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The Missing Plank of the GOP Platform: Reclaiming Family-Wage Jobs in an Age of Globalization

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In his 2010 examination of the welfare state, *Never Enough,* William Voegeli spilled a lot of ink exposing the intellectual bankruptcy of liberalism. But the Claremont scholar also chided his fellow conservatives for failing to see the beam in their own eyes: an obsession with tax cuts and economic growth that has prevented Republicans from expanding their share of the electoral market. Using Congressional Budget Office household-income data, Voegeli demonstrated that the much-touted supply-side revolution driven by the Reagan, Clinton-Gingrich, and Bush-43 tax cuts delivered substantial benefits for the upper-middle class but only marginal benefits for the working and middle classes.[1]

His analysis could not be more compelling, given the chilly reaction to Mitt Romney's tax proposal, which builds on the same construct, when unveiled in early August.[2] As Voegeli laments: "These tax cuts were hardly of a sort to significantly improve the lives—or earn conservatives

1. William Voegeli, *Never Enough: America's Limitless Welfare State* (New York: Encounter Books, 2010), pp. 231–36.

2. For example, see Jim Tankersley, "The Truth about Romney's Tax Plan: It's a Pipe Dream," *National Journal*, August 8, 2012, and Robert J. Samuelson, "Romney's Tax Gift," *The Washington Post*, August 10, 2012, p. A13.

the political loyalty—of the households making up . . . [the bottom] three-fifths of the income distribution." Noting that after-tax income of the middle-quintile household increased just 21 percent in real terms between 1979 and 2005, the conservative scholar concluded: "It's doubtful that a political coalition for limited government can be purchased so cheaply."[3]

The economy's lackluster performance since 2008, which has tightened the noose on Americans without a college degree, a segment of the population that represents 70 percent of Americans more than 25 years of age,[4] justifies Voegeli's recommendation that the GOP rethink its policy agenda and political strategy. Indeed, as Nathan Lewis suggests in *Forbes*, "It would be nice if Republicans could focus their attention a little more on the median and less-than-median workers and families in the U.S."[5] As much as conservatives are right to criticize President Obama for a stubborn unemployment rate—more than 8 percent since his first full month on the job, an unparalleled record of futility—what exactly has the Party of Lincoln, when in power, delivered to families representing the vast middle and working classes, families who bear and rear most of the country's posterity and whose sons serve in the military and fight our wars? How has the GOP boosted the job prospects of their men, their breadwinners? Sensitive to this inattention to "red state" America, former Senator Rick Santorum noted the irony during the GOP primary contest: "When you look at the economic plan that Republicans put forward, it's all about tax breaks for higher-income individuals who live in those blue areas."[6]

The Downward Trajectory Since the 1970s

Even before the Obama presidency, the prospects for Americans living in "red" counties and states were spiraling down, as anyone can see

3. Voegeli, *Never Enough*, pp. 234–35.

4. *Statistical Abstract of the United States*, 2012 edition, Table 231, "Educational Attainment by Selected Characteristics: 2010."

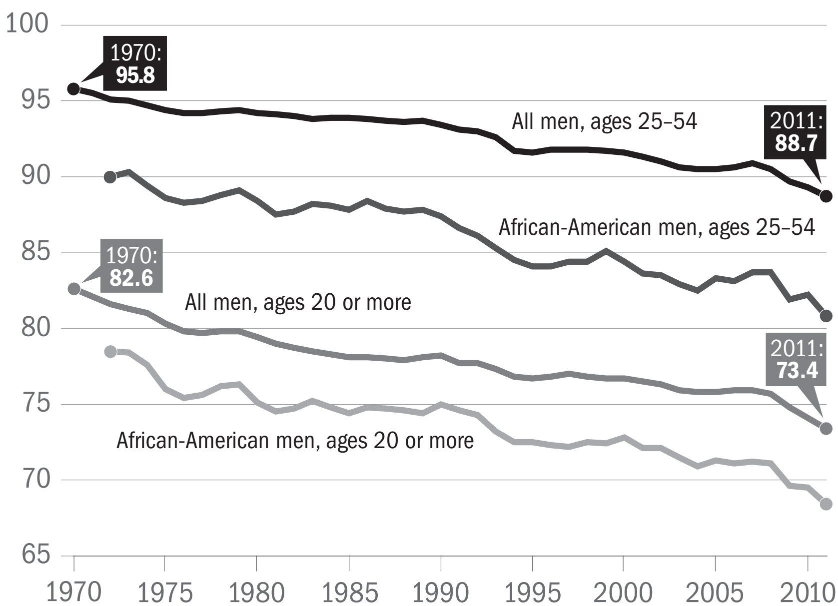
5. Nathan Lewis, "Economic Forensics: Who Actually Destroyed the Middle Class?" *Forbes*, June 24, 2012.

