

Forbes

President Obama's Plan To "De-develop" America Shifts Into High Gear

By Peter Ferrara

June 9, 2014

President Obama's own Administration officially reports that the U.S. economy DECLINED by 1% in the first quarter of this year. That follows 1.9% reported total annual growth for all of 2013.

The U.S. economy sustained a real rate of economic growth of 3.3% from 1945 to 1973, and achieved the same 3.3% sustained real growth from 1982 to 2007. Before President Obama, it was only during the stagflation decade of 1973 to 1982, reflecting the deeply misguided reigning intellectual leadership of the time, that real growth fell to only half long term trends.

This 3.3% long term economic growth trend line is the minimum standard by which to judge President Obama's economic performance. That sustained 3.3% real economic growth was the foundation for America's world leading, post World War II, economic and military dominance, not battlefield victories 70 years ago (ok, those did help for a while too). As Brian Domitrovic explained in *Econoclasts: The Rebels Who Sparked the Supply Side Revolution and Restored American Prosperity*, "The unique ability of the United States to maintain a historic rate of economic growth over the long term is what has rendered this nation the world's lone 'hyperpower.'"

But President Obama should have done better than that, precisely because the economy was in recession when he entered office! That is because the American historical record is the deeper the recession the stronger the recovery, as the economy grows faster than average to catch back up to the long term trendline. That observation originally stemmed from Milton Friedman, the greatest economist of the 20th century. So it comes by way of a top pedigree.

It certainly worked that way under President Reagan. After the 1981-1982 recession that greeted him soon after entering office, the economy took off on a boom that lasted 92 months without a recession, until July, 1990, when the tax increases of the 1990 budget deal killed it. That set a

new record for the longest peacetime expansion ever, the previous high in peacetime being 58 months.

During those 7 years, the economy grew by almost one-third, the equivalent of adding the entire economy of West Germany, the third largest in the world at the time, to the U.S. economy. In 1984 alone, real economic growth boomed by 6.8%, the highest in 50 years. President Obama has not had a year of economic growth even half that large.

Indeed, in the 11 post-Depression recessions before President Obama, the economy recovered all the GDP lost during the recession within an average of about a year (4.5 quarters) after the recession started. But it took Obama's recovery 16 quarters, or 4 years, to reach that point. And the economy has bumbled along in slow growth stagnation since then. By sharp contrast, at this point in the Reagan recovery, the economy had boomed by over a fifth.

In fact, that Reagan recovery grew into a 25 year boom, from late 1982 until the end of 2007, with just slight interruptions by shallow, short recessions in 1990 and 2001. As Art Laffer and Steve Moore wrote in their book, *The End of Prosperity*,

“We call this period, 1982-2007, the twenty-five year boom – the greatest period of wealth creation in the history of the planet. In 1980, the net worth – assets minus liabilities – of all U.S. households and business...was \$25 trillion in today's dollars. By 2007....net worth was just shy of \$57 trillion. Adjusting for inflation, more wealth was created in America in the twenty-five year boom than in the previous two hundred years.”

Similarly, Steve Forbes wrote in *Forbes* in 2008,

“Between the early 1980s and 2007 we lived in an economic Golden Age. Never before have so many people advanced so far economically in so short a period of time as they have during the last 25 years. Until the credit crisis, 70 million people a year [worldwide] were joining the middle class. The U.S. kicked off this long boom with the economic reforms of Ronald Reagan, particularly his enormous income tax cuts. We burst from the economic stagnation of the 1970s into a dynamic, innovative, high tech-oriented economy. Even in recent years the much maligned U.S. did well. Between year-end 2002 and year-end 2007 U.S. growth exceeded the entire size of China's economy.”

In other words, the growth in the U.S. economy from 2002 to 2007 was the equivalent of adding the entire economy of China at the time to the U.S. economy.

The Hopeless President

So what is President Obama doing to inspire a real, booming recovery for the American economy at long last, now in the sixth year of his Presidency? On June 2, the EPA unveiled a new blanket of regulations (645 pages) that will only further smother economic growth and opportunity in America. The regulations would require the states to adopt policies to reduce carbon dioxide emissions (CO₂) by 30% by 2030 from 2005 levels.

The states could each choose the policies to achieve that goal, such as a new tax on “carbon,” or “cap and trade” which means paying for limited permits for CO₂ emissions, which come from

burning fossil fuels such as oil, natural gas, coal, and gasoline. This is what Obama meant when he privately told supporters at the San Francisco Chronicle editorial board in 2008, “Under my plan of a cap and trade system, electricity costs would necessarily skyrocket.”

