



Obama Loyalists Reckless and Lawless

By Richard W. Rahn

OBAMA LOYALISTS HAVE REPLACED THE RULE OF LAW WITH POLITICAL GAMESMANSHIP

During the past two weeks, officials in the Obama “Justice” Department almost caused a new global financial crisis, because they put political considerations above the national welfare. Government is supposed to protect person and property, not put the citizens at greater risk.

It is politically popular to attack big banks and hold them responsible for many things that in actuality government does. The immediate cause of the latest crisis was the fact that Justice began demanding \$14 billion from Deutsche Bank (the large Germany-based multinational bank that has serious problems) to resolve some issues that were still in dispute regarding sales of mortgage-backed securities before the 2008 financial crisis. A penalty of this size would have wiped out most of the bank’s capital. Investors and customers rationally began to flee the bank. The collapse of such a big bank could well have triggered a new financial crisis, much like the collapse of Lehman Brothers did back in 2008. Fortunately, some rational officials in the Treasury Department told Justice to back off. Thus, by the end of last week, Justice appeared to have said to Deutsche Bank, “Oh, never mind, we are only going to hold you up for \$5.4 billion rather than \$14 billion” — another made-up number.

Increasingly, one gets the impression that almost everything the Justice Department, and now even the FBI, does is colored by political considerations, rather than the rule of law. No serious

observer can come to any other conclusion but that Hillary Clinton has been held to a much lesser standard than others. For instance, Congress ordered the company that was maintaining Mrs. Clinton’s server not to destroy any of the information. After receiving the non-destruct order, the information was admittedly destroyed. This was the straightforward crime of destruction of evidence. No one has been charged. Other people go to jail for doing the identical thing. What happened to equal justice? The list goes on. Previous presidents have, at times, tried to bring political pressure on the Justice Department. In the case of President Nixon, his attorney general, Elliott Richardson, famously resigned rather than give in to what he considered inappropriate demands by the president. In contrast, Mr. Obama’s first attorney general, Eric Holder, failed to uphold the law by not providing documents to Congress that it was legally entitled to — among other lapses. And current Attorney General Loretta E. Lynch met with the powerful husband of a woman under investigation, an unambiguously unacceptable practice.

Officials of the Internal Revenue Service clearly did things contrary to law, yet none of them has been charged. Companies or individuals who have been critical of the Obama administration have been penalized in ways that others have not. The author, moviemaker and scholar, Dinesh d’Souza, produced a major, widely shown documentary that was very critical of President Obama. Subsequently, he was charged with a minor campaign donation violation (giving in excess of the limit without reporting it). It was the type of technical violation that normally results in a fine — but Mr. d’Souza was sent to jail in a clear case of political revenge.

Companies and individuals are increasingly subject to political rewards and punishments not only by arbitrary application of the law by those in the formal justice system, but also by the rise in vague law and regulatory rulings, which puts everyone at risk, particularly in regulated industries, such as banking, energy and pharmaceuticals. Laws and regulations that go on for many pages, with many caveats and imprecise language, frequently lead to abuse by prosecutors and confusion in the minds of those subject to them. This drift from the rule of law not only undermines

civil society but also greatly impedes economic growth and job creation.

Switzerland, the United Kingdom, the United States and other countries that are known for having the rule of law — with competent, unbiased judges and administrators — have been safe havens for investors. Investors demand risk premiums for investing in places where private property is not well protected and the tax and regulatory system is uncertain. Venezuela used to be much richer than Chile, but now Chile is richer than Venezuela (despite all of its oil), because the Chileans strengthened their rule of law and the Venezuelans have been destroying theirs.

The Obama administration has often sided with environmental groups with regulatory rulings that make no economic or environmental sense. At the same time, the Justice Department has continued to overlook and refuse to investigate the considerable evidence that Russian money flowed to their environmental allies, including the Clinton Foundation — even though a number of laws and regulations were apparently broken. The result has been that U.S. energy production and distribution costs are higher than they would otherwise have been, hurting the consumer and diminishing the number of jobs in the energy industry — all to the advantage of environmental ideologues and foreign competitors of American energy companies.

It took the British, the Dutch, the Swiss and others centuries to firmly establish the principle and practice of the rule of law, over the whims of kings, queens and assorted despots. What has been so carefully built can be destroyed in a very short time by those who are too venal or incompetent to defend the rule of law — which is all that separates us from tyranny and economic stagnation.

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