



Written by [Selwyn Duke](#) on January 5, 2026

Economic Blues: Are Blue States Driving the “Affordability Crisis”?

Here’s an interesting little fact: Texas’ real GDP growth rate for the second quarter of 2025 was 6.8 percent. New York’s was 1.5.

Sure, this is anecdotal, and not all conservative states are faring as well as Texas (or even New York). Yet it does apparently reflect a pattern.

Just consider an AI analysis I ran. It found that the 30 states won by President Donald Trump had an average Q2 rate of approximately 4.2-4.5. In contrast, the approximate average rate of the 20 states Kamala Harris won was 3.2-3.5.



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This is significant when talking about “affordability” because rising GDP can mitigate that problem. Moreover, examining what affects affordability most directly, consumer price index increase (CPII), tells a similar tale. Conservative and liberal states are performing differently.

(Note: CPII is normally termed “inflation.” In economic terms, however, the latter originally referred to inflation of the *money supply*.)

Where the Wild Prices Are

In practice, the president gets the blame when prices rise. Yet the reality is that under our federalist system, most powers reside with the states. They can thus do much to influence the economy whether the president likes it or not. And what of conservative vs. liberal CPII influence?

Reporting on this last week, American Thinker’s Joseph Ford Cotto [presented](#) some interesting data. Conservative states (i.e., carried by Trump) registered an average CPII of 2.5 percent as of November. Liberal states’ (i.e., carried by Harris) average was a full 20 percent greater: 3.0.

The difference was even more profound in metro areas. Those in conservative states experienced a 1.9 percent CPII, while liberal states’ metros clocked in at 3.0. Housing CPII, which burdens families most, was 2.3 in conservative-state metros but 3.9 in liberal ones — approximately 70 percent greater.

Government Getting in the Way

Local policy is absolutely to blame, too, states Cotto. He fingers onerous regulation — zoning laws, burdensome permitting requirements, etc. — as the culprit. Apropos to this, [just last week I reported that it may be possible](#) to quickly reduce housing costs up to 60 percent in places such as Manhattan, bringing them closer to inflation-adjusted 1980 levels. How?

Reduce regulations to 1980 levels.

That’s right, excessive post-1980 regulation increases housing costs by up to 60 percent in heavily regulated markets.



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That this problem is policy-driven is well known, too. Just consider the Berkeley Economy & Society Initiative, which [wrote](#) last year that the

blue state affordability challenge is real. Our analysis suggests:

1. Blue states tend to have significantly higher cost-of-living than purple and red states, a pattern that has been consistent for the past 15 years.
2. Housing is the principal driver of the red-blue cost-of-living divide (with utilities playing a more modest role).
3. A combination of high demand for housing and restrictions on supply that lead to shortage drive high housing costs in blue states.

Despite this, the regulation factor is rarely mentioned in the housing debate. This is tragic because younger generations are understandably angry that they can't afford today's high-priced homes. Yet making the wrong diagnosis (e.g., "The problem is greedy developers!"), they accept the wrong cure from Munchausen-syndrome-by-proxy false physicians. This is when, too, they buy into [socialism sold by demagogues](#).

The Rest of the Story

Returning to Cotto, he points out that important though it is, CPII doesn't reveal the entire picture. As to this, he writes, an

October analysis from Moody's Analytics [mapped](#) recession risk across the country and revealed a deeply uneven economy. Approximately 23 states plus Washington, D.C. are either already in recession or at high risk of entering one, together accounting for nearly one third of U.S. gross domestic product (GDP).

A review of that list tells its own story.

Connecticut, Illinois, Massachusetts, New Jersey, Michigan, Oregon, Washington, and several other reliably Democrat states [dominate](#) the high risk-to-ongoing recession category. Weak industrial activity, declining building permits, and elevated unemployment are common features across these regions.

The data grow more concerning when looking at states that are not collapsing outright but are simply stuck.

Roughly a dozen states, representing another third of the national economy, are [classified](#) as "treading water," meaning growth is minimal or flat. Among them are California and New York, which rank among the largest state economies in America. California is biggest, while New York has [fallen](#) to third place, outmatched by Texas as blue state capital flight speeds along. Florida is on New York's heels, so it seems likely the Empire State will drop to fourth place during the years ahead.

California alone [accounts](#) for roughly 14.5 percent of U.S. GDP, while New York contributes about 8 percent. Combined, they represent more than one fifth of the national economy, yet neither is expanding meaningfully. Any further weakening in these states could tip the entire country into recession.

This illustrates how poor left-wing state government can be devastating for all of us.



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Dunderhead Policy and Dead Weight

Cotto provides more information as well. To summarize:

- Regional examples of blue-state struggles: Maine has only 0.8 percent year-over-year GDP growth (vs. national 2.1 percentage in Q2). Washington, D.C. has 6.4 percent unemployment (vs. national 4.6 percent).
- In contrast, about 16 states are expanding robustly, driven by strong payrolls, employment, and income growth.
- Standouts include Texas (that [6.8 percent](#) Q2 GDP growth), Florida, Utah, and Kentucky.

And, interestingly, conservative states are besting liberal ones in more than just one way. Educational success [is another example](#).

It could remind one, too, of the “Two Americas” [emphasis](#) by then-senator John Edwards (D-NC) in 2004’s presidential campaign. And there certainly were, and *are*, two Americas — only, Edwards identified them incorrectly.

One America is a place where common sense is more likely to reign. (And people know the difference between boys and girls.)

The other is one plagued by upside-down policy instituted by Grand High Exalted Mystic Dum-dums.

More tragic still is that most of the left-wing politicians responsible for the blue-state blues just don’t care. Preferring to “reign in Hell than serve in Heaven,” their overriding priority is perpetuating their power. They’re content to reduce their realm to welfare-state rubble as long as they remain king of the junk heap.

It all illustrates, too, how as with a gangrenous limb, untreated localized leftism can toxify the whole nation.



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