6. Quoted by Sarah Wheaton and Richard A. Oppel Jr., "Santorum Faults GOP for Favoring the Urban Wealthy," *The New York Times*, March 18, 2012.

by looking at the trend lines for men's wages—even during periods of rapid GDP growth. According to Arnold King of the Mercatus Center at George Mason University, "From 1980 to 2007, real wages for male workers with only a high school degree fell by 12 percent." He further notes that among men with a college degree (but no advanced degree), their earnings increased during the same period by only 10 percent in real terms, and actually declined between 2000 and 2010.[7] These declines follow a steady drop in the labor-force participation rate of men, as illustrated below, a drop more pronounced among African Americans.

Chart 1: **Declining Male Labor-Force Participation Rates**

Percent of the Civilian Population



Source: Current Population Survey, U.S. Bureau of Labor Statistics.

7. Arnold King, "What If Middle-Class Jobs Disappear?" *The American: The Journal of the American Enterprise Institute*, November 3, 2011.

These numbers do not fully capture the trajectory that Republican policymakers have apparently ignored. With a touch of humor but in all seriousness, David Frum, a former speechwriter for President George W. Bush, frames the bad news from a generational perspective:

> You are a white man aged 30 without a college degree. Your grandfather returned from World War II, got a cheap mortgage courtesy of the GI bill, married his sweetheart and went to work in a factory job that paid him something like $50,000 in today's money plus health benefits and pension. Your father started at the same factory in 1972. He was laid off in 1981, and has never had anything like as good a job ever since. He's working now at a big-box store, making $40,000 a year, and waiting for his Medicare to kick in.
>
> Now look at you. Yes, unemployment is high right now. But if you keep pounding the pavements, you'll eventually find a job that pays $28,000.[8]

In contrast, upper-middle class households, particularly those headed by highly educated couples pursuing dual careers, are doing just fine, even thriving, as Charles Murray observes in *Coming Apart*. Although the number of these elite households has multiplied in recent decades, they represent only the top quintile of Murray's combined education-and-income scale[9]—but, tellingly, they also appear to compromise a good many Capitol Hill staffers and administration appointees of both political parties.[10] Murray laments how the privileged set has lost touch with the rest of the country, particularly with households at the bottom 30 percent of his composite scale. Yet these elites, responsible for drafting economic and social policy, are equally out of touch with the middle 50 percent. Despite all their self-proclaimed love of "diversity," these elites do not "look like" America, the middle class, or the "average American,"

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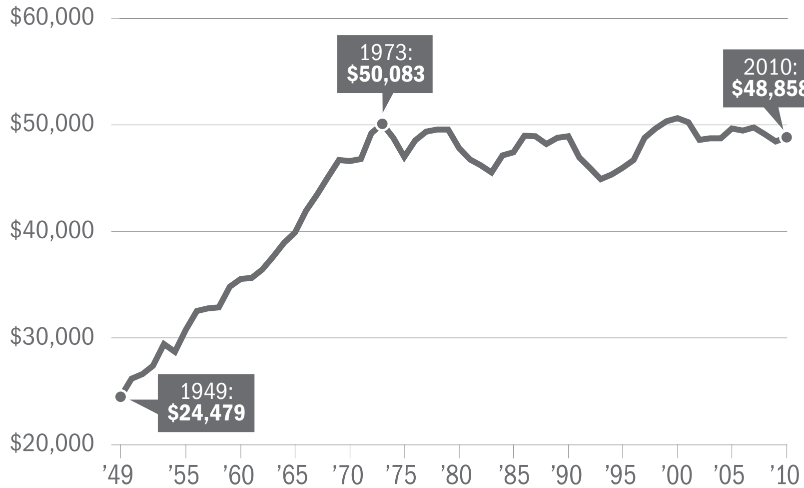
8. David Frum, "Is the White Working Class Coming Apart," *The Daily Beast*, February 6, 2012.
9. Charles Murray, *Coming Apart: The State of White America, 1960–2010* (New York: Crown Forum), pp. 147–48.
10. See a former White House staffer's observation that commitment to family life via marriage and children is not a priority among the professional class in the nation's capital in Timothy S. Goeglein, *The Man in the Middle: An Inside Account of Faith and Politics in the George W. Bush Era* (Nashville: B & H Publishing, 2011), pp. 175–76.

Theodore Roosevelt's term of endearment, meaning typical American workers, including breadwinners seeking to provide for a family where the mother can devote her attention to homemaking and raising three or more children. It is precisely these Americans, who populate much of red-state America, who have lost the most relative to their parents a generation ago.

