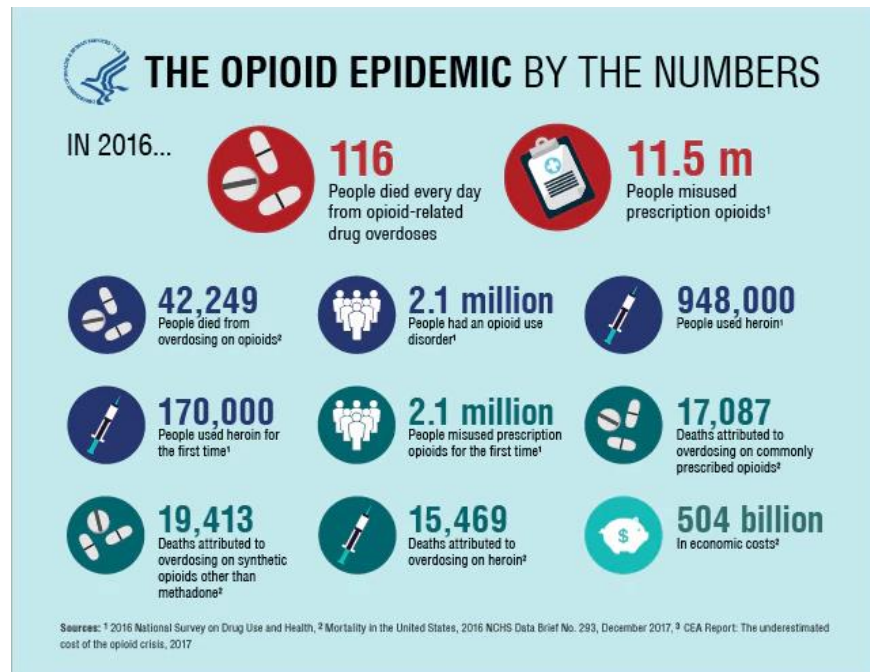


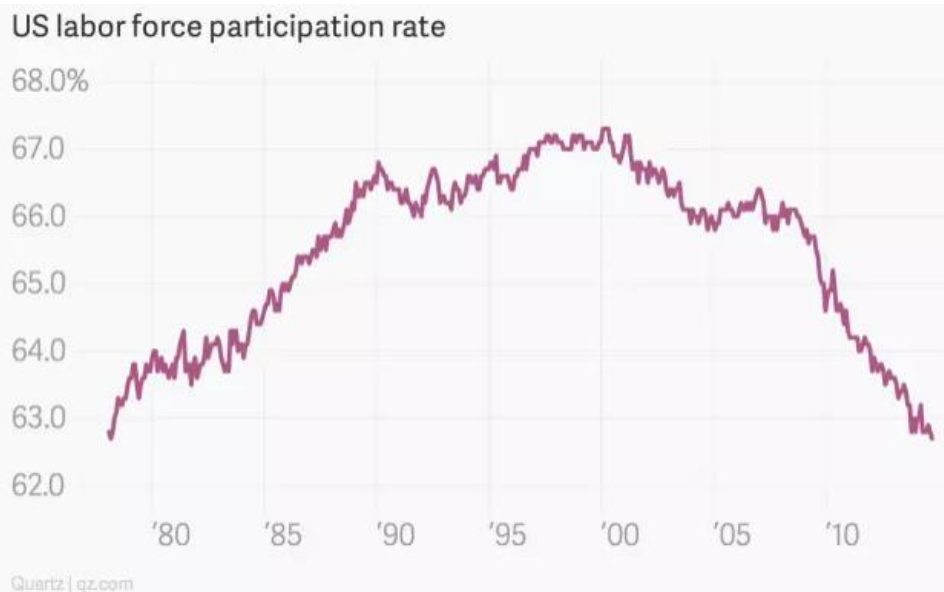
Opium of the People

Karl Marx would be pleased. Even though he has clearly lost the economic argument, part of the battle he enjoined is now going his way. A [scourge](#) he decried is in decline.

According to the [Pew Research Center](#), the Christian share of the U.S. population is retreating, while the number of U.S. adults who identify with no organized religion is advancing. Although the drop in [religiosity](#) is most pronounced among young adults, it is occurring among Americans of all ages. Meanwhile, however, usage of [psychotropic drugs](#) has increased significantly – particularly among “inactive” (unemployed) [men](#) – and usage of actual [opioids](#) (as opposed to Marx’s metaphorical opium) is at epidemic proportions.



It seems logical to assume a reciprocal connection between illicit drug usage and unemployment, and the St. Louis branch of the Federal Reserve Bank has [tentatively drawn such a conclusion](#). Aside from that potential factor, [seven causes](#) of unemployment have been identified and it has been suggested the natural rate of unemployment is in the range of 4.5 to 5 percent. Some people are voluntarily unemployed, even when the rate of unemployment falls below its natural rate and there are [more job openings than workers](#) available to fill them, like now. Since the turn of the millennium, the [rate of participation in the labor force](#) has been trending down rather sharply.



