



Written by [William P. Hoar](#) on June 8, 2020

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Correction, Please!

Removing Regulatory Barriers Essential for Fighting Coronavirus, Rebooting Economy

Item: *The New York Times* for May 2 ran a piece entitled “The New Great Depression Is Coming. Will There Be a New New Deal?,” with a subtitle that declared: “After the coronavirus, political transformation may be inevitable.” The “need to rebuild the country comes with opportunities,” asserted opinion columnist Michelle Goldberg.



“At this point,” she pronounced, “even many Republicans acknowledge that the era of small government is over. (‘Big-Government Conservatives Mount Takeover of G.O.P.,’ said a recent *Politico* headline.) In such an environment, ambitious progressive ideas that once seemed implausible, at least in the short term, start to become more imaginable.”

The *Times* columnist continued: “‘I do think there’s an F.D.R. moment,’ said Senator Edward Markey, Democrat of Massachusetts and co-author of the Green New Deal resolution, which calls for a huge new public works program to build environmentally sustainable infrastructure. ‘... we can see that it is now time to discuss universal child care, universal sick leave and a guaranteed income for everyone in our society.’”

Item: The Center for American Progress (CAP) is a leading left-wing Washington think tank that was founded by John Podesta, former chief of staff to President Bill Clinton, who still serves on its board. The CAP is, according to the *Wall Street Journal* (May 2-3), among those groups preparing for a rollback of regulatory changes “if former Vice President Joe Biden wins the presidency and Democrats control Congress.” The center has acknowledged it has been making such plans.

A CAP paper, “Oversight and Implementation Will Determine the Effectiveness of the New Laws Responding to Coronavirus,” dated April 27, points to one of its concerns — the alleged “lack of oversight and accountability” in the funding of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, saying this “opens the door to misuse and corruption.”

Item: The *New York Times*, in an April 27 article entitled “Job or Health? Restarting the Economy Threatens to Worsen Economic Inequality,” raised a recurrent theme of progressives of late: growing “inequality.” The gist of the article penned by Jim Tankersley is seen in the subtitle: “The coronavirus recession has exacerbated the racial and income divides in America. Lifting restrictions too soon will make them worse.”

That inequality bogeyman is also at the center of a *Bloomberg Businessweek* piece on May 4, “Will the Virus Make Inequality Worse?” Here is the article’s “Bottom Line”: “Inequality in the U.S. was already



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at a record before the outbreak.... But if America stays on a war footing, it could improve.” Lest you wonder what that “war” might entail, the article happily reminds us what happens when “an entire economy mobilizes for war: The U.S.’s first income tax was imposed in the Civil War, and the top tax rate hit 77% during World War I and 94% in World War II.”

Correction: Americans are born equal. It’s our job, which is not an easy one, to outgrow that. Some people make good, while some make trouble. And others just make up excuses.

This brings us to leftist political and media elitists. They would utilize the coronavirus as a pretext to inflict more onerous regulations, taxation, and controls on our freedoms. Well-rehearsed worries disseminated by prophets of doom about “inequality” are pretenses, ruses with ulterior motives.

Meanwhile, such defeatists are willing — nay eager — to rewrite history if it will serve their purposes. Senate Minority Leader Charles Schumer (D-N.Y.) recently told MSNBC that his political opponents reminded him of “old Herbert Hoovers,” who (supposedly) just wanted to “wait out” the Great Depression, but matters still “got worse and worse.” Said the senator, “We need Franklin Rooseveltian-type action.”

That’s a legend. And false. Hoover’s government was in fact quite extravagant. And *candidate* Roosevelt railed against Hoover as “the greatest spender in history” and complained about the GOP for piling “bureau on bureau, commission on commission ... at the expense of the taxpayer.” However, once in office, FDR immediately reversed course and “set off to build a government that in size dwarfed the government of Hoover which he denounced,” as noted by John T. Flynn in his book *The Roosevelt Myth*.

Steve Forbes, in his eponymous magazine (*Forbes*, May 2020), correctly recalled that Hoover’s “unprecedented government activism” was followed by even more interventionism by FDR. And the “crisis persisted.”

In fact, after World War II, as Forbes wrote,

fear of a renewed downturn led many to cry for more Hoover/FDR-like policies. Instead, we did the opposite: The budget was ruthlessly axed, income taxes for couples were effectively halved, wartime controls were rapidly eliminated, the New Deal’s anti-commerce labor laws were modified and the dollar remained fixed to gold. Even though millions of veterans rapidly returned to the workforce, unemployment remained low.

We must, he wrote, “take these experiences to heart” today.

Facing a deadly pandemic, just getting regulatory impediments out of the way may have been the best thing the federal government could do. And, astonishingly, that is largely what has been happening. (Why the blockades were there in the first place is another matter.)

The Trump administration’s non-seizure of power during an emergency was a matter stressed (and praised) by Christopher DeMuth — a fellow at the Hudson Institute — but certainly not by the left-wing media.

Deregulatory actions have incensed the Left. Accordingly, these measures have become targets should their Democratic political allies take power. Here’s their related, albeit illogical, gripe: How dare Trump show leadership by not acting as the dictator we accused him of being?!

