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# Incompetence or sabotage?

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An old Washington political rule goes like this: "You get blamed for things you didn't do, so you might as well take credit for things you didn't do."

The Bush administration has put this rule backward when it comes to economic policy. It is accepting blame for things it didn't do and not taking adequate credit for good things it has done, while at the same time doing things that are both politically and economically harmful.

The last recession began in the quarter President Bush was inaugurated, and has been labeled by the media "the Bush recession," even though there was nothing Mr. Bush could have done to prevent it by the time he took office.

If Americans really knew the recession was due to mistakes made in the Clinton-Gore years, and that the robust recovery we now enjoy was largely caused by the Bush tax cuts, they would rate Mr. Bush superior to John Kerry on the economy.

But recent polls show Mr. Bush trailing Mr. Kerry on the economy. We now know the recession largely resulted from record high taxes (as a percentage of gross domestic product), particularly on capital, in the Clinton administration's last years.

Mr. Kerry has proposed an economic plan that would return us to policies that gave us the last recession. Yet, because of uncorrected misinformation, these policies are viewed as superior to those that gave us the recovery.

Occasionally, you might hear an administration official mutter something about inheriting the recession. But many accept the conventional wisdom the recession began on the president's watch and that he was somehow responsible.

If the Treasury and the National Economic Policy staff were not asleep at the switch, they would have a daily drumbeat, including many statements by the president, on how they cured the Clinton-Gore recession until even the left-leaning national news media would have to report it. They also would explain how the Kerry plan would increase chances of a new recession.

When a friend makes costly mistakes and you have not warned him, you tend to blame yourself. But when a friend makes costly mistakes for which he has been forewarned many times by many experienced and knowledgeable people, you tend to blame your friend. From the beginning of the Bush administration, sympathetic, experienced economists have warned its officials about the need to avoid some very obvious mistakes. Unfortunately, these warnings have gone unheeded, and, as a result, the president's re-election is in doubt.

Perhaps the biggest mistake is the telecommunications mess. The U.S. is far behind some of our major international competitors in broadband access. This situation was caused by a series of obvious regulatory mistakes that began in the Clinton administration. The Bush administration has failed to correct this fiasco, even though it has cost the U.S. many jobs and reduced productivity growth. The Bush team has been tone deaf to the good advice from almost all the major think tanks.

The Justice Department, which deserves an F in antitrust economics, has made another mistake. It doesn't understand there is no monopoly in business applications' software -- the "Oracle" case -- and therefore damages the economy by discouraging investment and undermining the stock market.

The Treasury Department has made the administration look foolish by failing to withdraw proposed Clinton-era "interest-reporting regulations." These rules are designed to force U.S. financial institutions to incur the cost of helping French socialists collect taxes on their own citizens' earnings in the U.S. Every study of the issue, including a new one by Jay Cochran of George Mason University's Mercatus Center, shows these rules will likely drive $87 billion out of the U.S., cause many job losses and provide virtually no U.S. benefits.

Treasury Secretary John Snow reportedly has told some members of Congress, who are justifiably outraged at the proposal and believe has no legal basis, that he intends to withdraw it. Yet, he has not acted, and some on his staff say "no decision has been made." This, despite the fact that when the president took office both his National Economic Council chief and the chairman of the Council of Economic Advisers said the proposed rules were destructive and should be withdrawn.

Finally, the Bush administration has been warned repeatedly by many of leading policy institutes that it needs to exercise more control over the World Bank, the International Monetary Fund and the Organization for Economic Cooperation and Development, because they are pushing policies that harm world economic growth and U.S. interests.

Officials in the Treasury and State Department, who are responsible for these agencies, have done nothing. As a result, the bad policies continue, and the IMF has just called for the U.S. to increase taxes. The IMF tax proposals are economically destructive but do aid the Kerry campaign.

Is the irresponsibility of some officials in the Bush administration about the above-mentioned issues solely the result of incompetence or do they have a different personal agenda? When you ask responsible people in the administration about these miscreants, they only say it would likely be worse under a Kerry administration -- how true and how sad.

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