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President Obama's Malthusian New Deal: Recovery Not

Robert Bradley Jr. | May 28, 2012

With unemployment high, economic recovery elusive, and gasoline prices near record levels, the term Great Recession has joined the economic infamy list that is only topped by the 1930s Great Depression. Enter Barack Obama as the new-age FDR, ready to lead us back to prosperity with his newly unfurled election-year “[to do](#)” list for Congress.

But this is not your grandfather’s New Deal. While premised on the fallacious Keynesian notion that government spending brings prosperity, Obama’s fare has a distinct environmentalist dogma. FDR had the New Deal; Obama’s is a *Malthusian* New Deal. Like FDR’s seventy years ago, green Keynesianism is also at odds with wealth creation and true recovery.

Obama’s mantra can be traced all the way back to a 1798 tract, *An Essay on the Principle of Population*, in which Thomas Malthus laid out a dystopian vision of human population growth outrunning agricultural productivity, requiring war, disease, and other “misery or vice” to reduce the number of mouths to feed. Mankind was forever destined to subsistence living in his view.

Fortunately, economic freedom and human ingenuity intervened. People turned out to be the solution, not the problem. Agricultural productivity soared, and Malthus was refuted.

But the idea of the earth’s limited “carrying capacity” graduated from Malthus’s agriculture to mineral resources, including oil and gas. Terms such as “peak oil” took root in the 1970s and intensified in the 1990s forward.

So here is the rub. Obama’s so-called growth plan is top heavy on a fallacious neo-Malthusian limits-to-growth thinking. Yet the supposedly depleting energies that Obama policy is trying to phase down (or phase out as is the case with coal) are booming—and their “green” substitutes are a predictable bust.

Think back to when the newly elected Obama picked advisors and department heads collectively called the “green dream team.” These neo-Malthusians engineered the 2009 stimulus plan’s \$79 billion for ‘green’ initiatives, according to the nonprofit Environment California. Such went to wind, solar, conservation, and transportation projects that would otherwise be uneconomical, as judged by self-interested consumers.

Since then, tens of billions of dollars more have gone to the politically correct, market incorrect energy initiatives.

Yet wind, solar, and batteries are inferior job creators. A July 2011 Brookings study found that between 2003 and 2010, the government green-job expansion was 20 percent below that of the overall economy. And the real story has been in the last two years when the artificial, transitory Malthusian job plan imploded, as evidenced by green layoffs at Solyndra, Ener1, Range Fuels, and Beacon Power Corp, among other firms. Worst still, taxpayers were stuck with the bill.

Don’t forget what Obama did not get: a House-passed cap-and-trade bill to limit emissions of carbon dioxide and other greenhouse gases. Obama’s initial budget estimated \$646 billion in auction revenues from carbon permits, but Jason Furman, deputy director of the National Economic Council, warned that the back-door tax could be “two-to-three times” greater—as much as \$1.9 trillion over ten years.

The bill that was mercifully killed in the Senate would have cost the average American household \$890 in 2020, according to the Congressional Budget Office.

Cap-and-trade is dead, but the green dream lives on in the out-of-control budget deficit. Obama’s current Congressional to-do list includes even more fiscal support for the green energy sector, including extending a 30 percent tax credit to investments in clean energy manufacturing.

Compare the above to the *real* energies that consumers prefer and that taxpayers do not have to subsidize. Here, this administration has also been doing its utmost (within election-year political constraints) to stifle production from our traditional and abundant domestic energy resources. Thwarting homegrown oil and gas has not been easy for Obama. The U.S. has an enormous bounty of untapped economically recoverable wealth — an estimated 273 trillion cubic feet of natural gas and 1.7 trillion barrels of oil.

Hydraulic fracturing can develop these reserves and boost our economy, without compromising the environment.

The Barnett shale, for example, supports 100,000 jobs in northern Texas alone, while natural gas production in the Marcellus has doubled this to Pennsylvania's economy. North Dakota's Bakken Shale play has turned the state almost overnight into an oil Mecca. Yet the hostility of many Obama administration officials to "fracking" technology is another instance of Malthusian governance at odds with consumers, taxpayers, and the general economy.

Lifting unnecessary restrictions on new oil and gas production would immediately boost economic output, and not just in the energy sector. An [analysis](#) from PricewaterhouseCoopers found that every new oil and gas job supports an additional three jobs across the rest of the economy.

And so we are left with the irony of an Administration working to make the most attractive, taxpayer-free energies more expensive in the name of saving us from ourselves. "We have met the enemy and he is us" applies to Obama, not to citizens who want plentiful, affordable, reliable energy.

The Malthusian New Deal has failed to create sustainable jobs and has left government budgets further in the red. Americans are not ready to settle for diminished standards of living in pursuit of a false green dream. Developing our abundant natural resources, not artificially imposing scarcity, must be a pillar of the economic recovery to come.

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