Charts 2, 3, and 4 illustrate this marginalization of "red-state" married-parent families, and their breadwinners, unappreciated yet indispensable builders of the nation. Married-parent families (with dependent children) that rely exclusively on one male-wage earner saw their median income hit a peak in 1973, at $50,083, in 2010 dollars. Prior to 1973, these households enjoyed steady income growth, keeping pace to a great extent with GDP growth, increasing by a respectable 98 percent in real terms between 1950 and 1973, as GDP increased by 145 percent in real terms. After 1973, these same households saw their median income remain essentially flat or decline. From 1980 to 2010—when the GDP

Chart 2: **Median Household Income**
Married-Parent Families with At-Home Mother
in 2010 Dollars, 1949–2010



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.

increased by 124 percent—those same families struggled to keep up, seeing their median income increase by merely 2 percent. That financial pressure may explain, in part, why many married mothers traded having more children for joining the labor market. Yet even when mothers with part-time or full-time jobs are added to the mix, the median income of all married-parent families rose just 24 percent, a modest gain compared to the income growth that single-earners with larger families enjoyed in the immediate postwar era.

The Family-Wage Factor

A collusion of many factors explains this reversal of fortunes of Middle America. The Spring 2012 issue of this journal explored social, economic, and political aspects of "the vanishing American middle class," a development that many observers, liberal and conservative, lament. Without ignoring these other factors, The Family in America has historically highlighted the mischief sowed by the abandonment of the "family wage" by government and business during the 1970s. A social and economic ideal upheld throughout most of the twentieth century, the family-wage construct enabled the vast majority of married fathers not only to fully support a wife and three or four children at home but also to secure, for retirement, adequate health-care and pension benefits for two adults.

This did not mean that wives never worked outside the home; many did, although generally not as family-wage earners. But there was no normative expectation on the part of employers, labor unions, government, or the public that the average family would need both parents working outside the home full-time from the time they married until retirement, the current presumption in Western Europe and of influential bureaucrats of the Organization for Economic Cooperation and Development (OECD) as well as many social-policy theorists in the United States. However, in an economy where the family-wage doctrine prevails, a single earner—the father in the vast majority of cases—is sufficient to sustain the average household. Under this economic order, the household arrangement made possible by the family wage is not considered a luxury available only to highly educated breadwinners such as lawyers or physicians; no, that arrangement was considered such a social necessity that virtually everyone recognized the need for a family wage that

Chart 3: **The New-Deal Boom**
Percent Increases Since 1950

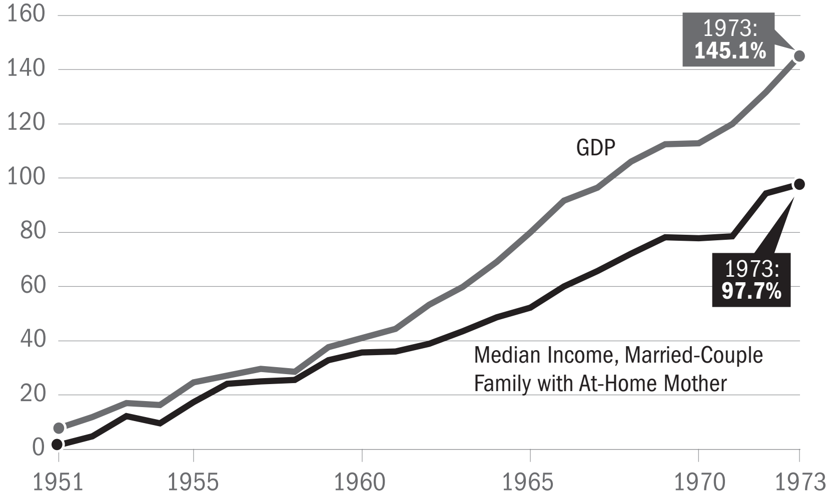
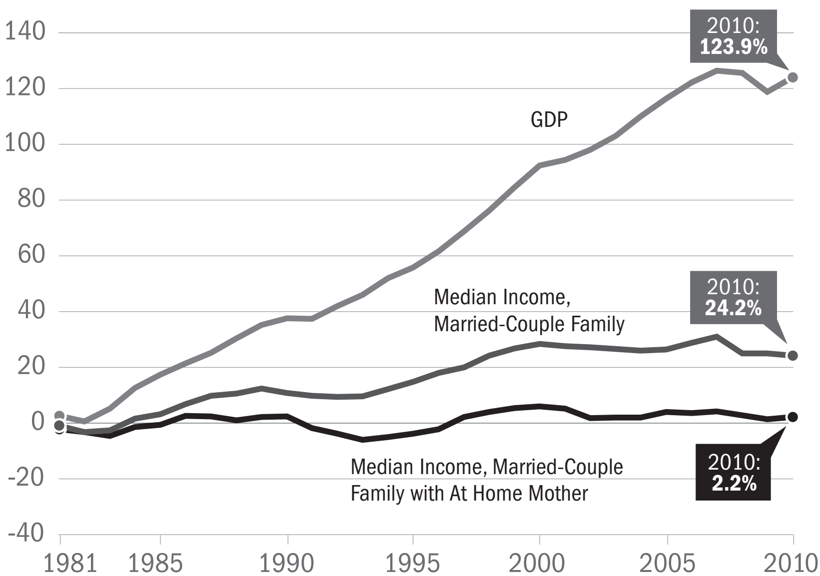


