



Hype-Driven Disasters

By Richard W. Rahn

PROMOTING FAVORITE BELIEFS WITHOUT REASONABLE CAUSE
INEVITABLY LEADS TO DEPLORABLE OUTCOMES

It can be dangerous to believe one's own or others' hype. A couple of weeks ago, 180,000 people living downstream from the nation's highest dam, the Oroville Dam in California, had to be evacuated because the dam's main and emergency spillways were damaged due to heavy rainfall and runoff. For many years, it had been known to both state and federal officials that the dam spillways were in need of repair. But the politicians decided not to spend the necessary money, in part, because of the erroneous belief that due to global warming, the California drought would continue and limited rainfall would not be sufficient to refill the dam. More scientifically and historically literate individuals argued that it was just a matter of time before the California rains would return and the drought would abate, as in the past.

The lakes behind dams throughout California are now way above historical averages and unable to take much more water; so, as the huge snow packs in mountains begin to melt this spring, more flooding is almost certain. Yet, owing to neglect of the state's water storage and distribution system, as well as the failure to build necessary new capacity, neither farmlands nor urban areas will have sufficient water when dry times return. Overhyped and exaggerated beliefs about climate change are now imposing major economic and human costs on Californians.

Misguided and downright stupid policies attributed of climate change hype have not just infected Californians but other peoples around the world subject to mass hysteria, such as the Germans. The Germans wanted to be "responsible," so they aggressively sought to develop "green energy" with windmills and solar panels dotting the landscape. This did not quite work out as planned — the new green energy sources greatly reduced the reliability of the electrical grid (there is not all that much sunshine in Germany) and made electrical energy much more costly than in competing nations. German industries that relied on cheap energy fled to places like Louisiana, where energy is plentiful, inexpensive and reliable. So now the Germans are in a crash program to build many new coal-fired electrical power stations to avoid brownouts. So much for going green.

The so-called experts in many professions besides climate science cause much mischief to themselves and real damage to others by believing and acting upon their own ideological hype rather than empirical evidence. The often-wrong blowhard, New York Times economist Paul Krugman, made the widely quoted comment on election night when it became apparent that Donald Trump would win the presidency and the markets had initially fallen: "If the question is when markets will recover, the first-pass answer is never." The next day, the Dow Jones set a record high — and since Election Day the markets have increased in value by about \$3 trillion, and individual markets continue to hit record highs. How could Mr. Krugman have been so wrong? Quite simply, he is a mental prisoner of his own Keynesian ideology and hype rather than empirical evidence and sound reasoning.

President Obama's \$800-billion spending package in 2009 was supposed to restore economic growth, yet the economy has only limped along in the years since. It grew by only 1.6 percent last year — and the Obama administration set the record of never having at least one year of 3 percent or more growth. The administration even admitted much of the money was wasted and the so-called shovel-ready projects were

rare. The empirical evidence shows that in the United States (and most other countries) government spending as a percentage of gross domestic product (GDP) is already above the growth-maximizing rate. That is, more government spending as a percentage of GDP lowers the growth rate rather than increases it. Those Keynesians in the Obama administration, by believing their own hype, caused millions of Americans to have missed out on jobs and higher real incomes — and indirectly are responsible for election of President Trump.

To hype is defined as to "promote or publicize — a product or idea — intensively, often exaggerating its importance or benefits." Calls by political leaders to go to war are often "hyped." The idea that Iraq had weapons of mass destruction was hyped by officials of the Bush administration, which does not mean they did not honestly believe that such weapons did exist, but only that they oversold the idea to gain support for the war. It is normal for politicians to "hype" or exaggerate problems and their alleged solutions. President Obama's promotion of the Affordable Care Act and some of President Trump's comments about trade agreements fit more in the categories of hype than rational discourse.

History is replete with examples of too much hype leading to disasters. The current fixation with all too many in the media — hyping the idea that Donald Trump is an evil person rather than just a political leader whose policies they disagree with — has the real potential to lead to violence. So, to alarmists and hypens of all stripes — climate, economic, foreign policy and their media enablers — cool it. The consequences for you and your cause are not likely to go as you would like.

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