The fact that [many people are no longer looking for work](#) accounts for part of the decline of the unemployment rate to 3.9 percent, significantly below its so-called “natural” rate. Since relatively few of those people are [“dying in the streets,”](#) they obviously have devised other means of sustenance, either in the underground economy and/or via public assistance, directly or indirectly through other recipients.

The shadow economy [has been estimated](#) at about 7 percent of GDP in the U.S. and about twice that much in other developed countries. That’s a lot of money, about \$1.3 trillion in 2017 – more than the [entire economy of Mexico and more than all but 13 other countries](#). If [every man, woman, and child in the U.S.](#) were participating in the underground economy, each of them would have earned about \$4,000 in 2017 (\$1.3 trillion/325.7 million). However, those [classified as poor](#) are more likely to be working in the shadows, and if they were deriving most of the proceeds, they could be making more than \$30,000 each (\$1.3 trillion/43.1 million). In *The Welfare of Nations*, James Bartholomew cites estimates that 18 to 19 percent of income is unreported, with evidence that evasion is linked to the tax rate and unemployment. (p. 200 & 201)

In *Men Without Work: America’s Invisible Crisis*, Nicholas Eberstadt notes that besides being supported by other household members, un-working prime-age men are subsidized by Uncle Sam. (p. 113) Thus, “Growing disability and welfare dependence may ... be contributing to the malfunction of the national labor market in matching the un-working with work.” (p. 121) Moreover, nonparticipants in the labor force “are doing little to improve themselves or their chances for employment.” (p. 127)

Bartholomew observes that a “sense of entitlement has increased ... accompanied by a willingness to complain” while “the sense of duty has declined.” (p. 203) Eberstadt says, “America’s great male flight from work began in earnest around 1965” when President Johnson’s Great Society programs began to work their magic. (p. 129) Bartholomew asserts: “Neither politicians nor the electorate have had an incentive to think things through. Both have been subject to magical thinking. Politicians have gotten

elected by offering things to the population for free -- ignoring the long-term effects or unintended consequences." (p. 329)

On behalf of the poor, Bartholomew laments, "To be in a position in which one has an overwhelming temptation to avoid regular work, to lie about income or wealth, and to do informal, unrecognized work ... is a miserable condition for a society to put any of its members in." (p. 211) He also asserts, "With few exceptions, welfare states have made mass unemployment permanent, and that misfortune, in turn, has caused a pandemic of unhappiness." (p. 347) Indeed, he observes three major causes of unhappiness – unemployment, divorce, and living alone – "have been made more common by welfare states." (p. 385) Eberstadt concludes it is time to "shift away from an approach that rewards helplessness to one that emphasizes personal responsibility." (p. 154)

In the meantime, as we await that paradigm shift, Alan Reynolds [has pointed out](#) that consumption is a better indicator of living standards than income distribution figures, which do not include transfer payments or taxes. The [cost of federal means tested welfare programs](#) has been estimated at more than \$700 billion. Taking state spending into account pushes the total well over \$900 billion, more than \$21,000 for every person living below poverty level in America. However, those estimates may be at least an order of magnitude too low. According to Wikipedia, in 2011 transfers via 79 means-tested programs amounted to more than \$47,000 for every person in the U.S. with (pre-transfer) income below the poverty level. ([\\$2,287,133 million](#) / [48,452,035 people](#) = \$47,204.06)

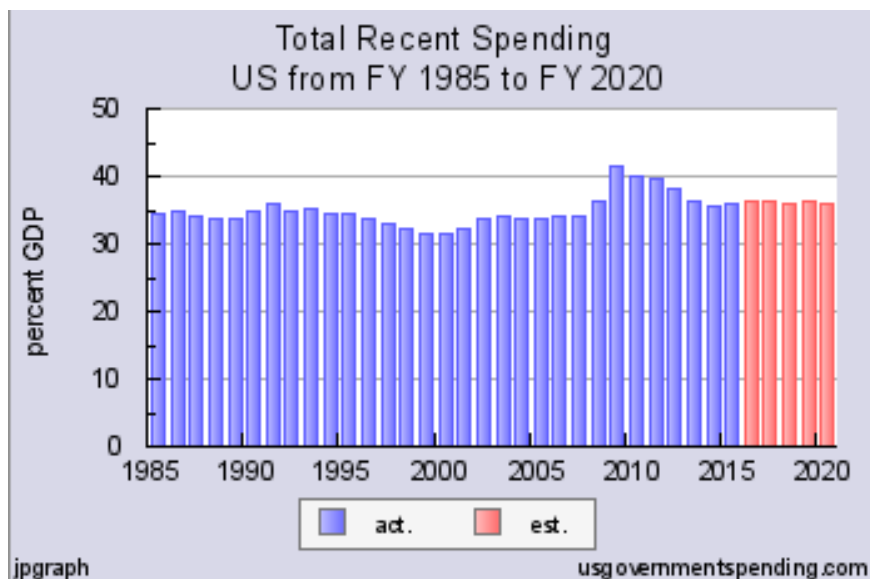
Thus, Tim Worstal [has observed](#): "The poor in the US are richer than around 70% of all the people extant. The poor in the US are about as poor, perhaps a bit richer, than the poor in other rich countries. It is true that there is more inequality in the US: but this isn't because the poor are poorer. It's because the rich are richer." Indeed, as [highlighted](#) by Ryan McMaken, "The Poor in the US Are Richer than the Middle Class in Much of Europe." The issue seems to be whether we want to become more like the Old Countries by supporting a lower standard of living for everyone simply to ensure that rich Americans become less so.