Chart 4: **The Reagan Boom**
Percent Increases Since 1980



Sources: Author's calculations using U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements (family-income data in 2010 dollars) and U.S. Department of Commerce, Bureau of Economic Analysis (GDP data in 2005 dollars).

enabled even blue-collar workers to enjoy the American dream.

Nor was the arrangement devised, as the feminists imagine, to keep all women barefoot, pregnant, and out of public life. The American architect of the family-wage system, Theodore Roosevelt, fully supported educational and career opportunities for women: “It is entirely right that any woman should be allowed to make any career for herself of which she is capable, whether or not it is a career followed by a man. She has the same right to be a lawyer, a doctor, a farmer, or a storekeeper.” At the same time, the twenty-sixth president understood that the enormous demands of raising a family—to him, the most important work of both men and women, of greater value than any professional accomplishment—make it difficult for the “average” mother to meet those demands while also pursuing a career. He did recognize in his own day that “exceptional women—like Julia Ward Howe or Harriet Beecher Stowe” were “admirable wives and mothers,” as well as “workers of genius outside the home.” But he cautioned that “such types” are exceptions, “rare whether among men or women.”[11]

For these and other reasons, TR maintained that public policy should not be written with the exceptional in mind, nor should it attempt to make the exceptions the norm. “Legislation,” he claimed in 1917, “must be for the average, for the common good,” arguing—in others words—that rare cases or outliers make bad public policy. Indeed, in matters of taxation, employment policy, and compensation, the Rough Rider called for “preferential consideration”—his phrase—for the single breadwinner of the average family, and especially for the breadwinner supporting a family with more than three children.[12]

This attention to making the economy serve the needs of the average family—not the other way around—informed the progressive policies of Henry Ford, who insisted as early as 1914 that a man’s wage in the marketplace include compensation for his wife’s labors in the home. That same orientation animated much of the New Deal, including the Social Security system, and the Republican-led Revenue Act of 1948. (That Act

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11. Theodore Roosevelt, *The Foes of Our Own Household* (New York: George H. Doran Company, 1917), pp. 232, 235.

12. Ibid., pp. 265–66.

not only provided for generous personal exemptions but also gave single-earner married couples the decided tax advantages of "income splitting" through joint filing, as income brackets for married couples were in every case double that of single filers.) Even the employment provisions of the Civil Rights Act of 1964 were intended to advance a similar family-supporting goal: securing for African-American men the same family-wage jobs that had built the white middle class.

Debasement of Family and Country

That was then. Emerging standards of political correctness, particularly those originating in what political theorist Jeffrey Bell terms "adversarial feminism,"[13] within time turned the Civil Rights Act upside down and so undermined the very family-wage system that the drafters of the landmark legislation had sought to extend to African Americans. Despite the intentions of its original sponsors, the 1964 legislation metamorphosed into an affirmative-action mandate for the employment of women regardless of race. This mutation came through rulings of the Equal Employment Opportunity Commission (EEOC), an appointed bureaucracy captive to ideology, a bureaucracy conjured into existence by Title VII of the 1964 act, a section of the law radically transformed by an odd parliamentary maneuver that inserted the word *sex* into the measure's prohibited forms of discrimination at the eleventh hour—without any public hearings on this stunning insertion.[14] The new presumption of the EEOC was that it was college-educated white women like Betty Friedan—not African-American families and children—who were suffering from discrimination.

But much more than simply the family wage was lost. What was discarded was the original purpose of American social and economic policy: advancing the common good of the average family, a goal that demanded a family wage sufficient to secure middle-class status for the vast majority

13. Jeffrey Bell, *The Case for Polarized Politics: Why America Needs Social Conservatism* (New York: Encounter Books, 2012), pp. 138–45.

