

## The High Cost of ‘Affordability’

*di Andy Kessler*

With oil prices flying, you can surely hear someone screaming, “\$120 to fill my Ford F-150 pickup? Who’s to blame?” The answer is government, but that won’t stop the affordability screechers from turning the volume up to 11.

They have plenty of practice. Rep. Alexandria Ocasio-Cortez wrote in December: “The American people want leaders who are laser-focused on making life affordable for all.” Sen. Bernie Sanders told the Majority Report in December, “ ‘Affordability’ can’t be another poll-tested slogan that politicians throw around”—as he threw around the word “affordability.”

Donald Trump said in his State of the Union address: “Now, the same people in this chamber who voted for those disasters”—like the Orwellian-named Inflation Reduction Act—“suddenly used the word ‘affordability,’ a word—they just used it because somebody gave it to them, knowing full well that they caused and created the increased prices.” Meanwhile, Mr. Trump’s tariffs increased producer prices. There’s enough affordability blame to go around.

At a Senate hearing last month, Sen. Elizabeth Warren said, “Grocery prices are up. Electricity prices are up. Healthcare prices are up. The cost of building housing is up.” Why? As the comic strip Pogo noted in 1970, “We have met the enemy, and he is us.” Economist Mark J. Perry’s famous [Chart of the Century](#) shows that since 2000 prices for things that government touches—hospital services, college tuition, textbooks, housing and food—have risen faster than overall inflation. Meanwhile, free-market items like computers, software, televisions and cellphone services (thanks Silicon Valley) as well as clothing, furniture, toys and even new cars (thanks globalization) have dropped in price or rose less than inflation after taking into account the increased

value of technology, like 75-inch smart TVs. Try streaming March Madness on your 1980s 50-pound 19-inch Sony Trinitron.

- *Housing*. Bankrate says, “Nationally, over 75% of U.S. homes on the market are unaffordable to the typical household,” meaning carrying costs of more than 30% of income. It isn’t a mystery why. Zoning restrictions, permitting delays, environmental reviews, rent control and eviction hurdles. In California, a mandate requiring solar hookups adds up to \$10,000 to the upfront cost of new homes, according to California’s own Energy Commission.

Solutions make it worse. New York’s socialist mayor Zohran Mamdani made a campaign promise to construct 200,000 “permanently affordable, union-built, rent-stabilized homes.” Almost every word of that means higher housing prices.

- *Medical care*. ObamaCare in 2010 added gold-plated mandates with coverage for everything under the sun. Since it passed, premiums have tripled, according to researcher Avik Roy. Medicare and Medicaid distort market pricing. Sen. Rand Paul (R., Ky.) has a healthcare bill that would solve many of healthcare’s problems with health savings accounts and pooled insurance buying. It can’t get arrested in Washington.

- *College*. Tuition rises like a helium balloon. Why? Former Sallie Mae boss Al Lord told the Journal in 2021, “Schools were able to hike tuition since students now had expanded access to loans” backed by the government. Now check how much the average professor makes at your alma mater.

- *Food*. Government is like white on rice as to why \$10 lunches are now \$20. Sugar import restrictions, ethanol mandates, minimum wage, tariffs, fuel costs, even war in wheat-exporting Ukraine.

- *Energy*. Higher gasoline prices were avoidable with more U.S. oil production. The U.S. Geological Survey says we may be sitting on 29 billion barrels of “undiscovered technically recoverable” oil reserves. Almost half in Alaska. California is oil-rich yet imports oil, 18% of it from Iraq. Crazy. Add green and renewable mandates. No new nuclear power.

Plus, there are too many taxes: property, sales, transfer, hotel and even food delivery taxes added to [DoorDash](#). Add Minnesota and now California Medicaid fraud.

What scares me is that government can mandate affordability anytime it wants. Simply announce price controls. When you fix prices, you get shortages: Soviet supermarkets with empty shelves. Or available apartments in rent-controlled New York. Can't get home insurance? Many state price caps sent insurers scurrying away, especially in coastal and flood prone areas. Drug shortages are next. And consumer credit if we cap credit-card interest rates.

In sectors with affordability problems, Adam Smith's invisible hand got smashed by a giant regulatory gavel. Competition and freedom from constraints lower prices.

The Bernies and AOCs of the world complain about capitalism. Naive, but on brand. By invoking affordability, what they're really protesting, with zero self-awareness, is the socialism-inspired heavy hand of the U.S. government: feds, meds and eds.

Those who yell the loudest about affordability are actually making the case for smaller government. Who wants to tell them?