These regulatory burdens would be like a new tax further squelching the economy with additional, artificial costs. In the 1970s, the Washington Establishment told us the bad economy was due to the oil price spikes caused by Arab oil embargoes. Now the Washington Establishment, which wildly supports shutting down the American economy, because the vast riches it can produce morally embarrass them, is telling us we have to do the same thing to ourselves.

David Rothbard, President of the Committee for a Constructive Tomorrow, correctly explained the ultimate results of such regulatory madness in his column on June 3, writing, “Millions of Americans will endure lower quality of life and be unable to heat or cool their homes properly, pay their rent or mortgage, or save for college and retirement....As Sen. Joe Manchin (D-WV) points out, ‘A lot of people on the lower end of the socio-economic spectrum are going to die.’” Manchin should be preparing to run for Senate Majority Leader next year, as a Republican.

The Wall Street Journal further explained on June 3, “Consumers may not realize how these regulations will affect their daily lives. Groups like the Natural Resources Defense Council and the Brookings Institution support a policy known as ‘direct load control’ that would manage when you are allowed to run the air conditioner or washing machine.” Big Brother is here, watching you. Check out Jonah Goldberg, Liberal Fascism.

Rothbard cites President Obama saying, “the costly regulations are needed to reduce ‘carbon pollution’ that he claims is making ‘extreme weather events’ like Superstorm Sandy ‘more common and more devastating.’” But no honest, educated person can use the term “pollution” to refer to carbon dioxide emissions. For the easily manipulated, low information voters out there, carbon dioxide is not some toxic industrial gas. It is a natural substance essential for the survival of all life on the planet. Plants need CO₂ to grow and conduct photosynthesis, which is the natural process that creates food for animals and fish at the bottom of the food chain.

Moreover, there is no demonstrated connection anywhere in what passes for “science” these days between CO₂ emissions and Super Storm Sandy. As Rothbard accurately explains in regard to this whole global warming scare behind the regulations,

“[A]verage global temperatures have not risen in almost 18 years. We have now gone over eight years without a category 3-5 hurricane hitting the United States – the longest such period in over a century. Tornadoes are at a multi-decade low. Droughts are no more frequent or intense than since 1900. There were fewer than half as many forest fires last year as during the 1960s and 1970s. Sea levels rose just eight inches over the last 130 years and are currently rising at barely seven inches per century. There’s still ice on Lake Superior – in June.”

Sea levels have been rising, in fact, since the end of the last ice age, 12,000 years ago! But there has been no acceleration in the rate of that sea level rise for at least 200 years. There also is exactly zero real science to back up wildly manipulative claims that CO₂ emissions cause asthma attacks or even heart attacks.

The Journal also correctly explained, “The irony is that all this [economic] damage will do nothing for climate change. Based on the EPA’s own carbon accounting, shutting down every coal-fired plant tomorrow and replacing them with zero carbon sources would reduce the Earth’s temperature by about one-twentieth of a degree Fahrenheit in a hundred years.”

Green v. Blue

Politically, all of this involves an historic, dramatic change of course for the Democrat Party, as the Journal further observed on June 4: “The [EPA’s] mammoth rule is an important political moment because it shows that national Democrats have come down decisively on the side of modern environmentalists over the working class voters who were once their base. The richer coasts dominated by gentry liberals now trump the union jobs of the Midwest.” In other words, Democrats have chosen green over blue. This opens up the same huge opportunities Reagan so successfully exploited to win over millions of Reagan Democrats. As Reagan used to say so often, “I didn’t leave the Democrat Party. The Democrat Party left me.”

When I began studying the concern over potentially catastrophic global warming years ago, I was shocked at how weak the argument for it was. It is basically broad theory which does not specify how much warming and when. And it is 73 climate models collected by the U.N. projecting catastrophic warming on our current course long term. But these models, which have never been validated, meaning they cannot even predict the past, are diverging farther and farther from real world temperatures. Global temperature records do not remotely track anywhere near rising carbon dioxide emissions over time, especially throughout the 20th century to today. The cyclical up and down temperature patterns track much more closely instead with the natural cycles of ocean churning currents, as cold water from the deep cycles up to slightly cool the planet for a couple of decades at a time, and cycles of sunspots and other solar activity.

The argument for ultimately catastrophic, man caused global warming has been corrupted by political correctness, political ideology, the special interest of governments in expanded power and authority, and billions in overwhelming government money paying to get the results desired. Bottom line: there is zero chance that the possibility of ultimately catastrophic, man caused global warming is greater than zero. The real world cannot bear trillions in artificial costs to satisfy the scientific equivalent of Lysenkoism.