The “most striking” aspect of the Trump administration’s anti-virus responses, wrote DeMuth, has been



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its waiving or liberalizing of hundreds of regulatory requirements that would otherwise impede efforts to cope with the epidemic and ensuing shutdowns. The Food and Drug Administration has relaxed its extreme restrictions on the development and deployment of medical tests, equipment, drugs and vaccines. The Medicare and [HIPAA (Health Insurance Portability and Accountability Act of 1996)] waivers, along with the suspension by many states of their restrictions on out-of-state medical professionals, are allowing doctors and nurses to go where they are needed and to practice telemedicine. The Education Department is easing its micromanagement of school districts to facilitate online teaching and other initiatives.

The general intent has been to sidestep federal bureaucracies and allow local and state governments, who know their constituencies best, to handle the details.

Several conservative-leaning groups have been tracking the rules that have been either suspended or relaxed during the crisis. The idea is to “sunset” such regulations.

Experts at the Mercatus Center have suggested an approach that they call the Fresh Start Initiative. It is modeled after the Department of Defense’s Base Realignment and Closure (BRAC) Commission that has helped to close 350 outdated military bases over multiple rounds since 1988. The proposed body would identify and study revised or suspended rules during the virus crisis and make recommendations for each to be terminated or reformed. The object is to create “a plan and timetable for automatically sunseting or comprehensively reforming those policies or programs as part of a single reform package.”

Illustrating the extent of the vast regulatory regime — a veritable fantasy for statist — Mercatus points to the findings of the RegData Project. That project’s most recent data indicate that the volume of federal regulations has increased dramatically in the last half-century. The numbers of regulatory restrictions on the books have gone from around 400,000 in 1970 to more than 1,000,000 currently.

This is the mountain that has to be scaled before there can be, among others, treatments and vaccines. John Goodman — president of the Goodman Institute for Public Policy Research and a senior fellow at the Independent Institute — describes some of the obstacles that faced the Trump administration. As Goodman has written, until just a few months ago:

The only tests for the coronavirus that were approved for use in the United States were produced by the Centers for Disease Control (CDC) and half of those tests turned out to be defective.

It was illegal to produce, sell and distribute ventilators, respirators, and other medical equipment without complicated and burdensome government regulatory permission.

It was also illegal to produce, sell and distribute personal protective equipment such as masks, gowns, gloves, etc.

Medicare actually dictated how many beds a hospital could have and no one could create additional beds anywhere without government permission.

In addition, according to Goodman,

In most cases, it was illegal for doctors to practice across state lines — consulting with patients in states where they had not been licensed to practice.

It was illegal for employers and insurers to waive the deductibles and copayments for coronavirus



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detection and treatment for the 26 million families with Health Savings Accounts (HSAs).

Medicare refused to pay for doctor consultations by means of phone, email, or Skype — except under special circumstances.

Medicare refused to pay for direct primary care services (concierge care) that would give patients 24/7 access to a physician, including contact by phone, email, and video at nights and on weekends.

It was illegal for employers to put money into an HSA so that employees could choose their own direct primary care physician.

There were many more roadblocks. Then a deadly pandemic hit and urgent action was needed. Such impediments “to sensible virus responses,” as Goodman said, are largely gone. For now.

The Left, you see, wants to bring back such lethal “protections.” In the past, major crises produced government power grabs and left a legacy of additional bureaucracy. As noted by Veronique de Rugy in a *Reason* column, after the terrorist attacks of September 11, 2001,

the federal government created the Department of Homeland Security and a centralized airport security agency, the Transportation Security Administration. Oh, and don’t forget about the Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, which expanded many other government powers.

Similar growth in government occurred after the Great Recession. For instance, the federal government created the Consumer Financial Protection Bureau, the Financial Stability Oversight Council, the Federal Insurance Office, and many other bureaucracies and programs meant to prevent the next financial crisis. Uncle Sam also accumulated more control over the extension of credit, both mortgage and personal.

As might be expected, the virus outbreak also led to calls for more bureaucracy. Rahm Emanuel, the former mayor of Chicago and White House chief of staff for President Barack Obama, did just that (in a *Wall Street Journal* op-ed earlier this year). What is needed, he insisted, is a Cabinet-level executive department that would coordinate the national response in the event of future pandemics.

As part of his argument for a new bureau, Emanuel blamed Donald Trump for Washington’s “lack of urgency in the early weeks.” Never mind that Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, assuredly told Americans — on NBC’s *Today* show as late as February 29, for one example — that the risk from COVID-19 “is still low,” and that “at this moment, there’s no need to change anything that you’re doing on a day-by-day basis.”

Brian Riedl, senior fellow at the Manhattan Institute, calculates that over a decade, the coronavirus recession is projected to add nearly \$8 trillion to the National Debt. That tab, as he notes, is more than the cost of the entire budgets of the Department of Defense “over the past 12 years combined.”

In this war, the short-run goals are to overcome the coronavirus and free the economy. For a durable peace, we also need a much leaner government and long-term regulatory relief.

— William P. Hoar

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