14. For the history of the dismantling of the family-wage system, as well as an account of how the word *sex* made it into the Civil Rights Act of 1964, see Allan C. Carlson, *From Cottage to Work Station: The Family's Search for Social Harmony in the Industrial Age* (San Francisco: Ignatius Press, 1993), pp. 57–63.

of U.S. households. From the 1970s onward, many aspects of employment, social, and welfare policy would no longer reflect a commitment to the average, the normal, or the regular, but instead would prop up departures or deviations from the ideal. The "preferential consideration" that TR rendered to average breadwinners and their families would now go to women, including married mothers, who would enjoy a decided advantage over men in the job market due to sex-based affirmative action, a form of rent-seeking with which business eagerly complies. Subsidized daycare stacked the deck higher against conventional families.

No-fault divorce legislation further reinforced feminist rent-seeking. By favoring the spouse who wants to dissolve a marriage, the legislation indirectly pushed more women into the labor market: among the married, women would seek employment as a form of divorce insurance; among divorcees, women would seek employment out of necessity. Moreover, *Roe* v. *Wade* offered a kind of "preferential consideration" to the unmarried pregnant woman seeking an abortion as well as the father trying to skirt his responsibility of marrying her and so form a family. And if an unmarried woman chose to give birth, the welfare system would grant her a tax-free package of cash, Medicaid, housing and energy subsidies, and food stamps, a package more generous than a young father could typically earn in the marketplace. The system made dependency widespread, the family wage nonexistent.

As a consequence of these policy reversals, Americans lost the middle-class norms that had long strengthened the nation's economy, norms that simply disappeared in a sea of unwed parenthood, full-time maternal employment, abortion, no-fault divorce, and non-marital cohabitation. Moreover, Americans who followed the old rules found themselves carrying new burdens in the form of higher taxes to fund an expanding welfare system, further marginalizing the average, normal, and ordinary.

The assault on the middle class didn't happen in a vacuum. Concocted in the 1970s, these social policy "innovations" were enacted at the worst possible time, when the economic vitality and industrial prowess the country had enjoyed since World War II started to wane. A new global economy was emerging, soon to be greased on the skids of free-trade agreements advocated by the elites of both parties, a new world order in which China would become an industrial giant and America an industrial weakling. The pace for this economic "restructuring" was set when President Richard Nixon dealt his tricky hand on monetary policy in 1971, and broke the Bretton Woods international gold-exchange agreement of 1944. Economist John Mueller claims that after the decision—pushed by the dean of free-market economics, Milton Friedman (although with second thoughts thirty years later)[15]—America would never be the same, suffering from chronic episodes of inflation, declining take-home pay for workers, endless federal deficits, and unsustainable trade imbalances.[16] In essence, the new monetary regime invited countries like Japan and China to manipulate the dollar, strengthening their hand and weakening America's.

If that wasn't enough, President Clinton's 1999 repeal—with full Republican support—of New Deal-era regulations that had separated commercial banking from investment banking was the final nail in the coffin. As columnist Harold Meyerson regularly laments in the *Washington Post*, the undoing of provisions of the Glass-Steagall Act of 1933 enabled the creation of a Frankenstein-like finance-banking-investment complex empowering Wall Street rather than American industry, already in decline. All these factors, he believes—including shifts in the tax system, beginning in 1990, that favored "investment" income over labor income—left the United States with a "Wall Street-Walmart" economy, one dominated by lucrative high-finance on one end, and by low-paying service jobs on the other. Even before triggering the dislocations of 2008, this deadly mix was outsourcing family-wage factory jobs while further reducing the real wages, and labor-force participation rate, of men.[17]

That outsourcing has even relocated the production of U.S. war materiel, armaments, and technology vital to national security to places like China, a bizarre development that Meyerson hasn't followed but one that would horrify Alexander Hamilton, the American founder who insisted

15. Interview with Milton Friedman, *The Financial Times*, June 7, 2003.

16. See John D. Mueller, *Redeeming Economics: Rediscovering the Missing Element* (Wilmington, Del.: ISI Books, 2010), pp. 327–51.

17. Harold Meyerson, "A Post-Industrial Bent," *The Washington Post*, September 5, 2011, p. A13.

on domestic production of "military and other essential supplies."[18] The libertarian economists who dominate the GOP insist that all these developments weakening America are not only inevitable but also desirable. Yet the "creative destruction" of the past forty years, coupled with feminist social policies and environmental regulations redefining every factory as a threat to the natural habitat, has left Main Street American families not only struggling but also furious about what has happened to their country.

A Way Forward: Policy Recommendations

Given the disproportionate influence of the libertarians, adversarial feminists, and environmentalists, the policy deck may be stacked against any attempt to reverse the current state of affairs. Yet the protracted Great Recession, now four years young and showing no signs of ending, makes it clear that the country can no longer afford to marginalize industry while moving bourgeois families and their men to the sidelines. In the spirit of the Civil Rights Act of 1964, the country needs policies that once again recover TR's "preferential consideration" for average breadwinners and their families. The country cannot wait for the free market or free trade to reverse the malign effects of forty years of bad policy.