Yes, you can cite scientific societies that have disgracefully sold out to this Lysenkoism. But in not one instance have the politically correct bureaucracies running those societies reached that conclusion by canvassing their members. Instead, in at least one instance a rebellion among the rank and file has forced the leadership to reevaluate by appointing worthy competing rival committees of alarmists versus skeptics to conduct an investigation of the issue. Following the results of that real debate will be highly illuminating.

For decision-makers in government and business who need to be sure and make responsible decisions, the full truth of the issue is completely and thoroughly discussed in the thousands of pages of *Climate Change Reconsidered II*, authored by dozens of serious, top scientists serving on the Nongovernmental International Panel on Climate Change (NIPCC), and published this year in ultimately 3 volumes of thousands of pages each by the Heartland Institute. Those

volumes are “double peer reviewed,” in that they discuss thousands of peer reviewed articles published in scientific journals, and are themselves peer reviewed. Last year, the Cato Institute published a thorough, comprehensive refutation of the publicly released draft of the National Climate Assessment, *The Missing Science from the Draft National Assessment on Climate Change*, by Patrick J. Michaels, et. al. You can learn more by attending the Ninth International Conference on Climate Change, to be held at the Mandalay Bay Resort in Las Vegas, July 7-9, with more than 1,000 scientists from around the world (where I will be speaking).

The scientific truth of the matter will be determined not by counting how many scientists or their professional societies take on side or another, but by counting the real world data on the issue, which intelligent laymen can judge by reading the sources above.

The bottom line is that when June, 2016 rolls around, when states are supposed to submit “compliance” plans to the EPA for approval, Governors should send letters explaining that they and their legislatures decided not to trash the economies of their states with unjustified “carbon taxes” or cap and trade burdens designed to ensure that their “electricity costs would necessarily skyrocket.” And if the EPA thinks that is not acceptable, the state will see them in court. Because under the Constitution, neither the EPA, nor the entire federal government, nor his majesty Barack Obama, have any authority to impose any penalty on any state if the state does not adopt some tax or costly, crippling regulatory burden.

This issue should be affecting now state political races between Democrats and Republicans for Governor, the legislature, and all other state offices. Let Democrats say vote for us and we will impose on you carbon taxes and cap and trade burdens under which your electricity costs will necessarily skyrocket. And let Republicans say vote for us and we will tell the Feds they can go to Hades.

Obamanomics: The De-development of America

It should be no surprise to anyone that President Obama’s economic policies have all but terminated any economic growth and opportunity in America. Because every one of those policies has been decisively anti- growth.

Obama has led increases in the top tax rates of virtually every major federal tax — income taxes, capital gains taxes, taxes on corporate dividends, death taxes, even payroll taxes. The only marginal tax rate he has not increased, the federal corporate tax rate, is already the highest in the world.

Obama has led massive increases in regulatory costs, burdens and barriers, from health care to finance to energy to see above.

Obama and his Administration have cheered the Fed to pursue wild, zero interest rate monetary policies, buying up most national debt, for years now, laying the foundation for the future return of inflation.

The only pro-growth policy has been the sequester, and other cuts in spending, imposed on him, by the Republican House majority. But Obama is working mightily to reverse that, proposing to restore wild-eyed spending in every budget, and speech relating to the subject.

Some commenters have asserted that President Obama has failed to produce economic growth because Congressional Republicans refuse any compromise with him. But name any policy President Obama has proposed that would lead to more economic growth and jobs that Congressional Republicans have refused to support. You can't, because there isn't one. Some of you are so easy for professional politicians to fool.

The real explanation for what is going on here with Obamanomics was actually revealed years ago by the President's Science advisor, John Holdren. Holdren said, "A massive campaign must be launched to...de-develop the United States...bringing our economic system (especially patterns of consumption) into line with the realities of ecology and the global resource situation....We must design a stable, low consumption economy in which there is a much more equitable distribution of wealth."

And that is what you have with the President's economic policies, a massive campaign to de-develop the United States. Even I have to say, if that is what the President's plan is, it's working.

For any other President engaged in this, we would have to impeach him for pursuing such a war on his own people. But in this case, Obama just represents the true heart and soul of his own party, which protects and enables him in this foolish endeavor. So the conclusion to take away: don't blame President Obama, blame the Democrat Party, which you have a clear chance to do this fall.