



Obama: More Govt Needed to Help Economy

But the President has a plan, which he coyly referenced without unveiling the particulars (to be revealed later this week, supposedly). Government, [he told his audience](#), must do more to create jobs:

We're going to see if congressional Republicans will put country before party. We'll give them a plan, and then we'll say, do you want to create jobs? Then put our construction workers back to work rebuilding America.



We've heard all this before: Spend government money on public works projects like roads and bridges, and the economy will grow. It was FDR's strategy, and President Obama recycled it in his mammoth stimulus package. And in both instances, it failed miserably, as Americans are now discovering in the case of President Obama's beloved TARP.

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To be sure, the "make work" approach produces short-term results, but these are illusory. The only beneficiaries of public works boondoggles like Obama's TARP and FDR's NRA are the contractors that get the bids and the politicians who benefit, for one electoral cycle, from temporary upticks in employment figures that appear to betoken a recovery.

But such jobs are not a consequence of genuine economic growth — that is, they are not being driven by capital formation. They are instead a consequence of the deliberate impoverishment of the people by their own government, because they are paid for by taxation. They involve forcibly transferring savings from one group of people (the taxpayers in general) to another (selected contractors and those they hire). And once the jobs are completed, the economy slumps back into stagnation — but with less to go around than before. This is what is happening right now, after a year or so of reassurances of anemic but steady growth — reassurances rooted almost entirely in the illusion of public works "job creation."

To be sure, President Obama in his speech threw a sop or two to free market enthusiasts, hinting at new open trade deals and defending a middle class tax cut. But there can be no question that the central tenet of President Obama's political faith is the power of the government to fix the economy and create jobs.

Ironically, the President is correct, although not in any manner he would acknowledge; the government *does* have the power to fix the economy and create jobs. All it has to do is get out of the way, by drastically reducing the size and cost of government, and by eliminating the thousands upon thousands of cumbersome regulations on business that drive up costs of production and discourage risk-taking.



Written by [Charles Scaliger](#) on September 6, 2011

But this is not at all what President Obama has in mind. Just weeks ago, his administration announced drastically more stringent fuel economy requirements to be imposed on auto manufacturers, requirements that will doubtless lead to more layoffs in the auto sector (the same sector that the President and Congress recently bailed out with taxpayer dollars). Last week, agents from the federal government [raided the warehouses of guitar-maker Gibson](#), confiscated thousands of dollars' worth of inventory, and threatened further legal action against the storied guitar manufacturer, all without a warrant. Their motive? Gibson is accused of using wood harvested contrary to the laws of the government of India (itself hardly a model of laissez-faire), and has been apparently singled out by the Obama administration to be made an example of — an arrogant, arbitrary, and economically destructive act that will doubtless have a chilling effect on other instrument manufacturers.

But even as his own government continues to prey on the likes of Gibson, President Obama is happy to curry favor with his cronies in the big unions, who for decades have cooperated with the federal government in propelling America away from a free market and into a centrally managed (if not yet planned) economy. To the Detroit GM workers, Obama identified America's predatory and self-serving unions with economic progress:

Work to make sure that folks get an honest day's pay for an honest day's work. Work to make sure that families get a fair shake. The work you've done that helped build the greatest middle class the world has ever known. I'm talking about the work that got us a 40-hour workweek and weekends, and paid leave and pensions, and the minimum wage and health insurance, and Social Security and Medicare — the cornerstones of middle-class security. That's because of your work. If you want to know who helped lay these cornerstones of an American middle class you just have to look for the union label.

That's the bedrock this country is built on. Hard work. Responsibility. Sacrifice. Looking out for one another. Giving everybody a shot, everybody a chance to share in America's prosperity, from the factory floor to the boardroom. That's what unions are all about.

The truth is completely at variance with such claims, but don't expect the AFL-CIO to admit that anytime soon. What unions have done is bring American corporations under the federal regulatory umbrella, drive up workers' pay and benefits to far above market rates, and foist upon companies large and small all manner of burdensome and costly controls, all of which require the hiring of platoons of accountants and lawyers for compliance purposes.

To this writer's knowledge, not once has an employer in the United States of America (since the end of chattel slavery, at any rate) forced its employees to work at gunpoint. No one has ever been compelled to work in a mine or a factory or a hot construction site. The men and women who work in "blue collar" jobs do so of their own free will, and are free to seek employment elsewhere anytime they wish. Unions are and always have been about trying to compel employers to provide jobs, pay, and benefits (including reduced work hours) that they cannot necessarily afford. And, lest we forget, while strikes and other union activity nowadays is peaceful, at least in this country, it was often violent in the no-too-distant past, targeting "scabs" who chose work instead of a strike with threats and even physical attacks. To those of us who already work very long hours out of choice without mandatory overtime pay and have no expectation of a life of ease, the activities of unions appear to be little more than attempts to get more for less. The hardworking, thrifty, responsible, and sacrifice-prone Americans the President referred to have not been, in the main, union flaks.



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The consequences of a unionized manufacturing base have been predictable. “Blue collar” jobs have mostly moved overseas. The fault, however, is not primarily with American workers. The work ethic that the President described is largely intact, and many more Americans would probably be happy to work for lower wages — if they were allowed to keep what they earn. But with the grasping hand of government taxing everything but the air we breathe (and don’t hold your breath waiting for that to change) and adding thousands of dollars in regulatory costs to the houses, cars, and appliances we buy, all the while destroying the value of the dollars we earn by printing more and more money, American workers are working harder for less and less return. Fifty years ago, a single modest income could support an entire family and a house and car besides. Today, the average new family car costs almost an entire year’s income for many middle class families, and even a thirty year mortgage on the average house will keep a dual-income household on the razor’s edge for decades. And all of this has come about because of the relentless growth of government.

Today, we have clearly reached a tipping point. The only thing that will put Americans back to work and restore bona fide economic growth is a massive rollback of government at the federal and state level. But don’t expect President Obama to be leading that charge.

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