As Michael Lind lays out in his ground-breaking book, *Land of Promise*, policymakers may need to reclaim Henry Clay's "genuine American System," an economic vision for rebooting the country and helping Americans whose prospects are in decline. According to the cofounder of the New America Foundation, the United States has expanded and prospered only when policymakers have embraced the "Hamiltonian development tradition," fostering "a creative partnership among government, business, the nonprofit sector, and labor." Conversely, the country has struggled or regressed when policymakers have followed the "Jeffersonian producerist school": pitting the state against the market, minimizing the role of government to that of an umpire or night-watchman, and insisting "there is no public good or national interest distinct from the short-term interests of consumers in

18. Alexander Hamilton, "Report on Manufactures" to the U.S. House of Representatives, December 5, 1791, opening paragraph.

the lowest possible prices."[19]

First articulated by Alexander Hamilton but also embraced by Abraham Lincoln as well as Theodore and Franklin Roosevelt, the American System is one that advances industrial policies that are pro-manufacturing, pro-infrastructure, and pro-growth. On the foundation of sound money, protective tariffs, and financial modernization, that system was responsible for transforming the country into an "industrial, financial, and military colossus" through such legislation as the Homestead Act of 1862, large "internal improvements"—such as the railroads and the interstate highway system—requiring creative cooperation between business and government, FDR's enlistment of American industry to help him fight World War II (an effort praised by historian Arthur Herman in *Freedom's Forge*),[20] as well as the collaboration between the military and private sector during the Cold War.[21]

As Fox News contributor James Pinkerton observes, a revival of the *American* System—not more globalization or financial deregulation—would promote growth and development at home that is "neither laissez-faire nor bureaucratically ordained" but very much "pro-car, pro-highway, pro-suburbs, pro-income redistribution, pro-labor, pro-growth—all at once."[22] That kind of hard-nosed "developmental capitalism" would benefit ordinary families, especially if the new blueprint was as pro-marriage and pro-children as were the systemic policies in force throughout much of the twentieth century. Indeed, a new American System may offer the only hope for the recovery of some version of the lost family wage. To that end, policymakers should consider three recommendations that would raise the prospects of families threatened by an expanding welfare state, on one hand, and globalization, on the other.

1. Downsize the welfare state by diverting at least 25 percent of its current federal expenditures to state-transportation departments,

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19. Michael Lind, *Land of Promise: An Economic History of the United States* (New York: Harper, 2012), pp. 14–15.

20. Arthur Herman, *Freedom's Forge: How American Business Produced Victory in World War II* (New York: Random House, 2012).

21. Lind, *Land of Promise,* pp. 8–12.

22. James P. Pinkerton, "Hamilton Shrugged," review of Michael Lind, *Land of Promise*, *The American Conservative*, June 2012, pp. 46–48.

funding new physical infrastructure projects giving married fathers construction jobs paying a family wage. This bold recommendation builds upon the analysis of John Mueller, who has demonstrated that declines in both employment and labor-force participation rates among men since the 1970s are the consequence of the vast expansion of means-tested welfare programs during the same time. His calculations reveal that every 1 percentage-point increase in welfare spending relative to GDP translates into a 2 percentage-point decrease in the employment-population ratio for men. This drop results, he claims, because the Nanny State compensates for the myriad effects of family breakdown, delivering to the subjects of broken homes the economic and social "gifts" that are naturally exchanged within intact families on the part of bread-winning husbands and a full-time mother.[23] Because federal means-tested welfare spending represented fully 4.7 percent of GDP in fiscal year 2011,[24] it is no wonder that 11.3 percent of men *in their prime*, ages 25 to 54, have checked out of the labor force.

Mueller's analysis implies that the country will not be able to improve the breadwinning prospects of men and fathers, or recover any sense of the family wage, without a serious scale-back of welfare expenditures. Other considerations—including evidence that the welfare system depresses family formation by undermining the kind of personal responsibility that sustains wedlock—also justify such a downsizing. Yet conservatives have yet to offer alternatives that would enable the dependent class to become truly self-reliant. The creation of Temporary Assistance for Needy Families (TANF) is often praised as the model, yet its focus on moving unwed mothers into the labor force has neither reduced overall welfare expenditures nor increased rates of family formation nor improved job prospects *for fathers*. Moreover, most welfare mothers who have transitioned to the labor force remain dependent on public assistance to compensate both economically and socially for the missing

23. Mueller, *Redeeming Economics*, pp. 318–21.

24. Author's calculations, here and later, are based upon defining "means-tested welfare spending" as the sum of seven U.S. Office of Management and Budget "subfunction" line items: "Training and employment," "Other labor services," "Social services," "Health care services," "Housing assistance," "Food and nutrition assistance," and "Other income security." *Budget of the U.S. Government, Fiscal Year 2013,* Historical Tables, Table 3.2, p. 75.

father. That's no way to get the country moving again. What's needed is a new approach that reinforces the social conservatism of the New Deal rather than the social engineering of the Great Society.