If that's the intent, perhaps work and income should be discouraged while minimizing personal responsibility and stimulating complacency and retreat from reality. In large measure, that seems to be the effect of government social welfare programs. However, those who are personally inclined to work hard and smart to support their families and increase their wealth are unlikely to take the bait, meaning that any such efforts are likely to backfire and widen the income gap still further.

With or without government assistance, many Americans are pursuing altered states of mind, with devastating results. Abuse of tobacco, alcohol, and illicit drugs is [costly](#), exacting at least \$740 billion annually in crime, lost work productivity and health care expenses. (In former USSR, where [Lincoln Steffens](#) claimed to have seen the future of government that works, [alcohol](#) remains the primary means of artificial mind alteration.) By some estimates, the adverse cost of mind altering agents in the U.S. is more than the federal government spends on welfare programs.

	Health Care	Overall	Year Estimate Based On
Tobacco ^{1,2}	\$168 billion	\$300 billion	2010
Alcohol ³	\$27 billion	\$249 billion	2010
Illicit Drugs ^{4,5}	\$11 billion	\$193 billion	2007
Prescription Opioids ⁶	\$26 billion	\$78.5 billion	2013

Social justice advocates argue the government should be spending even more and that the cost of illicit activities might thereby be reduced. However, [government spending](#) has grown greatly, quadrupling from \$1.5 trillion in the 1980s to \$6 trillion in 2010. According to the [National Association of Manufacturers](#), Federal regulations impose another \$2 trillion in costs on the economy. Although direct spending by government has remained relatively stable as a share of GDP – within a range of 32.8 to 42.4 percent – that’s three to four times as much as the traditional religious [tithing](#) benchmark. Moreover, when the cost of regulations is included, the *total share of GDP controlled by non-market, “collectively” and politically driven forces exceeds 50 percent* – a truly ungodly sum.



Ironically, the U.S. government spends a greater [share of GDP](#) than the Communist countries of Venezuela, Russia, and China. Among the adherents to Marxism, only in Cuba do political elites directly control a greater share of the GDP than in the U.S. And, of course, since our GDP is much greater,

politicians and bureaucrats in the U.S. control far more on a national [per capita basis](#) – \$11,041 versus \$2,458 in Russia and \$1,010 in China, for example.

At the same time, [contributions](#) to religious organizations have fallen by half since 1990, to about \$120 billion in 2015. That's about 2 percent as much as government spends and only about 16 percent as much as the cost of drug, alcohol, and tobacco abuse, including actual opiates. If religion ever played the role of lulling citizens into complacency, these numbers imply greatly reduced potency. It is also noteworthy that Max Weber prominently proclaimed the opposite effect, in terms of the [Protestant work ethic](#). Bartholomew notes the ideals of philanthropy and charity have not been snuffed out but are less valued. "Some people," he suggests, "appear to believe they have asserted their virtue merely by voting for a party that favors more state welfare." (p. 352) Moreover, he argues, "One might even regard welfare states as a kind of self-harming drug that only the richest countries can afford." (p. 354)

On the other hand, although religious practice and affiliation have declined dramatically in the past 50 years, the [Huffington Post observes](#) that spirituality seems to be as prevalent, if not more so than ever before. Might Marx view that as a problem standing in the way of the revolution of the proletariat as well? How much more of the economy might he believe godless yet god-like politicians and bureaucratic elites should command and control? Why do nations adhering to his philosophy lag behind the U.S. in terms of collective control of GDP? Should that be a matter of concern to We the People of the United States of America? In the spirit of compassion, should we help them figure out how to spend more of their citizens' money?

Or might government and politics have become the new opium for far too many people in Western democracies? Religion doesn't seem to be playing a significant role in the [tragedy of complacency](#) that Marx perceived. A more contemporary plot points toward a climax in which he quixotically claims victory over the wrong foe. The question for the sequel is the magnitude of the cost of such a pyrrhic victory to the welfare of the people ... particularly the very [proletariat](#) about whom he purported to care.

Bartholomew cites a terrible irony: "welfare states that were intended to help the poor instead have sealed many of them in a state of hopelessness." (p. 348) That marks not only a tragedy but also a farce.

For more optimistic points of view, see [Enlightenment: What Are We Fighting For?](#) and [Consciously Connected Communities](#)