

Tulsa Beacon

Too Much Government, Too Little Individualism

by Dan Keating

Any student attending Economics 101 will tell you that no sane person advocates raising taxes during a prolonged recession. Yet, that is precisely what the president proposes. Although the Obama administration would like you to believe the recession ended two years ago, we are still in a recession. According to S & P/Case-Shiller Index, property values in 20 cities fell 4 percent in April. According to Bloomberg “consumer spending in the United States stagnated in May.” Americans have cut back on spending because of dim employment prospects and rising costs of fuel and food. This is very distressing news since the consumer accounts for 70 percent of economic growth.

“If history is an indicator,” said Gary Shilling, economist and author of *The Age of Deleveraging*, “usually deep recessions like the one we just lived through are followed by strong snapbacks, like a growth slingshot.”

“The economy,” he said, “is like a four-cylinder engine, and a recovery usually requires all four to be firing. They are: consumer spending, employment, housing and the reversal of the inventory cycle.” Only the latter has shown any positive movement with companies rebuilding inventories.

On the employment front in July, the jobless rate climbed to 9.2 percent. The true figure is somewhere around 20 percent when one considers those who have given up looking for a job and the legions of underemployed.

To make matters worse, only 18,000 jobs were created across the country in June. The anticipated figure was 100,000 according to Obama economists. Even teenagers can't get jobs because of the minimum wage law. They should be exempt from it.

Unfortunately, there is nothing on the horizon to indicate things will get better. It is truly a lost decade for American families and their dreams. With the Obama Administration constantly vilifying those who work, and produce a living for themselves and others, why would you expect anyone to take chances with their money and resources?

The administration is still planning to raise taxes, increase regulations and increase the cost of healthcare. It was revealed that the billions spent on the fiscal stimulus resulted in a cost of \$236,000 for each new job created. Does that make sense?

The stimulus actually was used to retain unionized teachers and auto union members. It had nothing to do with creating “shovel ready jobs.”

Against this sad backdrop, are there any areas where government has actually helped others than by extending unemployment benefits and adding 20,000,000 more Americans to the food stamp rolls? Certainly not in the last two years.

Kathleen M. Howley wrote an article for Bloomberg entitled, “U.S. Housing Recovery Stymied by Government.”

In her article, the author explained how sellers can't find buyers after reducing prices and buyers still can't obtain credit after the government handed out \$16.2 billion in homebuyer tax credits, and the Federal Reserve bought more than a \$1 trillion of mortgage bonds to keep borrowing costs low.

“The government is working at cross purposes.” said Doug Bandow, a senior fellow at the CATO Institute in Washington, D.C.

Mortgage lending is forecasted to drop this year according to the Mortgage Bankers Association. In January, the group forecasted a rise to \$616 billion in 2011 and now have revised the number downward to \$432 billion. This is at a time of a huge overhang of unsold properties. There are “2.2 million properties in foreclosure and another 1.9 million mortgages delinquent more than 90 days.”

Keeping the numbers high are attorney generals investigating lending practices and politicians arguing for loan modifications.

Housing will never recover as long as government, which caused the U.S. housing collapse through advocating un-sounding lending practices, continues to interfere.

“The only way out is to let the market take the hit and then move on,” said CATO’s Bandow.

And people wonder why the recession, its bad news and terrible effects on its citizens continues? Washington policies were never intended to end it. They have been created to promote an agenda of dependence on government and the permanency of a governing class over all Americans and business.

This entry was posted on Thursday, July 28th, 2011 and is filed under [Columns](#).