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Devoid of Reality

By Richard W. Rahn

Obama policies often accomplish the opposite of their intended effects

President Obama's speech this past week should have been labeled, "Believe what I say, not what I do." All too much of the speech was devoid of reality. At one point he said, "And I agree there are some rules and regulations that put an unnecessary burden on businesses at a time when they can least afford it. That's why I ordered a review of all government regulations. So far, we've identified over 500 reforms, which will save billions of dollars over the next few years."

The reality is far different. There are thousands of new regulations that have either been implemented or are under consideration that have not been subject to meaningful or rigorous cost-benefit analyses. The president may have ordered the folks in his administration to do real cost-benefit analyses, but the fact is that those who are in charge of actually doing them frequently fail to do so. On Thursday, Nancy A. Nord, a commissioner and former chairman of U.S. Consumer Product Safety Commission (CPSC), wrote a letter to Cass R. Sunstein, Mr. Obama's regulatory czar, in which, referring to the current chairman of the CPSC, she said, "While the chairman's letter would have you believe that we are enthusiastically implementing the president's executive order, such is not the case. With a proper analysis, this agency can construct rules that advance safety without undue economic impacts and without delay. That result requires efforts on our part but unfortunately, the majority here has shown no interest in making those efforts."

It is not just the CPSC that is failing to do proper cost-benefit analysis and issue regulations in a clear and understandable way - this is equally true of the banking, health care, environmental and energy regulators. Millions of Americans are without jobs solely because of regulatory incompetence or worse.

The president tells us his administration is doing everything it can to create jobs and remove the impediments to job creation. Millions of American jobs are dependent on foreign investment, yet the Obama administration has done nothing to stem the decline in the value of the dollar, which clearly discourages foreign investment. In reality, the Treasury Department and the Internal Revenue Service (IRS) are engaged in an active program that will drive hundreds of billions of dollars of foreign investment out of the country. More direct foreign investment comes from Switzerland into the United States than from any other country, which means that the Swiss create more American jobs than any other country. So, what does the Obama administration decide to do? Attack Switzerland.

Things that are illegal under our tax law are not necessarily illegal under the Swiss tax law. Every sovereign country has the right to devise its own laws, including tax laws. Yet, the Justice Department and the IRS are the process of suing many Swiss banks for the crime of following Swiss tax law in Switzerland. How would Americans react if the country of Saudi Arabia started suing U.S. corporations for not requiring American female employees to be veiled? If we claim the right to extend our laws outside our borders, do not other countries have an equal right to extend their laws outside of their borders - and into the United States? Some of the Swiss banks are reacting to this outrage by refusing to take any U.S. clients or invest any money into the United States, so we end up losing millions of jobs. The endangerment of a constructive relationship with the largest direct foreign investor into the U.S. in order to catch a few tax cheats shows that officials in the IRS and the Treasury Department are devoid of reality.

The president told us this past week that his plan would create millions of new jobs for Americans. But in 2009, we were told that if the "stimulus bill" was not passed, the unemployment rate could rise above 8.5 percent. The bill was passed, and the unemployment rate rose to 10.2 percent. Administration forecasts said unemployment would be no higher than 7.1 percent by now, yet it stands at 9.1 percent. The president is still operating as if the Keynesian theory of more government "stimulus" spending had worked and would work - despite reality.

The president has proposed extending unemployment insurance for another year. His new chairman of the Council of Economic Advisers and other economists have produced studies that show extensions of unemployment insurance most often lead to higher unemployment, not lower unemployment. To claim this as a jobs measure is devoid of reality.

Finally, the president said, yet again, that he wants the "wealthiest Americans" and largest corporations to pay their "fair share," but fairness is never defined. The president keeps confusing the terms "wealth" and "income," but they are not the same thing. You can be wealthy with a low income, or have a high income and a negative net worth. Which group does he want to tax more? If he puts a higher tax on job creators, will not fewer jobs be created? His whole discussion of this issue is devoid of reality.

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