A new approach requires, like never before, initiatives that create productive family-wage jobs for men and fathers, certain to give Americans something far more effective and popular than the bloated welfare state. Liberals should have reason to support such measures, given their professed concern for welfare mothers permanently dependent on the state because they can find no marriageable men with good jobs. New programs that give construction jobs to married men and fathers would not only restore incentives for family formation but also offer a proven path to middle-class security for millions of Americans. These would not be make-work jobs long associated with the War on Poverty. In its 2009 "report card," the American Society of Civil Engineers (ASCE) estimates that America's infrastructure suffers because of a projected five-year funding shortfall of $1,176 billion—or about $235 billion a year—needed to pay for essential projects. Limiting their focus to strictly surface-transportation projects—meaning highway, bridges, rail, and transit—analysts calculate a five-year deficit of $751.3 billion, or $150 billion a year.[25]

Last year, this writer suggested reducing federal welfare expenditures to 3 percent of GDP, about the level they were during Bill Clinton's second term.[26] A 3.3-percent cap would mean that for fiscal year 2013, projected means-tested welfare spending would fall from $728.6 billion to $541.4 billion, the same dollar amount recorded in 2008, in effect reversing the rapid escalation of welfare spending under President Obama.[27] That would leave $187 billion that could be block-granted to state-transportation departments for physical infrastructure improvements, generating millions of new jobs and dramatically lowering welfare-dependency levels. Given that the ASCE has determined that every $1 billion spent on

25. American Society of Civil Engineers, "2009 Report Card for America's Infrastructure," March 25, 2009, p. 7.

26. Robert W. Patterson, "Don't Blame New-Deal Entitlements: The Great Society Welfare State and the Fiscal Crisis," *The Family in America* 25.3 (Summer 2011): 278.

27. U.S. Office of Management and Budget, *Budget of the U.S. Government: Fiscal Year 2013,* Historical Tables, Table 3.2, pp. 72, 75.

highway infrastructure creates 35,000 jobs,[28] we may confidently predict that $187 billion would translate into 6.5 million jobs.

For budget hawks, here's a better option: cut welfare spending deeper so that a 3.3-percent cap *would include* the $187 billion transfer. In either case, any successful program would have to grant state governments—not Congress, the administration, or the courts—total discretion over how the money would be allocated, specifying only that 75 percent of the jobs would pay a family wage—at least $50,000 a year plus benefits—and would be reserved for married fathers without a college education.

2. Restore the minimum wage to its inflation-adjusted level of 1971. Writing in this journal, historian Ryan MacPherson observed that the minimum wage has lost its value when measured against the federal poverty threshold for a family of four since 1971.[29] Currently, the federal minimum wage is $7.25 per hour, or $15,080 a year. The 2012 poverty threshold, according to guidelines published by the U.S. Department of Health and Human Services (HHS), is $23,050 for a family of four and $27,010 for a family of five.[30] That means that if the minimum wage were bumped to $12 per hour, a worker would earn a bare minimum "family wage" of $24,960 a year, the midpoint between the HHS-poverty guidelines for a household of four and a household of five. That's not a middle-class income, but it's a step in the right direction, and a far better alternative than dependency, even under a model program like TANF. If explicitly termed the "minimum family wage," the new pay norm would reinforce the New Deal understanding that a job serves the good of a household, not just the individual. If a worker has neither spouse nor dependents, he or she wouldn't qualify for the minimum wage.

That $12 figure isn't entirely original. It's the minimum hourly wage that Ron Unz, publisher of *The American Conservative*, recommended in his proposal to weed out low-skilled immigration, both legal and illegal, a problem related to the de-industrialization of America as well as the

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28. Jim Jennings of the American Society of Civil Engineers, email to author, August 9, 2012.

29. Ryan C. MacPherson, "Marital Parenthood and American Prosperity: As Goes the Middle-Class Family, So Goes the Nation," *The Family in America* 26.1 (Spring 2012): 6.

