

The logo for The Orange County Register. It features a stylized orange fruit with a green leaf on the left side. To the right of the fruit, the words "THE ORANGE COUNTY" are written in a smaller, black, sans-serif font. Below this, the word "REGISTER" is written in a large, bold, black, serif font.

[EDITORIAL]

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To Obama, fair means you pay the fare

President Barack Obama's reelection campaign will be all about fairness.

He will frame the debate as his personal quest to achieve fairness versus a cold-hearted Republican candidate portrayed as the champion of unfair policies. This populist pandering should resonate with many people whose idea of fairness hasn't been too well thought out.

What is fair?

In economics and, for that matter, in any human endeavor, fairness is achieved when the parties engaged in a voluntary transaction aren't shortchanged or coerced. It's not enough for one party to believe he got a fair deal if the other party knows he was taken advantage of.

You might not think \$140,000 for an automobile is a fair price. But someone selling a spanking new Maserati probably does. That's not good enough. For the two of you to enter into a fair exchange, both need to agree that it's a fair exchange.

Billionaire Warren Buffett might consider \$140,000 a fair price for a Maserati, but he may not want a car that goes faster than an 81-year-old man like himself is comfortable driving. The price may be right. But even a rich guy would think it unfair to be forced to buy a car he has no use for.

Many factors determine what's fair. Cost and desirability are but two. Nevertheless, fairness hinges on this: it must be a mutually agreed-upon transaction in which all parties feel free to enter or reject the deal. Otherwise, it's clearly unfair to bind any of them.

Candidate Obama's fairness track record isn't good. That's because when government makes itself arbiter of what is fair, and forces its will on unwilling others, fairness doesn't describe what happens.

Obamacare

The president's signature achievement sought to make sure everyone has health insurance. *Whether they want it or not.* What's fair about forcing many people to pay huge sums of

money to buy a product they not only don't want, but may not be able to afford or don't need?

Obamacare also forces insurers to sell what the government decides must be sold, rather than what companies want to sell and customers want to buy. Obamacare requires these sales be made to buyers the government says companies must sell to, regardless of risk. How fair is it to demand a private business risk bankruptcy? What's fair about dictating products be sold as a package, rather than individually, when the company can't sell them profitably that way, and buyers don't want to buy them that way?

Some people will get a sweet deal on health insurance. But on the fairness scale, it is difficult to imagine a scheme more unfair to more people. It's like being forced to buy a Maserati for \$14,000 instead of \$140,000. That's nice, if you're the buyer and have use for a fast car. It's not so nice if you have no use for it, or if you're the seller.

Stimulus

Obama sought to help people find jobs and keep unemployment below 8 percent. He borrowed vast amounts of money that must be repaid by current and future taxpayers, none of whom were consulted and whose consent wasn't given. How fair was that to those inheriting the massive debt?

Worse yet, most people who have to pay the bill got nothing in return. Unemployment rose above 9 percent. The few jobs created largely disappear once the one-time stimulus money runs out, as it must, because taxes are not infinite, and the jobs weren't created to meet a real demand in the market.

Think make-work: borrow a lot of money to hire someone to dig a hole that no one needed dug, then hire another person to fill the hole. Two jobs created. No demand met. When the money's gone, hole-digging ends. But taxpayers still must pay the debt. That's fair?

Energy

The president made no pretense of fairness when he warned: "Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket. ... Because I'm capping greenhouse gases, coal power plants, you know, natural gas, you name it – whatever the plants were, whatever the industry was, uh, they would have to retrofit their operations. That will cost money. They will pass that money on to consumers."

Is this fair to consumers forced to pay skyrocketing rates? All they want in exchange for their monthly payments is electricity. But Obama demands they must pay much more so he can claim to be reducing CO2 emissions because he's convinced that vital gas increases temperatures. Most rate payers don't care how much CO2 is released when they flip a light switch. They just want the lights to go on – at a fair price. They will get no more light, despite skyrocketing rates. Where's the fairness in that?

As for CO2, more has been emitted worldwide over the past decade than during any previous decade on record. Worldwide temperatures didn't budge. Is it fair to charge more for energy to reduce emissions to save us from global warming if emissions increase anyway, and the temperature doesn't? At least a person forced to buy a Maserati would get something potentially useful. What's a consumer to do with saved CO2?

Auto industry

The president bailed out two failing car companies rather than let them go bankrupt, again with vast amounts of money taxpayers must repay over many years. Apparently Obama believes it unfair for poorly run companies to go bankrupt.

This bailout, unauthorized by Congress, let alone by taxpayers, amounted to “looting and redistribution of claims against GM's and Chrysler's assets from shareholders and debt-holders to pensioners,” Daniel J. Ikenson of the Cato Institute testified to Congress.

The bailout, Ikenson said, also bullied stakeholders into accepting terms to achieve political outcomes, encroached into bankruptcy details “to orchestrate what bankruptcy law experts describe as ‘sham’ sales of Old Chrysler to New Chrysler and Old GM to New GM,” insulated “irresponsible actors, such as the United Autoworkers, from the outcomes of an apolitical bankruptcy proceeding” and diminished U.S. moral authority to dissuade foreign governments from similar market interventions, among other ill effects.

Did you lose count of all the people this scheme was unfair to? Ikenson lists some more: “The intervention on GM's behalf denied the spoils of competition – the market share, sales revenues, profits, and productive assets – to Ford, Honda, Hyundai and all of the other automakers that made better products, made better operational decisions, were more efficient, or were more responsive to consumer demands than GM, thereby short-circuiting a feedback loop that is essential to the healthy functioning of competitive market economies.”

To whom does this sound like fairness?

To be fair, all parties should feel they got something of comparable value to whatever they willingly gave up in return. It's inconceivable to imagine anyone forced against his will to accept an agreement – or to suffer consequences without even a say in the process – would regard that as a “fair” deal.

Obama says “fairness,” but means something quite different. His definition of fairness obliterates what most people consider to be their liberty.

That brings to mind Abraham Lincoln, who understood that people can twist words to suit themselves. “With some,” Lincoln said, “the word liberty may mean for each man to do as he pleases with himself, and the product of his labor; while with others the same word may mean for some men to do as they please with other men, and the product of other men's labor.”