# Hillary Flunks Economics 101


Overall, business investments are directly correlated with higher levels of job creation, better wages, less destitution, and more economic security. That's a basic fact from Economics 101 that shouldn't be hard to understand.

This positive linkage between investment and economic improvement is why politicians, unions, and the general public seek to bring new companies and new capital investment to their cities and states. They understand there's a clear-cut connection between entrepreneurial innovation, investors' risk taking, capital outlays that initiate or expand enterprises, and the delivery of more opportunities, more demand for labor, higher earnings, less joblessness, less poverty, a larger tax base, and by and large a higher standard of living.

Microsoft was started in a garage in 1975 by Bill Gates and Paul Allen. Last year, the company employed 118,000 people, up from 61,000 in 2005.

Apple, similarly, started in 1975 when 20-year-old Steve Jobs and Steve Wozniak set up shop in the garage of Jobs' parents. To raise $1,350 in kick-off capital, Jobs sold his VW bus and Wozniak sold his H-P calculator. Apple's 2015 jobs report states the company "as of December 2015 was responsible for creating and supporting 1.9 million jobs."

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Still, even with these obvious links between business investment and economic wellbeing, some speak with disparagement about the jobs and social and economic benefits that directly flow from entrepreneurial action and business investment.

While campaigning on October 24, 2014 for Massachusetts gubernatorial candidate Martha Coakley, Hillary Clinton revealed either an ingrained anti-capitalist predisposition or a fundamental misunderstanding of how a market economy works by saying, "Don't let anybody tell you that it's corporations and businesses that create jobs."

Attempting to buttress the veracity of her bizarre assertion that corporations and businesses don't create jobs, Mrs. Clinton pointed an accusatory finger at the alleged failures of the economic policies of Ronald Reagan: "You know that old theory, trickle-down economics. That has been tried; that has failed. It has failed rather spectacularly."

In fact, the misery index — the combination of the inflation rate and the unemployment rate — was 19.33 percent when President Reagan took office in January 1981following the economic malaise created during Jimmy Carter's term in office.

The misery index declined to 11.25 percent by the end of Reagan's first term and he was reelected in November 1984 in a landslide, winning 49 states and 525 electoral votes to Walter Mondale's 13 electoral votes. Reagan lost only Mondale's home state of Minnesota, and by just 3,761 votes, receiving 49.6 percent of the vote to Mondale's 49.7 percent.

When Reagan left office in January 1989 the inflation/unemployment misery index was 9.55 percent, less than half the 19.33 rate when he took office.

The bottom line is that Hillary Clinton is way off base in declaring that Reagan's supply-side economic program of lower taxes, regulatory reform, and greater incentives for investment and productivity failed "rather spectacularly."

Median income, adjusted for inflation, increased more than 10 percent from 1981 to 1989, with every income group, from the poorest to the richest, gaining income, reversing the downward income trends of the 1970s. With employment, 17 million new jobs were created from 1981 to 1989.

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