30. U.S. Department of Health and Human Services, "2012 HHS Poverty Guidelines," <http://aspe.hhs.gov/poverty/12poverty.shtml>.

birth dearth that Bryce Christensen addresses in his accompanying essay, "Border Crossings." Seeking a market solution to problems created by mass immigration, Unz sees the potential of a jump in the minimum wage for boosting the prospects of native-born, English-speaking Americans at the bottom quintile of the income distribution: "Many millions of low-wage workers would see an immediate 20 percent or 30 percent boost in their take-home pay, producing a large increase in general economic activity, not to mention personal well-being." He also believes that a $12 minimum wage would "have secondary, smaller ripple effects, boosting wages already above that level as well, perhaps even reaching workers earning as much as $15 per hour."[31]

Unz's proposal earned the endorsement of liberal economist James K. Galbraith[32] and prompted a series of extensive posts on *National Review Online* by Reihan Salam, who weighed pros and cons but nonetheless welcomed the proposal as a serious discussion-starter. Neither Unz nor his respondents explore the political upside of the minimum-wage proposal, but the GOP would surely boost its prospects among disaffected whites and racial minorities by moving the proposal on the front burner, along with the infrastructure jobs push.

3. Income-tax reform must correct the inequity that taxes labor income at dramatically higher rates than property income. As much as Republicans claim to be the party of low taxes, they remain committed to a fundamental flaw of the tax code—created by the Omnibus Budget Reconciliation Act of 1990, the Taxpayer Relief Act of 1997, the Economic Growth and Tax Relief Reconciliation Act of 2001, and the Jobs and Growth Tax Relief Reconciliation Act of 2003—that offers low rates only on dividends and capital gains, not on wages. The bias is reinforced by the over-reliance on the payroll tax (up until 2011 and 2012, when the levy was reduced without corresponding reductions in future benefits) to generate federal revenues. The party defends the system on the theory that "capital investment" in things like technology, buildings, equipment,

31. Ron Utz, "Republicans and the End of White America," *The American Conservative,* October 2011, pp. 12–29, 26.

32. James K. Galbraith, "How to Save the Global Economy: Raise the Minimum Wage. A Lot," *Foreign Policy*, January-February 2012.

and real estate are more important to the economy than "human investments" in things like working in the labor market or family spending on childbearing, childrearing, and education.

Yet this "stork theory of economics" as Mueller terms it, offers nothing for the middle or working classes. It places heavier burdens on wage earners—especially younger workers and families whose incomes are primarily if not exclusively from earning labor income—while giving "investors" who receive property income a break.[33] According to economist Robert J. Samuelson, this approach also undermines the larger economy: "Because low capital gains rates apply (illogically) to hedge-fund and private-equity managers, we have too many hedge and private-equity funds. If you subsidize something, you get more of it."[34]

If they care about their voting base of middle-class Americans, Republicans should be vigorously protesting this unfavorable treatment of labor income, which started under President George H. W. Bush, not defending it. Indeed, that's what Abraham Lincoln would have done. As he contended in his message to Congress in December 1861: "Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration."[35]

In an era when working-cass men are hard pressed to find good-paying jobs and when affluent investors can easily invest their capital in firms outside the United States, the tax code should no longer favor the hedge-fund manager over the breadwinner but instead should treat labor and investment income equally. Such tax equity was indeed integral to Ronald Reagan's Tax Reform Act of 1986, legislation that treated dividends and capital gains just like ordinary income. Moreover, tax reforms must also fully recover the principles of the Revenue Act of 1948, which introduced "income splitting" for married parents as well as generous personal and dependent exemptions or credits, without any phase-outs for higher-income married parents.

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33. Ibid., p. 35.

34. Samuelson, "Romney's Tax Gift," p. A13.

35. "First Annual Message to Congress," December 3, 1861, in Abraham Lincoln, *Selected Speeches and Writings*, with an introduction by Gore Vidal (New York: Penguin Group, 1992), p. 325.

All these recommendations may seem like pie in the sky. The attempt to reclaim premium-paying, family-wage jobs for married fathers will certainly send the $927-billion-per-year welfare industry,[36] as well as the legal and political establishment, into shock. They will whine and scream that the whole project is discriminatory and unconstitutional, despite the promise such a project holds for Middle America, ignored by both parties for too long. That promise reflects the way all three recommendations are rooted in principles that have worked. These are the principles integral to the forgotten American System that Michael Lind has brought to light. These are the principles that informed the social policies of Theodore Roosevelt and that found embodiment in the New Deal. In short, these are the principles that reinforced the child-rich, married-parent family as the foundation of the nation's social and economic well-being.

It was the combination of the American System and the family sensitivities of the New Deal that made the United States a powerhouse at mid-twentieth century—and it has been the dismantling of that synthesis since the 1970s that, in gutting the middle class, has left the country vulnerable. Perhaps it's time to give that combination a chance to work its wonders again.

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36. Total federal and state means-tested welfare spending hit $927 billion in fiscal year 2011, according to the testimony of Robert Rector of the Heritage Foundation, before the Committee on the Budget, U.S. House of Representatives, May 3, 2012.