measures on November 4th. The seen of rent control is obvious: cheaper housing for those on fixed incomes. But before you rush to vote for it, think of the unseen. Artificially low rent means that housing developers won’t come and build new buildings because they are no longer profitable. This would lead to a housing shortage – especially given that so many people would be clamoring to live in the few cheap, rent controlled units. As a result, there may be fewer housing options for those on fixed incomes because of rent control, not more.
- Many states and counties also face minimum wage ballot measures on Election Day. A higher minimum wage means more money in the pockets of those who

need it most, right? That is seen. What’s unseen is that employers – in order to pay for the higher minimum wage – will have to scale back on other planned expansion or raise prices, limiting job opportunities. Therefore, again, there may be less money going to those who need it most because of a higher minimum wage, not more.

- Finally, many politicians are promising to prevent companies from outsourcing jobs to ensure more “good jobs” for Americans. Many of us have painfully seen job loss due to outsourcing. But what’s unseen is that allowing companies to make their products elsewhere usually makes them significantly cheaper for us, leaving us more money to spend on things that Americans have an advantage in, like technology or restaurants. This means more wealth, jobs, and a higher standard of living for all Americans.

So, while understanding this dynamic won’t slow down the endless political promises this election season, it will allow us to make a more reasoned choice when we go to the ballot box on November 4th.